

**SCHOOL DISTRICT
OF
THE BOROUGH OF MOUNT ARLINGTON**

**Borough of Mount Arlington School District
Board of Education
Mount Arlington, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

**Borough of Mount Arlington School District
Board of Education**

Mount Arlington, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Borough of Mount Arlington School District
Board of Education**

Finance Department

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

Mount Arlington Public Schools

446 Howard Blvd • Mount Arlington, NJ 07856 • (973) 770-7140 (Phone) • (973) 398-4668 (Fax)

Jane Mullins Jameson, M.S.Ed.
Superintendent of Schools

Robin Tedesco
Business Administrator/Board Secretary

November 20, 2015

The Honorable President and Members of
the Board of Education
Borough of Mount Arlington School District
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Mount Arlington 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 Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Mount Arlington School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Mount Arlington School District 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 (The approximately 152 Mount Arlington students in grades 9-12 are sent to the Roxbury Public School District and are properly included in their enrollment numbers. The Mount Arlington Public School District is responsible for paying tuition, transportation and special education costs for these students, and these costs are included in the District's financial statements). In-district services are provided for regular and special education for the handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 347 students, which is 5 students above the previous year's average daily enrollment.

The Honorable President and Members of
the Board of Education
Borough of Mount Arlington School District
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November 20, 2015

2) ECONOMIC CONDITIONS AND OUTLOOK: The development of the Mount Arlington area has been slow to recover following the nationwide recession, as have other areas of Morris County. New adult communities opened in recent years, however, have resulted in an increase to the tax base without a significant increase in the number of students being served. Recent approvals granted by the Borough for new businesses along Howard Boulevard and for new community enhancing physical improvements, such as street lighting and sidewalks, have improved the desirability of Mount Arlington as a family-friendly community. The District has faced significant budget constraints in recent years as a result of the State's drastic reduction of aid to school districts, primarily in the 2009/10 and 2010/11 school years. Those cuts necessitated the elimination of extracurricular programs, secretarial and custodial positions, and needed facilities improvements. The District does not anticipate a quick improvement in the State's financial condition and, consequently, does not anticipate the State will be contributing its legally mandated share of the District's operating expenditures at any point in the near future. However, due to prudent and responsible spending, the District has been able to get back on a schedule of building and infrastructure improvements.

3) MAJOR INITIATIVES: During the 2014/15 school year, the District made capital improvements to both schools. At the Mount Arlington Public School, the District installed an Elevator and renovated the ceilings and lighting in several classrooms. At the Edith M. Decker School, the District replaced the windows. The Technology Infrastructure was updated Districtwide to get ready for PARCC testing.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

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

The Honorable President and Members of
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Borough of Mount Arlington School District
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November 20, 2015

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

7) 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 public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

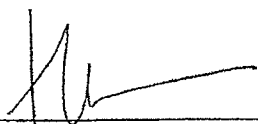
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Morris Essex Insurance Group (the "Group"). The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group is included in Note 1 to the Basic Financial Statements.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP CPAs, was selected by the Board's audit committee. 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 Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

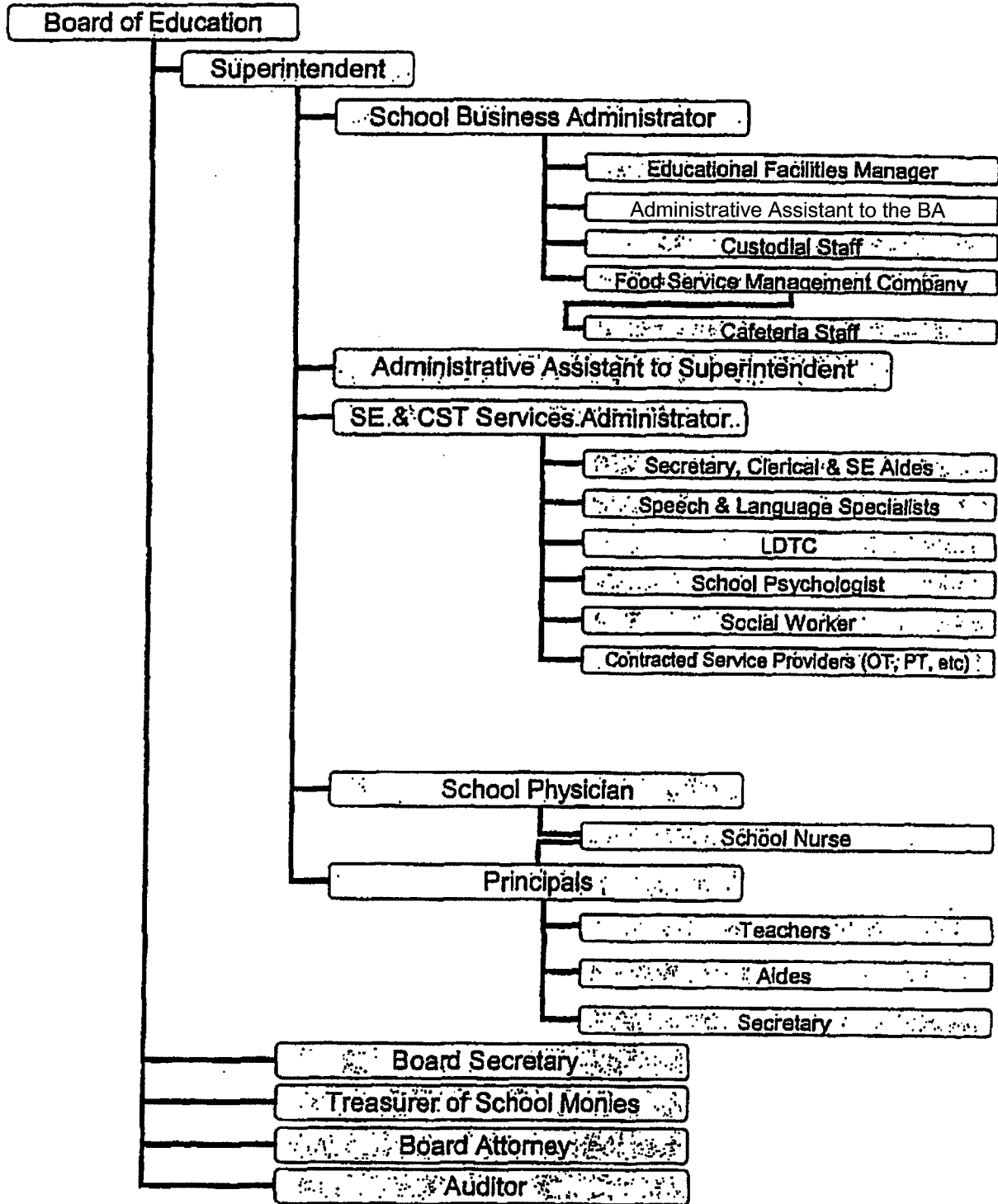


Jane Mullins Jameson
Superintendent of Schools



Robin Tedesco
Board Secretary/Business Administrator

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ORGANIZATIONAL CHART
JUNE 30, 2015



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2015**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Sheila Studint	President	2015
John Longtine	Vice President	2017
Rachel Byrne		2017
Elizabeth Cangiano		2016
John Albert Decena		2015
Karl Svenningsen		2017
Albert Roldan		2016

<u>Other Officials</u>	<u>Title</u>
Jane Mullins Jameson	Superintendent of Schools
Robin Tedesco	School Business Administrator/Board Secretary

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Porzio, Bromberg, & Newman, P.C.
136 Madison Avenue
Morristown, NJ 07962-1997

Bond Counsel

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, NJ 07059-0958

Official Depositories

Fulton Bank of New Jersey
274 New Jersey 10
Succasunna, NJ 07876

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, 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 Board of Education of the Borough of Mount Arlington School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the 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 from 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 District'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 District'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.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
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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 Board of Education of the Borough of Mount Arlington School District in the County of Morris, 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

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 17 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 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 District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 3

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 20, 2015

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

This section of Borough of Mount Arlington School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position status increased by \$210,193 on a district-wide basis.
- Overall revenue was \$12.2 million.
- Overall expenses were \$12.0 million.
- Enrollment in the District has increased during the current year resulting in a slight decrease in cost per pupil during the current year.

Overview of the Financial Statements

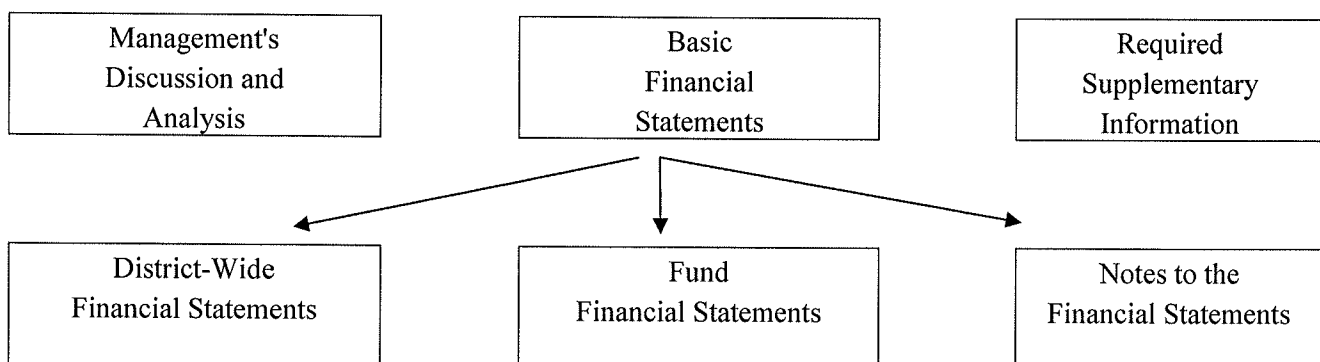
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Borough of Mount Arlington School District's Financial Report



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Figure A-2 *Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary 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	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

District-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 4.66%. Net position from governmental activities increased \$212,038 and net position from business-type activities decreased by \$1,845. Net position investment in capital assets increased \$683,146, restricted net position increased \$99,372, and unrestricted net position decreased \$573,325.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014*	2014/2015	2013/2014	2014/2015	2013/2014*	2014/2015
Current and Other Assets	\$ 3,289,397	\$ 3,272,658	\$ 60,381	\$ 43,134	\$ 3,349,778	\$ 3,315,792	1.02%
Capital Assets, Net	5,946,901	5,394,264	15,987	20,478	5,962,888	5,414,742	10.12%
Total Assets	9,236,298	8,666,922	76,368	63,612	9,312,666	8,730,534	6.67%
Deferred Outflow of Resources	265,939				265,939		100.00%
Long-Term Debt Outstanding	3,982,480	3,916,629			3,982,480	3,916,629	1.68%
Other Liabilities	761,587	297,634	23,122	8,521	784,709	306,155	156.31%
Total Liabilities	4,744,067	4,214,263	23,122	8,521	4,767,189	4,222,784	12.89%
Deferred Inflow of Resources	93,473				93,473		100.00%
Net Position:							
Net Investment in Capital Assets	3,611,901	2,924,264	15,987	20,478	3,627,888	2,944,742	23.20%
Restricted	1,892,178	1,792,806			1,892,178	1,792,806	5.54%
Unrestricted/(Deficit)	(839,382)	(264,411)	37,259	34,613	(802,123)	(229,798)	-249.06%
Total Net Position	\$ 4,664,697	\$ 4,452,659	\$ 53,246	\$ 55,091	\$ 4,717,943	\$ 4,507,750	4.66%

*-As Restated

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Changes in Net Position. The District's *combined* net position was \$4,717,943 on June 30, 2015, \$210,193 or 4.66% more than the prior year (See Figure A-3). Net investment in capital assets increased \$683,146 due to the payment of \$135,000 in bond principal, capital asset additions of \$902,146, adjustment of capital assets of \$16,278 and \$370,278 in depreciation. Restricted net position increased by \$99,372 due to increases in Capital Reserve of \$89,352, \$1 in Debt Service Fund and \$10,018 in Excess Surplus. Unrestricted net position decreased \$574,970 primarily due to the decrease in committed fund balance in the Capital Projects Fund of \$547,513 and the change in the pension liability. (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Revenue:							
Program Revenue:							
Charges for Services			\$ 89,042	\$ 86,475	\$ 89,042	\$ 86,475	2.97%
Grants and Contributions:							
Operating	\$ 2,212,445	\$ 1,295,596	42,594	29,999	2,255,039	1,325,595	70.12%
Capital	117,781				117,781		100.00%
General Revenue:							
Property Taxes	9,700,827	9,514,743			9,700,827	9,514,743	1.96%
Federal and State Aid Not Restricted	58,384	190,541			58,384	190,541	-69.36%
Other	17,954	85,511	117	148	18,071	85,659	-78.90%
Total Revenue	<u>12,107,391</u>	<u>11,086,391</u>	<u>131,753</u>	<u>116,622</u>	<u>12,239,144</u>	<u>11,203,013</u>	9.25%
Expenses:							
Instruction	4,756,294	3,960,113			4,756,294	3,960,113	20.11%
Pupil and Instruction Services	4,758,356	4,163,955			4,758,356	4,163,955	14.27%
Administrative Services	772,425	710,146			772,425	710,146	8.77%
Maintenance and Operations	716,039	661,037			716,039	661,037	8.32%
Transportation	465,746	564,266			465,746	564,266	-17.46%
Other	426,493	271,059	133,598	118,756	560,091	389,815	43.68%
Total Expenses	<u>11,895,353</u>	<u>10,330,576</u>	<u>133,598</u>	<u>118,756</u>	<u>12,028,951</u>	<u>10,449,332</u>	15.12%
Increase/(Decrease) in Net Position	<u>\$ 212,038</u>	<u>\$ 755,815</u>	<u>\$ (1,845)</u>	<u>\$ (2,134)</u>	<u>\$ 210,193</u>	<u>\$ 753,681</u>	-72.11%

Revenue Sources. The District's total revenue for the 2014/2015 school year was \$12,239,144 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$9,700,827 of the total, or 79.26 percent (See Figure A-5). Another 19.86 percent came from state and federal aid for specific programs and contributions and 0.88 percent came from other miscellaneous sources. The Borough of Mount Arlington School District primarily conducts its operations from the revenue it receives from its local taxpayers.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

**Figure A-5
Sources of Revenue for Fiscal Year 2015**

	<u>Amount</u>	<u>Percentage</u>
Federal and State Categorical Grants	\$ 1,671,220	13.65%
Property Taxes	9,700,827	79.26%
State Formula Aid	759,984	6.21%
Charges for Services	89,042	0.73%
Other	18,071	0.15%
	<u>\$ 12,239,144</u>	<u>100.00%</u>

The total cost of all programs and services was \$12,028,951. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (82.97 percent) (See Figure A-6). The District's administrative and business activities accounted for 6.42 percent of total costs. It is important to note that depreciation of \$370,278 is included in expenses for the year.

**Figure A-6
Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 4,756,294	39.54%
Pupil and Instruction Services	4,758,356	39.56%
Administrative and Business	772,425	6.42%
Maintenance and Operations	716,039	5.95%
Transportation	465,746	3.87%
Other	560,091	4.66%
	<u>\$ 12,028,951</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs and the provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has either remained relatively flat or been reduced over the past few years, the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 4,756,294	\$ 3,960,113	\$ 2,878,345	\$ 2,822,528
Pupil and Instruction Services	4,758,356	4,163,955	4,627,344	4,039,666
Administrative and Business	772,425	710,146	708,312	685,868
Maintenance and Operations	716,039	661,037	598,258	661,037
Transportation	465,746	564,266	326,375	554,822
Other	426,493	271,059	426,493	271,059
	<u>\$ 11,895,353</u>	<u>\$ 10,330,576</u>	<u>\$ 9,565,127</u>	<u>\$ 9,034,980</u>

- The cost of all governmental activities this year was \$11.89 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$1.66 million).
- Most of the District's costs, however, were financed by District taxpayers (\$9.7 million).
- The remainder of governmental activities funding came from private contributions, investment earnings and miscellaneous revenue.

Business-Type Activities

Net position from the District's business-type activities decreased by \$1,845 due to an increase in the food service fund expenses and decrease in food service revenue. This was primarily due to a decline in student participation. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial situation improved in the General Fund in spite of difficult economic times which have had a direct impact upon the District's revenue sources. Interest from investments and tuition revenue both decreased as compared to years past. However, ratables of the municipality remain more or less stable, thus generating concern for the local tax levy in the future. As a result, to maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Sites (Land)	\$ 611,500	\$ 611,500			\$ 611,500	\$ 611,500	0.00%
Construction in Progress		125,913				125,913	-100.00%
Site Improvements	283,020	300,843			283,020	300,843	-5.92%
Buildings and Building Improvements	4,848,123	4,092,308			4,848,123	4,092,308	18.47%
Machinery and Equipment	204,258	263,700	\$ 15,987	\$ 20,478	220,245	284,178	-22.50%
Total Capital Assets (Net of Depreciation)	\$ 5,946,901	\$ 5,394,264	\$ 15,987	\$ 20,478	\$ 5,962,888	\$ 5,414,742	10.12%

The District's overall capital assets increased due to capital additions net of current year depreciation expense. During the current year the District completed Capital Projects that resulted in an increase in Building Improvements in the amount of \$957,540.

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Total Percentage Change 2014/2015
	2014/2015	2013/2014*	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,335,000	\$ 2,470,000	-5.47%
Net Pension Liability	1,568,477	1,344,648	16.65%
Other Long-term Debt	79,003	101,981	-22.53%
	\$ 3,982,480	\$ 3,916,629	1.68%

*-As Restated

- The District's other long term debt consists of compensated absences payable.
- The District's net pension liability grew 16.65% or \$223,829.
- At year-end, the District had \$2,335,000 in general obligation bonds – a reduction of \$135,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Factors Bearing on the District's Future Revenue/Expense Changes

While significant decreases in aid from the State in prior years have been partially offset by increases in more recent years, the District does not anticipate a quick improvement in the State's financial condition and, consequently, does not anticipate the State will be contributing its legally mandated share of the District's operating expenditures at any point in the near future.

Increasing State regulations and State-mandated submissions and reporting requirements will have a negative impact on the ability of the existing administration to comply with all State directives while maintaining the day to day operations of the schools.

There is an apartment complex of approximately 300 units planned for the Borough of Mount Arlington scheduled to begin occupancy during spring of 2016. The amount of student impact is unknown at this time, however the District is in the process of conducting a demographic study to determine the education needs at both the K-8 level and high school level for students sent to Roxbury High School.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 446 Howard Boulevard, Mount Arlington, New Jersey 07856.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,843,043	\$ 36,868	\$ 1,879,911
Internal Balances	(19,039)	19,039	
Receivables from Federal Government	29,584	3,251	32,835
Receivables from State Government	244,057	162	244,219
Interfund Receivable	7,000		7,000
Inventory		1,061	1,061
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,134,752		1,134,752
Maintenance Reserve - Cash and Cash Equivalents	50,000		50,000
Capital Assets, Net:			
Sites (Land)	611,500		611,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,335,401	15,987	5,351,388
Total Assets	<u>9,236,298</u>	<u>76,368</u>	<u>9,312,666</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	49,321		49,321
Changes in Proportions - Pensions	216,618		216,618
Total Deferred Outflows of Resources	<u>265,939</u>		<u>265,939</u>
LIABILITIES			
Accrued Interest Payable	42,808		42,808
Accounts Payable - Vendors	709,042	22,878	731,920
Unearned Revenue	9,737	244	9,981
Noncurrent Liabilities:			
Due Within One Year	145,000		145,000
Due Beyond One Year	3,837,480		3,837,480
Total Liabilities	<u>4,744,067</u>	<u>23,122</u>	<u>4,767,189</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	93,473		93,473
Total Deferred Inflows of Resources	<u>93,473</u>		<u>93,473</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 3,611,901	\$ 15,987	\$ 3,627,888
Restricted for:			
Capital Projects	1,134,752		1,134,752
Other Purposes	757,426		757,426
Unrestricted/(Deficit)	<u>(839,382)</u>	<u>37,259</u>	<u>(802,123)</u>
Total Net Position	<u>\$ 4,664,697</u>	<u>\$ 53,246</u>	<u>\$ 4,717,943</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,708,862		\$ 1,018,714		\$ (2,690,148)		\$ (2,690,148)
Special Education	891,387		812,675		(78,712)		(78,712)
Other Special Instruction	51,575		13,841		(37,734)		(37,734)
School Sponsored Instruction	104,470		32,719		(71,751)		(71,751)
Support services:							
Tuition	3,509,957		106,239		(3,403,718)		(3,403,718)
Student & Instruction Related Services	1,248,399		24,773		(1,223,626)		(1,223,626)
General Administrative Services	319,315				(319,315)		(319,315)
School Administrative Services	246,605		64,113		(182,492)		(182,492)
Central Services	206,505				(206,505)		(206,505)
Plant Operations and Maintenance	716,039			\$ 117,781	(598,258)		(598,258)
Pupil Transportation	465,746		139,371		(326,375)		(326,375)
Unallocated Depreciation	278,359				(278,359)		(278,359)
Capital Outlay	230				(230)		(230)
Interest on Long-Term Debt	96,142				(96,142)		(96,142)
Charter Schools	51,762				(51,762)		(51,762)
Total Governmental Activities	11,895,353		2,212,445	117,781	(9,565,127)		(9,565,127)
Business-Type Activities:							
Food Service	133,598	\$ 89,042	42,594			\$ (1,962)	(1,962)
Total Business-Type Activities	133,598	89,042	42,594			(1,962)	(1,962)
Total Primary Government	\$ 12,028,951	\$ 89,042	\$ 2,255,039	\$ 117,781	(9,565,127)	(1,962)	(9,567,089)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
General Revenues:						
Taxes:						
	Property Taxes, Levied for General Purposes, Net				\$ 9,467,364	\$ 9,467,364
	Taxes Levied for Debt Service				233,463	233,463
	Federal and State Aid Not Restricted				58,384	58,384
	Investment Earnings				948	\$ 1,065
	Miscellaneous Income				17,006	17,006
	Total General Revenues				<u>9,777,165</u>	<u>9,777,282</u>
	Change in Net Position				212,038	(1,845) 210,193
	Net Position - Beginning - As Restated				<u>4,452,659</u>	<u>55,091</u> 4,507,750
	Net Position - Ending				<u>\$ 4,664,697</u>	<u>\$ 53,246</u> \$ 4,717,943

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,819,019		\$ 24,023	\$ 1	\$ 1,843,043
Interfund Receivable	22,805				22,805
Receivables from Federal Government		\$ 29,584			29,584
Receivables from State Government	244,057				244,057
Restricted Cash and Cash Equivalents	1,184,752				1,184,752
Total Assets	<u>\$ 3,270,633</u>	<u>\$ 29,584</u>	<u>\$ 24,023</u>	<u>\$ 1</u>	<u>\$ 3,324,241</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 19,039	\$ 15,805			\$ 34,844
Accounts Payable - Vendors	561,411	4,042	\$ 143,589		709,042
Unearned Revenue		9,737			9,737
Total Liabilities	<u>580,450</u>	<u>29,584</u>	<u>143,589</u>		<u>753,623</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	1,134,752				1,134,752
Maintenance Reserve	50,000				50,000
Excess Surplus - For Subsequent Year's Expenditures	353,724				353,724
Excess Surplus	353,701				353,701
Debt Service Fund				\$ 1	1
Assigned:					
Year End Encumbrances	406,143				406,143
For Subsequent Year's Expenditures	16,635				16,635
Unassigned/(Deficit)	375,228		(119,566)		255,662
Total Fund Balances	<u>2,690,183</u>		<u>(119,566)</u>	<u>1</u>	<u>2,570,618</u>
Total Liabilities and Fund Balances	<u>\$ 3,270,633</u>	<u>\$ 29,584</u>	<u>\$ 24,023</u>	<u>\$ 1</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The cost of the assets is \$9,644,617 and the accumulated depreciation is \$3,697,716.	5,946,901
Interest on long term debt is not accrued in government funds, but rather is recognized as expenditure when due.	(42,808)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore is not reported as a liability in the Funds.	(2,414,003)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	\$ (1,568,477)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Changes in Assumptions - Pensions	49,321
Investments in Gains - Pensions	216,618
Changes in Proportions - Pensions	<u>(93,473)</u>
Net Position of Governmental Activities	<u>\$ 4,664,697</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 9,467,364			\$ 233,463	\$ 9,700,827
Interest Earned on Capital Reserve Funds	948				948
Miscellaneous	17,006	\$ 2,575			19,581
Total - Local Sources	<u>9,485,318</u>	<u>2,575</u>		<u>233,463</u>	<u>9,721,356</u>
State Sources	1,412,540	4,474	\$ 117,781		1,534,795
Federal Sources		148,442			148,442
Total Revenues	<u>10,897,858</u>	<u>155,491</u>	<u>117,781</u>	<u>233,463</u>	<u>11,404,593</u>
EXPENDITURES					
Current:					
Regular Instruction	2,147,504	24,479			2,171,983
Special Education Instruction	523,612				523,612
Other Instruction	37,522				37,522
School Sponsored Instruction	60,237				60,237
Support Services and Undistributed Costs:					
Tuition	3,403,718	106,239			3,509,957
Student & Instruction Related Services	984,372	24,773			1,009,145
General Administrative Services	270,740				270,740
School Administrative Services	153,263				153,263
Central Services	163,540				163,540
Plant Operations and Maintenance	651,266				651,266

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Current:					
Pupil Transportation	\$ 460,759				\$ 460,759
Unallocated Benefits	1,656,084				1,656,084
Transfer to Charter Schools	51,762				51,762
Capital Outlay	208,445		\$ 692,350		900,795
Debt Service:					
Principal				\$ 135,000	135,000
Interest and Other Charges				98,462	98,462
Total Expenditures	<u>10,772,824</u>	<u>\$ 155,491</u>	<u>692,350</u>	<u>233,462</u>	<u>11,854,127</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	125,034		(574,569)	1	(449,534)
OTHER FINANCING SOURCES/(USES)					
Transfers In	12,944		27,056		40,000
Transfers Out	(40,000)				(40,000)
Total Other Financing Sources/(Uses)	<u>(27,056)</u>		<u>27,056</u>		
Net Change in Fund Balances	97,978		(547,513)	1	(449,534)
Fund Balance—July 1	<u>2,592,205</u>		<u>427,947</u>		<u>3,020,152</u>
Fund Balance/(Deficit)—June 30	<u>\$ 2,690,183</u>	<u>\$ -0-</u>	<u>\$ (119,566)</u>	<u>\$ 1</u>	<u>\$ 2,570,618</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (449,534)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays and adjustments in the period.

Depreciation expense	\$ (364,206)	
Capital outlays and Adjustments	<u>916,843</u>	
		552,637

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

22,978

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

2,320

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)

135,000

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Changes in Net Pension Liability	\$ (223,829)	
Deferred Outflows:		
Changes in Assumptions	49,321	
Changes in Proportions	216,618	
Deferred Inflows:		
Net Difference between projected and actual investment earnings on Pension Plan Investments	<u>(93,473)</u>	
		<u>\$ (51,363)</u>
Change in Net Position of Governmental Activities (A-2)		<u><u>\$ 212,038</u></u>

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

Exhibit B-4

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 36,868
Intergovernmental Receivable:	
Federal	3,251
State	162
Interfund Receivable	19,039
Inventory	<u>1,061</u>
Total Current Assets	<u>60,381</u>
Non-Current Assets:	
Capital Assets	108,180
Less: Accumulated Depreciation	<u>(92,193)</u>
Total Non-Current Assets	<u>15,987</u>
Total Assets	<u>76,368</u>
LIABILITIES:	
Accounts Payable - Vendors	22,878
Unearned Revenue	<u>244</u>
Total Liabilities	<u>23,122</u>
NET POSITION:	
Net Investment in Capital Assets	15,987
Unrestricted	<u>37,259</u>
Total Net Position	<u><u>\$ 53,246</u></u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales	\$ 89,042
Total Operating Revenue	<u>89,042</u>
Operating Expenses:	
Cost of Sales	65,565
Salaries, Benefits & Payroll Taxes	51,664
Supplies, Insurance & Other Costs	2,475
Purchased Professional Services	7,822
Depreciation Expense	6,072
Total Operating Expenses	<u>133,598</u>
Operating Loss	<u>(44,556)</u>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	30,942
School Breakfast Program	3,965
Food Distribution Program	6,330
State Sources:	
State School Lunch Program	1,357
Local Sources:	
Interest Income	117
Total Non-Operating Revenue	<u>42,711</u>
Change in Net Position	(1,845)
Net Position - Beginning of Year	<u>55,091</u>
Net Position - End of Year	<u><u>\$ 53,246</u></u>

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

Exhibit B-6

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 73,058
Payments to Food Service Vendor	(105,441)
Net Cash (Used for) Operating Activities	(32,383)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(1,581)
Net Cash (Used for) Capital and Related Financing Activities	(1,581)
Cash Flows from Noncapital Financing Activities:	
State and Federal Subsidy Reimbursements	35,414
Net Cash Provided by Noncapital Financing Activities	35,414
Cash Flows from Investing Activities:	
Interest on Investments	117
Net Cash Provided by Investing Activities	117
Net Increase in Cash and Cash Equivalents	1,567
Cash and Cash Equivalents, July 1	35,301
Cash and Cash Equivalents, June 30	\$ 36,868
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (44,556)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	6,072
Food Distribution Program	6,330
Changes in Assets and Liabilities:	
(Increase) in Interfund Receivable	(15,984)
Decrease in Inventory	1,154
Increase in Accounts Payable	15,048
(Decrease) in Unearned Revenue	(447)
Net Cash (Used for) Operating Activities	\$ (32,383)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$5,883 and utilized U.S.D.A. Commodities valued at \$6,330.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	Agency	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	\$ 80,783	\$ 509
Interfund Receivable		13,516
	80,783	14,025
Total Assets	80,783	14,025
 LIABILITIES:		
Payroll Deductions and Withholdings	34,669	
Accrued Salaries and Wages	7,067	
Interfund Payable	20,516	
Due to Student Groups	18,531	
	80,783	
Total Liabilities	80,783	
 NET POSITION:		
Held in Trust for Unemployment Claims		14,025
		14,025
Total Net Position	\$ -0-	\$ 14,025

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

Exhibit B-8

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee Deductions	\$ 11,312
Total Contributions	<u>11,312</u>
Investment Earnings	<u>1</u>
Total Additions	<u>11,313</u>
 DEDUCTIONS:	
Unemployment Claims and Contributions	<u>8,962</u>
Total Deductions	<u>8,962</u>
Change in Net Position	2,351
Net Position - Beginning of the Year	<u>11,674</u>
Net Position - End of the Year	<u><u>\$ 14,025</u></u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Mount Arlington School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary and a middle school located in the Borough of Mount Arlington. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes,

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 10,909,702	\$ 151,839
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		3,652
Current Year State Aid Payments Recognized for Budgetary Purposes , not Recognized for GAAP Statements	(47,590)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	35,746	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,897,858</u>	<u>\$ 155,491</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,772,824	\$ 151,839
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		3,652
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,772,824	\$ 155,491
		Capital Projects Fund
	Revenue	Fund Balance
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Revenue/Fund Balance (Budgetary Basis)		\$ 61,893
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants Recognized/Not Recognized on GAAP Basis	\$ 117,781	(181,459)
Fund Balance/(Deficit) per Governmental Funds (GAAP)	\$ 117,781	\$ (119,566)

E. Cash and Cash Equivalents and Investments:

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore there are accrued salaries and wages as of June 30, 2015 of \$7,067.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

N. Compensated Absences: (Cont'd)

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,690,183 General Fund fund balance at June 30, 2015, \$406,143 is assigned for encumbrances; \$1,134,752 is restricted in the capital reserve account; \$50,000 has been restricted in the maintenance reserve account; \$353,724 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2016, \$353,701, is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2017; \$16,635 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016; and \$375,228 is unassigned fund balance, which is \$47,590 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Capital Projects Fund: The Capital Projects Fund has a deficit unassigned fund balance of \$119,566 at June 30, 2015 due to the SDA grant receivables not being recognized on a GAAP basis.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2015 is \$1.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as defined above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$47,590, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Q. Deficit Net Position/ Fund Balance:

The District has a deficit in unrestricted net position of \$839,382 in governmental activities, which is primarily a result of \$ 119,2566 deficit in unassigned capital projects fund, \$42,808 of accrued interest payable, \$79,003 of compensated absences payable, net pension liability of \$1,568,477, investment gains in pension of \$93,473 net of \$16,635 of fund balance designated for subsequent years' expenditures, \$406,143 assigned for encumbrances, \$375,228 unassigned general fund balance, \$49,231 change in assumption for pensions and \$216,618 change in proportion for pensions.

The District also has a deficit in unassigned Capital Projects Fund fund balance of \$119,566 as a result of SDA Grants not recognized on a GAAP basis on projects.

These deficits do not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the changes in assumptions and changes in proportion in pensions.

The District had a deferred inflow of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2015 on the GAAP basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

During the period ended June 30, 2015, the District did not hold any investments.

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve	Maintenance Reserve	
Checking and Savings Accounts	\$ 1,961,203	\$ 1,134,752	\$ 50,000	\$ 3,145,955

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$3,145,955 and the bank balance was \$3,732,851.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$2,500 on October 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 1,045,399
Interest Earned	\$ 949
Transferred from Fund Capital Projects Fund	12,944
Transferred by Board Resolution June 17, 2015	<u>350,000</u>
	<u>363,893</u>
	1,409,292
Withdrawn by Board Resolution:	
Decker Window Project Additional Funding - August 20, 2014	(40,000)
MAPS Structural Renovations - September 16, 2014	(125,000)
MAPS Control Updates - October 27, 2014	<u>(109,540)</u>
	<u>(274,540)</u>
Ending Balance, June 30, 2015	<u>\$ 1,134,752</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects exceeds the June 30, 2015 capital reserve account balance. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 611,500			\$ 611,500
Construction in Progress	125,913		\$ (125,913)	
Total Capital Assets Not Being Depreciated	<u>737,413</u>		<u>(125,913)</u>	<u>611,500</u>
Capital Assets Being Depreciated:				
Site Improvements	434,578			434,578
Buildings and Building Improvements	6,833,002	\$ 831,627	125,913	7,790,542
Machinery and Equipment	733,062	68,938	5,997	807,997
Total Capital Assets Being Depreciated	<u>8,000,642</u>	<u>900,565</u>	<u>131,910</u>	<u>9,033,117</u>
Governmental Activities Capital Assets	<u>8,738,055</u>	<u>900,565</u>	<u>5,997</u>	<u>9,644,617</u>
Less Accumulated Depreciation for:				
Site Improvements	(133,735)	(17,823)		(151,558)
Buildings and Building Improvements	(2,740,694)	(201,725)		(2,942,419)
Machinery and Equipment	(469,362)	(144,658)	10,281	(603,739)
	<u>(3,343,791)</u>	<u>(364,206)</u>	<u>10,281</u>	<u>(3,697,716)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,394,264</u>	<u>\$ 536,359</u>	<u>\$ 16,278</u>	<u>\$ 5,946,901</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 106,599	\$ 1,581		\$ 108,180
Less Accumulated Depreciation	(86,121)	(6,072)		(92,193)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,478</u>	<u>\$ (4,491)</u>	<u>\$ -0-</u>	<u>\$ 15,987</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 74,899
General Administrative Services	5,140
Plant Operations and Maintenance	5,808
Unallocated	278,359
	<u>\$ 364,206</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$257,500 to capital outlay accounts. This transfer was for construction services for which County Superintendent approval was obtained by the District.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2014*	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 2,470,000		\$ 135,000	\$ 2,335,000
Net Pension Liability	1,344,648	\$ 223,829		1,568,477
Compensated Absences Payable	101,981		22,978	79,003
	<u>\$ 3,916,629</u>	<u>\$ 223,829</u>	<u>\$ 157,978</u>	<u>\$ 3,982,480</u>

*-As Restated

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2015 is \$145,000 and the long-term portion is \$2,190,000. The Debt Service Fund will be used to liquidate bonds payable.

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
1/15/2028	3.750% - 4.000%	<u>\$ 2,335,000</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 145,000	\$ 93,400	\$ 238,400
2017	145,000	87,600	232,600
2018	150,000	81,800	231,800
2019	160,000	75,800	235,800
2020	165,000	69,400	234,400
Thereafter:			
2021-2025	925,000	242,800	1,167,800
2026-2028	645,000	52,000	697,000
	<u>\$ 2,335,000</u>	<u>\$ 702,800</u>	<u>\$ 3,037,800</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District did not have any Capital Leases Payable as of June 30, 2015.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$79,003. There is no current portion of compensated absences payable.

The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$1,568,477. See Note 9 for further information on the PERS.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Borough of Mount Arlington School District by board resolution on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 50,000
Ending Balance, June 30, 2015	\$ 50,000

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$69,062 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$1,568,477 for its proportionate share of the 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 July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.0084%, which was a increase of 0.0014% from its proportion measured as of June 30, 2013.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$120,809. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 49,321	
Changes in Proportion	216,618	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 93,473
	<u>\$ 265,939</u>	<u>\$ 93,473</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (14,302)
2016	(14,302)
2017	(14,302)
2018	(14,302)
2019	9,066
Thereafter	3,990
	<u>\$ (44,152)</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.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' 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 U.S. 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%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 1,973,197	\$ 1,568,477	\$ 1,228,615

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$164,657 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$867,455.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$16,120,890. 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 July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.030%, which was a decrease of .000% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>16,120,890</u>
Total	<u><u>\$ 16,120,890</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$867,455 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u><u>\$ 2,306,623,861</u></u>	<u><u>\$ 1,763,205,593</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</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.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is 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-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. 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%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2014</u>		
	<u>1% Decrease (3.68%)</u>	<u>Current Discount Rate (4.68%)</u>	<u>1% Increase (5.68%)</u>
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$5,931 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$8,095 for the fiscal year ended June 30, 2015.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. 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 in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding 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 free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$261,395, \$209,214, and \$220,024 for 2015, 2014, and 2013, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through the Oxford Health Plan.

Property and Liability Insurance

The Borough of Mount Arlington School District is a member of the Morris Essex Insurance Group (the "Group"). The Group provides general liability, property, automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit report for the year ended June 30, 2015 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	<u>Morris-Essex Insurance Group</u>
Total Assets	\$ 8,623,310
Net Position	\$ 5,409,944
Total Revenue	\$ 3,086,254
Total Expenses	\$ 1,290,579
Change in Net Position	\$ 1,061,855
Member Dividends	\$ 733,820

Financial statements for the Group are available at the Executive Director's Office:

Burton Agency
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015		\$ 1	\$ 11,312	\$ 8,962	\$ 14,025
2013-2014		2	11,698	28,713	11,674
2012-2013	\$ 7,089	20	6,668	29,508	28,687

NOTE 12 DEFERRED COMPENSATION

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

Lincoln Life

AXA Equitable

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 22,805	\$ 19,039
Special Revenue Fund		15,805
Proprietary Fund	19,039	
Fiduciary Fund	13,516	20,516
	<u>\$ 55,360</u>	<u>\$ 55,360</u>

The interfund receivable in the General Fund represents employee health contributions held in the Fiduciary Fund of \$7,000, as well as \$15,805, the cash deficit due from the Special Revenue Fund as the result of federal grants receivable. The interfund payable in the General Fund, \$19,039, due to the Food Service Fund is due to state and federal subsidy reimbursements that have been received but not transferred to the Food Service Fund. The interfund receivable and payable in the Fiduciary Fund for \$13,516, represents unemployment contributions held in the Payroll Agency Account.

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$2,600,000 School Bonds dated September 14, 2005 as the District is considered a small issuer with debt under \$15,000,000.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 406,143	\$ 724	\$ 406,867
\$ 406,143	\$ 724	\$ 406,867

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$724 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and September 12. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

NOTE 17. PRIOR YEAR RESTATEMENTS

The noncurrent liabilities had to be restated as a result of further review by Administration. The compensated absences liability for an employee was omitted in the estimate at 6/30/2014; total liabilities were increased by \$87,606. The following shows the change in the Statement of Net Position.

The District also made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 17. PRIOR YEAR RESTATEMENTS (Cont'd)

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
Governmental Activities:			
Non Current Liabilities:			
Due Beyond One Year	\$ 2,349,375	\$ 1,432,254	\$ 3,781,629
Total Liabilities	2,782,009	1,432,254	4,214,263
Net Position:			
Unrestricted/(Deficit)	1,167,843	(1,432,254)	(264,411)
Total Net Position	5,884,913	(1,432,254)	4,452,659

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0070356254%	0.0083773906%
District's proportionate share of the net pension liability	\$ 1,344,648	\$ 1,568,477
District's covered employee payroll	\$ 567,642	\$ 570,668
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	236.88%	274.85%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 53,012	\$ 69,062
Contributions in relation to the contractually required contribution	<u>(53,012)</u>	<u>(69,062)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 567,642	\$ 570,668
Contributions as a percentage of covered employee payroll	9.34%	12.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0301137361%	0.0301625284%
State's proportionate share of the net pension liability attributable to the District	\$ 15,219,245	\$ 16,120,890
District's covered employee payroll	\$ 3,066,789	\$ 3,123,921
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	496.26%	516.05%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,467,364		\$ 9,467,364	\$ 9,467,364	
Interest Earned on Capital Reserve Funds				948	\$ 948
Miscellaneous	11,000		11,000	17,006	6,006
Total - Local Sources	<u>9,478,364</u>		<u>9,478,364</u>	<u>9,485,318</u>	<u>6,954</u>
State Sources:					
Categorical Special Education Aid	338,797		338,797	338,797	
Categorical Security Aid	50,935		50,935	50,935	
Adjustment Aid	84		84	84	
Categorical Transportation Aid	137,936		137,936	137,936	
PAARC Readiness Aid	4,625		4,625	4,625	
Per Pupil Growth Aid	4,625		4,625	4,625	
Extraordinary Special Education Costs Aid	60,000		60,000	228,501	168,501
Extraordinary Special Education Costs Aid - Excess Prior Year				2,008	2,008
Nonpublic School Transportation Costs				4,317	4,317
On-Behalf TPAF Non-Contributory Insurance (non-budgeted)				164,657	164,657
On-Behalf TPAF Post Retirement Medical (non-budgeted)				261,395	261,395
Reimbursed TPAF Social Security Contributions (non-budgeted)				226,504	226,504
Total State Sources	<u>597,002</u>		<u>597,002</u>	<u>1,424,384</u>	<u>827,382</u>
TOTAL REVENUES	<u>10,075,366</u>		<u>10,075,366</u>	<u>10,909,702</u>	<u>834,336</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 136,450	\$ 210	\$ 136,660	\$ 136,660	
Grades 1-5 - Salaries of Teachers	1,029,130	(48,341)	980,789	939,599	\$ 41,190
Grades 6-8 - Salaries of Teachers	848,155	(40,917)	807,238	790,553	16,685
Regular Programs - Home Instruction:					
Salaries of Teachers		1,456	1,456	1,456	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	53,290	4,310	57,600	57,600	
Purchased Professional - Educational Services	250	4,610	4,860	3,942	918
Other Purchased Services (400-500 series)	38,950	19,112	58,062	56,045	2,017
General Supplies	133,014	(13,907)	119,107	107,315	11,792
Textbooks	54,235	1,000	55,235	53,720	1,515
Other Objects	608	7	615	614	1
Total Regular Programs - Instruction	<u>2,294,082</u>	<u>(72,460)</u>	<u>2,221,622</u>	<u>2,147,504</u>	<u>74,118</u>
Special Education - Instruction:					
Auditory Impairments:					
Purchased Professional - Educational Services		39,280	39,280	37,964	1,316
Total Auditory Impairments		<u>39,280</u>	<u>39,280</u>	<u>37,964</u>	<u>1,316</u>
Resource Room/Resource Center:					
Salaries of Teachers	290,870	26,454	317,324	317,324	
Other Salaries for Instruction	19,375	(935)	18,440	13,171	5,269
General Supplies	800	304	1,104	1,097	7
Total Resource Room/Resource Center	<u>311,045</u>	<u>25,823</u>	<u>336,868</u>	<u>331,592</u>	<u>5,276</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Disabilities - Full-time:					
Salaries of Teachers	\$ 111,433		\$ 111,433	\$ 111,433	
Other Salaries for Instruction	41,932	\$ 840	42,772	41,489	\$ 1,283
General Supplies	2,000	(100)	1,900	1,134	766
Total Preschool Disabilities - Full-time	<u>155,365</u>	<u>740</u>	<u>156,105</u>	<u>154,056</u>	<u>2,049</u>
 Total Special Education Instruction	 <u>466,410</u>	 <u>65,843</u>	 <u>532,253</u>	 <u>523,612</u>	 <u>8,641</u>
 Basic Skills/Remedial - Instruction:					
Salaries of Teachers	23,354	2,636	25,990	25,990	
General Supplies	325		325	137	188
Total Basic Skills/Remedial - Instruction	<u>23,679</u>	<u>2,636</u>	<u>26,315</u>	<u>26,127</u>	<u>188</u>
 Bilingual Education - Instruction:					
Salaries of Teachers	11,395		11,395	11,395	
Total Bilingual - Instruction	<u>11,395</u>		<u>11,395</u>	<u>11,395</u>	
 School-Sponsored Cocurricular Activities - Instruction:					
Salaries	24,790	(2,850)	21,940	17,936	4,004
Purchased Services (300-500 series)	1,200	100	1,300	1,300	
Supplies and Materials	2,730	(1,424)	1,306		1,306
Total School-Sponsored Cocurricular Activities - Instruction	<u>28,720</u>	<u>(4,174)</u>	<u>24,546</u>	<u>19,236</u>	<u>5,310</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 27,900	\$ 4,174	\$ 32,074	\$ 32,074	
Purchased Services (300-500 series)	5,000	(550)	4,450	3,596	\$ 854
Supplies and Materials	5,000	(175)	4,825	4,376	449
Other Objects	200	725	925	925	
Total School-Sponsored Cocurricular Athletics - Instruction	38,100	4,174	42,274	40,971	1,303
Other Instructional Programs - Instruction:					
Salaries	8,593		8,593	30	8,563
Total Other Instructional Programs - Instruction	8,593		8,593	30	8,563
Total Instruction	2,870,979	(3,981)	2,866,998	2,768,875	98,123
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	2,691,095	40,060	2,731,155	2,580,333	150,822
Tuition to Other LEAs Within the State - Special	274,885	(30,486)	244,399	217,502	26,897
Tuition to County Vocational Schools - Special	60,848	(12,166)	48,682	48,411	271
Tuition to Private Schools for the Disabled - Within the State	561,887	(13,165)	548,722	492,860	55,862
Tuition - State Facilities	32,306	32,306	64,612	64,612	
Total Undistributed Expenditures - Instruction:	3,621,021	16,549	3,637,570	3,403,718	233,852
Attendance and Social Work:					
Salaries	8,323		8,323	7,424	899
Total Attendance and Social Work	8,323		8,323	7,424	899

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 138,468	\$ (1,087)	\$ 137,381	\$ 131,888	\$ 5,493
Purchased Professional and Technical Services	5,617	(1,837)	3,780	3,780	
Supplies and Materials	1,500	3,511	5,011	4,063	948
Other Objects	877	238	1,115	828	287
Total Health Services	<u>146,462</u>	<u>825</u>	<u>147,287</u>	<u>140,559</u>	<u>6,728</u>
Speech, OT, PT, and Related Services:					
Salaries	275,639		275,639	231,037	44,602
Purchased Professional - Educational Services	6,500	15,485	21,985	21,985	
Supplies and Materials	3,825		3,825	3,796	29
Total Speech, OT, PT, and Related Services	<u>285,964</u>	<u>15,485</u>	<u>301,449</u>	<u>256,818</u>	<u>44,631</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	170,009	(28,154)	141,855	129,366	12,489
Total Other Support Services - Students - Extraordinary Services	<u>170,009</u>	<u>(28,154)</u>	<u>141,855</u>	<u>129,366</u>	<u>12,489</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	27,645		27,645	27,645	
Total Other Support Services - Students - Guidance	<u>27,645</u>		<u>27,645</u>	<u>27,645</u>	
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	137,752		137,752	134,705	3,047
Salaries of Secretarial and Clerical Assistants	20,013	12,500	32,513	32,433	80

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Child Study Teams (Cont'd):					
Other Purchased Professional and Technical Services	\$ 46,205	\$ 54,494	\$ 100,699	\$ 94,910	\$ 5,789
Supplies and Materials	8,100	(50)	8,050	7,332	718
Other Objects	225	50	275	275	
Total Other Support Services - Students - Child Study Teams	<u>212,295</u>	<u>66,994</u>	<u>279,289</u>	<u>269,655</u>	<u>9,634</u>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	127,889	1,190	129,079	129,079	
Salaries of Other Professional Staff	7,000	2,363	9,363	6,431	2,932
Other Purchased Professional and Technical Services	8,929	(3,553)	5,376		5,376
Total Improvement of Instructional Services	<u>143,818</u>	<u></u>	<u>143,818</u>	<u>135,510</u>	<u>8,308</u>
Educational Media Services/School Library:					
Salaries					
Purchased Professional and Technical Services	5,000		5,000		5,000
Other Purchased Service (400-500 Series)	2,785	(319)	2,466	2,097	369
Supplies and Materials	2,380		2,380	2,380	
Total Educational Media Services/School Library	<u>10,165</u>	<u>(319)</u>	<u>9,846</u>	<u>4,477</u>	<u>5,369</u>
Instructional Staff Training Services:					
Other Purchased Professional and Technical Services	5,435	6,931	12,366	9,366	3,000
Other Purchased Services	20,000	(6,806)	13,194	3,552	9,642
Other Objects	1,000	(165)	835		835
Total Instructional Staff Training Services	<u>26,435</u>	<u>(40)</u>	<u>26,395</u>	<u>12,918</u>	<u>13,477</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 167,008		\$ 167,008	\$ 167,008	
Legal Services	16,884	\$ 22,862	39,746	32,172	\$ 7,574
Audit Fees	15,000		15,000	15,000	
Other Purchased Professional Services	11,218	(1,864)	9,354	7,854	1,500
Communications/Telephone	31,660	(6,792)	24,868	24,868	
BOE Other Purchased Services	2,500	2,000	4,500	3,760	740
Miscellaneous Purchased Services (400-500 series)	9,220	3,057	12,277	11,627	650
General Supplies	400	(400)			
Miscellaneous Expenditures	6,484	(3,447)	3,037	3,037	
BOE Membership Dues and Fees	5,830	(416)	5,414	5,414	
Total Support Services - General Administration	<u>266,204</u>	<u>15,000</u>	<u>281,204</u>	<u>270,740</u>	<u>10,464</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	120,381		120,381	120,381	
Salaries of Secretarial and Clerical Assistants	33,293		33,293	29,695	3,598
Purchased Professional and Technical Services	2,655		2,655	2,080	575
Other Purchased Services (400-500 series)	500		500	39	461
Supplies and Materials	500		500	248	252
Other Objects	1,049		1,049	820	229
Total Support Services - School Administration	<u>158,378</u>		<u>158,378</u>	<u>153,263</u>	<u>5,115</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 147,718		\$ 147,718	\$ 147,718	
Purchased Technical Services	11,445		11,445	10,988	\$ 457
Miscellaneous Purchased Services	1,000		1,000	771	229
Supplies and Materials	2,200	\$ 400	2,600	1,934	666
Miscellaneous Expenditures	2,715	(400)	2,315	2,129	186
Total Central Services	<u>165,078</u>		<u>165,078</u>	<u>163,540</u>	<u>1,538</u>
Required Maintenance of School Facilities:					
Salaries	51,450		51,450	51,440	10
Cleaning, Repair and Maintenance Services	109,183	1,717	110,900	84,388	26,512
General Supplies	15,000	(2,480)	12,520	1,992	10,528
Other Objects		763	763	763	
Total Required Maintenance of School Facilities	<u>175,633</u>		<u>175,633</u>	<u>138,583</u>	<u>37,050</u>
Custodial Services:					
Salaries	182,893	5,794	188,687	188,687	
Purchased Professional and Technical Services	9,295		9,295	8,095	1,200
Cleaning, Repair and Maintenance Services	54,400	(16,290)	38,110	12,488	25,622
Other Purchased Property Services	52,260		52,260	36,137	16,123
Insurance	66,625		66,625	65,729	896
General Supplies	40,732	(5,794)	34,938	24,762	10,176
Energy (Natural Gas)	53,000		53,000	26,575	26,425
Energy (Oil)	53,000		53,000	32,238	20,762

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services (Cont'd):					
Energy (Electricity)	\$ 105,000		\$ 105,000	\$ 70,620	\$ 34,380
Other Objects	700		700	508	192
Total Custodial Services	<u>617,905</u>	<u>\$ (16,290)</u>	<u>601,615</u>	<u>465,839</u>	<u>135,776</u>
Care and Upkeep of Grounds:					
Salaries	18,570		18,570	18,565	5
Cleaning, Repair and Maintenance Services	8,500	15,925	24,425	23,890	535
General Supplies	1,500	(750)	750		750
Total Care and Upkeep of Grounds	<u>28,570</u>	<u>15,175</u>	<u>43,745</u>	<u>42,455</u>	<u>1,290</u>
Security					
Purchased Technical Services	3,000	(1,049)	1,951	340	1,611
Cleaning, Repair and Maintenance Services	3,000	2,164	5,164	4,049	1,115
Total Security	<u>6,000</u>	<u>1,115</u>	<u>7,115</u>	<u>4,389</u>	<u>2,726</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	17,145		17,145	17,145	
Contracted Services:					
Between Home and School - Vendors	450	12,130	12,580	12,580	
Other Than Between Home and School - Vendors	14,000	5,950	19,950	14,776	5,174
Between Home and School - Joint Agreements	112,000	(23,000)	89,000		89,000
Special Education Students - Joint Agreements	75,000	(7,000)	68,000	38,803	29,197
Regular Students - ESC's and CTSA's	282,000	(28,080)	253,920	223,153	30,767

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):					
Contracted Services:					
Special Education Students - ESC's and CTSA's	\$ 133,000	\$ 17,000	\$ 150,000	\$ 128,017	\$ 21,983
Aid in Lieu - Nonpublic Schools	36,078		36,078	26,285	9,793
Total Student Transportation Services	<u>669,673</u>	<u>(23,000)</u>	<u>646,673</u>	<u>460,759</u>	<u>185,914</u>
Unallocated Benefits:					
Social Security Contributions	80,171		80,171	76,487	3,684
Other Retirement Contributions - PERS	80,000		80,000	74,993	5,007
Workmen's Compensation	58,000	(13,624)	44,376	44,376	
Health Benefits	841,000	10,518	851,518	786,146	65,372
Tuition Reimbursement	24,500	(3,392)	21,108	1,245	19,863
Other Employee Benefits	13,783	6,498	20,281	20,281	
Total Unallocated Benefits	<u>1,097,454</u>		<u>1,097,454</u>	<u>1,003,528</u>	<u>93,926</u>
On-Behalf Contributions:					
On-Behalf TPAF Non-Contributory Insurance (non-budgeted)				164,657	(164,657)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				261,395	(261,395)
Reimbursed TPAF Social Security Contributions (non-budgeted)				226,504	(226,504)
Total On-Behalf Contributions				<u>652,556</u>	<u>(652,556)</u>
Total Personal Services - Employee Benefits	<u>1,097,454</u>		<u>1,097,454</u>	<u>1,656,084</u>	<u>(558,630)</u>
Total Undistributed Expenses	<u>7,837,032</u>	<u>63,340</u>	<u>7,900,372</u>	<u>7,743,742</u>	<u>156,630</u>
TOTAL GENERAL CURRENT EXPENSE	<u>10,708,011</u>	<u>59,359</u>	<u>10,767,370</u>	<u>10,512,617</u>	<u>254,753</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Transfer of Funds to Charter Schools	\$ 38,821	\$ 12,941	\$ 51,762	\$ 51,762	
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 6-8		4,779	4,779	4,779	
Undistributed Expenditures:					
Administrative Information Technology	3,500	3,613	7,113	7,113	
Custodial Services	10,000	(8,392)	1,608		\$ 1,608
Security	5,257		5,257		5,257
Total Equipment	18,757		18,757	11,892	6,865
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	8,000	18,104	26,104	9,064	17,040
Construction Services	92,000	239,396	331,396	187,259	144,137
Other Objects - Debt Service Assessment	230		230	230	
Total Facilities Acquisition and Construction Services	100,230	257,500	357,730	196,553	161,177
TOTAL CAPITAL OUTLAY	118,987	257,500	376,487	208,445	168,042
TOTAL EXPENDITURES	10,865,819	329,800	11,195,619	10,772,824	422,795
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(790,453)	(329,800)	(1,120,253)	136,878	1,257,131

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Transfer to Capital Reserve from Capital Projects Fund				\$ 12,944	\$ 12,944
Transfer from Capital Reserve to Capital Projects Fund		\$ (42,500)	\$ (42,500)	(40,000)	2,500
Total Other Financing Sources/(Uses)		(42,500)	(42,500)	(27,056)	15,444
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing (Uses)	\$ (790,453)	(372,300)	(1,162,753)	109,822	1,272,575
Fund Balance, July 1	2,627,951		2,627,951	2,627,951	
Fund Balance, June 30	<u>\$ 1,837,498</u>	<u>\$ (372,300)</u>	<u>\$ 1,465,198</u>	<u>\$ 2,737,773</u>	<u>\$ 1,272,575</u>
Recapitulation:					
Restricted:					
Excess Surplus				\$ 353,701	
Excess Surplus - Designated for Subsequent Year's Expenditures				353,724	
Capital Reserve				1,134,752	
Maintenance Reserve				50,000	
Assigned:					
Year-End Encumbrances				406,143	
Designated for Subsequent Year's Expenditures				16,635	
Unassigned				422,818	
				<u>2,737,773</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(47,590)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,690,183</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources			\$ 12,312	\$ 2,575	\$ (9,737)
State Sources	\$ 2,433	\$ 2,041	4,474	4,474	
Federal Sources	135,000	14,296	149,296	144,790	(4,506)
Total Revenues	<u>\$ 137,433</u>	<u>\$ 16,337</u>	<u>\$ 166,082</u>	<u>\$ 151,839</u>	<u>\$ (14,243)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 20,000	\$ (1,288)	\$ 18,712	\$ 18,712	
Tuition	100,000	6,239	106,239	106,239	
General Supplies		14,050	14,050	4,313	\$ 9,737
Textbooks	878	552	1,430	1,430	
Total Instruction	<u>120,878</u>	<u>19,553</u>	<u>140,431</u>	<u>130,694</u>	<u>9,737</u>
Support Services					
Personal Services - Employee Benefits		4,042	4,042	4,042	
Purchased Professional/Educational Services	16,555	5,054	21,609	17,103	4,506
Total Support Services	<u>16,555</u>	<u>9,096</u>	<u>25,651</u>	<u>21,145</u>	<u>4,506</u>
Total Expenditures	<u>\$ 137,433</u>	<u>\$ 28,649</u>	<u>\$ 166,082</u>	<u>\$ 151,839</u>	<u>\$ 14,243</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,909,702	\$ 151,839
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		3,652
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(47,590)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	35,746	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 10,897,858	\$ 155,491
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,772,824	\$ 151,839
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		3,652
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,772,824	\$ 155,491

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>			<u>IDEA Part B</u>	
	<u>Title I</u>	<u>Title II Part A</u>	<u>Title III</u>	<u>Basic</u>	<u>Preschool</u>
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 23,981	\$ 14,059	\$ 511	\$ 102,356	\$ 3,883
Total Revenue	<u>23,981</u>	<u>14,059</u>	<u>511</u>	<u>102,356</u>	<u>3,883</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	18,712				
Tuition				102,356	3,883
General Supplies	1,227		511		
Textbooks					
Total Instruction	<u>19,939</u>		<u>511</u>	<u>102,356</u>	<u>3,883</u>
Support Services:					
Personal Services - Employee Benefits	4,042				
Purchased Professional/Educational Services		14,059			
Total Support Services	<u>4,042</u>	<u>14,059</u>			
Total Expenditures	<u>\$ 23,981</u>	<u>\$ 14,059</u>	<u>\$ 511</u>	<u>\$ 102,356</u>	<u>\$ 3,883</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Textbook</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Local Grants</u>	<u>Totals</u>
REVENUE:					
Local Sources				\$ 2,575	\$ 2,575
State Sources	\$ 1,430	\$ 2,276	\$ 768		4,474
Federal Sources					144,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,430	2,276	768	2,575	151,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					18,712
Tuition					106,239
General Supplies				2,575	4,313
Textbooks	1,430				1,430
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	1,430			2,575	130,694
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Support Services:					
Personal Services - Employee Benefits					4,042
Purchased Professional/Educational Services		2,276	768		17,103
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services		2,276	768		21,145
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 1,430	\$ 2,276	\$ 768	\$ 2,575	\$ 151,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

CAPITAL PROJECTS FUND

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 27,056
Total Revenues and Other Financing Sources:	<u>27,056</u>
Expenditures:	
Purchased Professional and Technical Services	24,350
Construction Services	<u>668,000</u>
Total Expenditures	<u>692,350</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(665,294)
Fund Balance - Beginning Balance	<u>727,187</u>
Fund Balance - Ending Balance	<u>\$ 61,893</u>
<u>Recapitulation:</u>	
Committed Fund Balance	\$ 61,893
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(181,459)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ (119,566)</u>
Reconciliation of Revenue from Budgetary Basis to GAAP Basis:	
SDA Grants Revenue (Budgetary Basis)	\$ -0-
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	<u>117,781</u>
SDA Grants Revenue (GAAP Basis)	<u>\$ 117,781</u>

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - CORRIDOR FLOOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 45,000	\$ (6,923)	\$ 38,077	\$ 38,077
Total Revenues and Other Financing Sources	<u>45,000</u>	<u>(6,923)</u>	<u>38,077</u>	<u>38,077</u>
Expenditures:				
Purchased Profesional and Technical Services	1,400		1,400	1,400
Construction Services	<u>21,677</u>	<u>15,000</u>	<u>36,677</u>	<u>36,677</u>
Total Expenditures	<u>23,077</u>	<u>15,000</u>	<u>38,077</u>	<u>38,077</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 21,923</u>	<u>\$ (21,923)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 45,000
Cancelled to Capital Reserve	<u>\$ (6,923)</u>
Revised Authorized Cost	<u>\$ 38,077</u>
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2013
Revised Target Completion Date	September 1, 2014

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - EXTERIOR DOOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Total</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 60,000	\$ (6,021)	\$ 53,979	\$ 53,979
Total Revenues and Other Financing Source	60,000	(6,021)	53,979	53,979
Expenditures:				
Purchased Professional and Technical Services	3,998		3,998	3,998
Construction Services	31,105	18,876	49,981	49,981
Total Expenditures	35,103	18,876	53,979	53,979
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ 24,897	\$ (24,897)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 60,000			
Cancelled to Capital Reserve	\$ (6,021)			
Revised Authorized Cost	\$ 53,979			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2013			
Revised Target Completion Date	September 1, 2014			

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
EDITH M. DECKER SCHOOL - HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 126,580		\$ 126,580	\$ 126,580
Transfer from Capital Reserve	189,868		189,868	189,868
Total Revenues and Other Financing Sources	<u>316,448</u>		<u>316,448</u>	<u>316,448</u>
Expenditures:				
Purchased Professional and Technical Services	16,078	\$ 5,238	21,316	22,440
Construction Services	36,076	220,909	256,985	294,008
Total Expenditures	<u>36,076</u>	<u>226,147</u>	<u>278,301</u>	<u>316,448</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 280,372</u>	<u>\$ (226,147)</u>	<u>\$ 38,147</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3410-045-14-1001
Grant Date	May 2, 2014
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 276,448
Additional Transfer from Capital Reserve	40,000
Revised Authorized Cost	<u>\$ 316,448</u>
Percentage Completion	87.95%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
EDITH M. DECKER SCHOOL - WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
SDA Grant	\$ 59,660		\$ 59,660	\$ 59,660
Transfer from Capital Reserve	89,492	\$ 40,000	129,492	129,492
Total Revenues and Other Financing Sources	<u>149,152</u>	<u>40,000</u>	<u>189,152</u>	<u>189,152</u>
Expenditures:				
Purchased Professional and Technical Services		14,114	14,114	14,114
Construction Services		161,800	161,800	175,038
Total Expenditures		<u>175,914</u>	<u>175,914</u>	<u>189,152</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 149,152</u>	<u>\$ (135,914)</u>	<u>\$ 13,238</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3410-045-14-1001
Grant Date	May 2, 2014
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	<u>\$ 189,152</u>
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	93.00%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - ELEVATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 113,000		\$ 113,000	\$ 113,000
Transfer from Capital Reserve	169,500		169,500	169,500
Total Revenues and Other Financing Sources	282,500		282,500	282,500
Expenditures:				
Purchased Professional and Technical Services	15,579	\$ 4,998	20,577	20,577
Construction Services		251,415	251,415	261,923
Total Expenditures	15,579	256,413	271,992	282,500
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 266,921	\$ (256,413)	\$ 10,508	\$ -0-

Additional Project Information:

Project Number	3410-050-14-1002
Grant Date	May 2, 2014
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 282,500
Percentage Completion	96.28%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 36,868
Intergovernmental Receivable:	
Federal	3,251
State	162
Interfund Receivable	19,039
Inventory	1,061

Total Current Assets

 60,381

Non-Current Assets:

Capital Assets	108,180
Less: Accumulated Depreciation	(92,193)

Total Non-Current Assets

 15,987

Total Assets

 76,368

LIABILITIES:

Accounts Payable - Vendors	22,878
Unearned Revenue	244

Total Liabilities

 23,122

NET POSITION:

Net Investment in Capital Assets	15,987
Unrestricted	37,259

Total Net Position

 \$ 53,246

Exhibit G-2

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Charges for Services:	
Daily Sales	\$ 89,042
	<hr/>
Total Operating Revenue	89,042
	<hr/>
Operating Expenses:	
Salaries, Benefits & Payroll Taxes	51,664
Cost of Sales	65,565
Supplies, Insurance & Other Costs	2,475
Management Fee	7,822
Depreciation Expense	6,072
	<hr/>
Total Operating Expenses	133,598
	<hr/>
Operating Loss	(44,556)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	30,942
School Breakfast Program	3,965
Food Distribution Program	6,330
State Sources:	
State School Lunch Program	1,357
Local Sources:	
Interest Income	117
	<hr/>
Total Non-Operating Revenue	42,711
	<hr/>
Change in Net Position	(1,845)
	<hr/>
Net Position - Beginning of Year	55,091
	<hr/>
Net Position - End of Year	\$ 53,246
	<hr/> <hr/>

Exhibit G-3

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 73,058
Payments to Food Service Vendor	(105,441)
	<hr/>
Net Cash (Used for) Operating Activities	(32,383)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(1,581)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(1,581)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	1,316
Federal Subsidy Reimbursements	34,098
	<hr/>
Net Cash Provided by Noncapital Financing Activities	35,414
	<hr/>
Cash Flows from Investing Activities:	
Interest on Investments	117
	<hr/>
Net Cash Provided by Investing Activities	117
	<hr/>
Net Increase in Cash and Cash Equivalents	1,567
Cash and Cash Equivalents, July 1	35,301
	<hr/>
Cash and Cash Equivalents, June 30	<u>\$ 36,868</u>
	<hr/>
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (44,556)
Adjustment to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	6,072
Food Distribution Program	6,330
Changes in Assets and Liabilities:	
(Increase) in Interfund Receivable	(15,984)
Decrease in Inventory	1,154
Increase in Accounts Payable	15,048
(Decrease) in Unearned Revenue	(447)
	<hr/>
Net Cash (Used for) Operating Activities	<u>\$ (32,383)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$5,883 and utilized U.S.D.A. Commodities valued at \$6,330.

FIDUCIARY FUNDS

Exhibit H-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 18,531	\$ 62,252	\$ 80,783	\$ 509
Interfund Receivable				13,516
	<u>18,531</u>	<u>62,252</u>	<u>80,783</u>	<u>14,025</u>
Total Assets	<u>18,531</u>	<u>62,252</u>	<u>80,783</u>	<u>14,025</u>
LIABILITIES:				
Payroll Deductions and Withholdings		34,669	34,669	
Accrued Salaries and Wages		7,067	7,067	
Interfund Payable		20,516	20,516	
Due to Student Groups	18,531		18,531	
	<u>18,531</u>	<u>62,252</u>	<u>80,783</u>	
Total Liabilities	<u>18,531</u>	<u>62,252</u>	<u>80,783</u>	
NET POSITION:				
Held in Trust for Unemployment Claims				<u>14,025</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 14,025</u>

Exhibit H-2

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee Deductions	\$ 11,312
Total Contributions	<u>11,312</u>
Investment Earnings	<u>1</u>
Total Additions	<u>11,313</u>
DEDUCTIONS:	
Unemployment Claims and Contributions	<u>8,962</u>
Total Deductions	<u>8,962</u>
Change in Net Position	2,351
Net Position - Beginning of the Year	<u>11,674</u>
Net Position - End of the Year	<u><u>\$ 14,025</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 15,415</u>	<u>\$ 63,213</u>	<u>\$ 60,097</u>	<u>\$ 18,531</u>
Total Assets	<u><u>\$ 15,415</u></u>	<u><u>\$ 63,213</u></u>	<u><u>\$ 60,097</u></u>	<u><u>\$ 18,531</u></u>
LIABILITIES:				
Due to Student Groups	<u>\$ 15,415</u>	<u>\$ 63,213</u>	<u>\$ 60,097</u>	<u>\$ 18,531</u>
Total Liabilities	<u><u>\$ 15,415</u></u>	<u><u>\$ 63,213</u></u>	<u><u>\$ 60,097</u></u>	<u><u>\$ 18,531</u></u>

Exhibit H-4

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
School Class Account	<u>\$ 15,415</u>	<u>\$ 63,213</u>	<u>\$ 60,097</u>	<u>\$ 18,531</u>
Total All Schools	<u><u>\$ 15,415</u></u>	<u><u>\$ 63,213</u></u>	<u><u>\$ 60,097</u></u>	<u><u>\$ 18,531</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 150,955	\$ 4,530,936	\$ 4,619,639	\$ 62,252
Total Assets	<u>\$ 150,955</u>	<u>\$ 4,530,936</u>	<u>\$ 4,619,639</u>	<u>\$ 62,252</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 22,130	\$ 2,150,092	\$ 2,137,553	\$ 34,669
Interfund Payable	113,228	2,350	95,062	20,516
Accrued Salaries and Wages	15,597	7,067	15,597	7,067
Net Salaries and Wages		<u>2,371,427</u>	<u>2,371,427</u>	
Total Liabilities	<u>\$ 150,955</u>	<u>\$ 4,530,936</u>	<u>\$ 4,619,639</u>	<u>\$ 62,252</u>

LONG-TERM DEBT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Matured	Balance June 30, 2015
			Date	Amount				
Refunding Bonds	09/14/05	\$ 3,260,000	1/15/2016	\$ 145,000	4.000%			
			1/15/2017	145,000	4.000%			
			1/15/2018	150,000	4.000%			
			1/15/2019	160,000	4.000%			
			1/15/2020	165,000	4.000%			
			1/15/2021	170,000	4.000%			
			1/15/2022	180,000	4.000%			
			1/15/2023	185,000	4.000%			
			1/15/2024	190,000	4.000%			
			1/15/2025	200,000	4.000%			
			1/15/2026	210,000	4.000%			
			1/15/2027	215,000	4.000%			
			1/15/2028	220,000	4.000%			
					\$ 2,470,000	\$ 135,000	\$ 2,335,000	
					<u>\$ 2,470,000</u>	<u>\$ 135,000</u>	<u>\$ 2,335,000</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 233,463		\$ 233,463	\$ 233,463	
Total Revenues	<u>233,463</u>		<u>233,463</u>	<u>233,463</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	98,463		98,463	98,462	\$ 1
Redemption of Principal	135,000		135,000	135,000	
Total Regular Debt Service	<u>233,463</u>		<u>233,463</u>	<u>233,462</u>	<u>1</u>
Total Expenditures	<u>233,463</u>		<u>233,463</u>	<u>233,462</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				1	1
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation:					
Restricted for Subsequent Year's Expenditures				<u>\$ 1</u>	
				<u>\$ 1</u>	

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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 District's overall financial health.

Contents

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 700,394	\$ 957,432	\$ 1,322,896	\$ 1,577,020	\$ 1,581,654	\$ 1,682,703	\$ 2,190,115	\$ 2,425,170	\$ 2,924,264	\$ 3,611,901
Restricted	79,914	171,477	512,679	634,915	1,090,538	1,223,726	1,577,761	2,460,749	1,792,806	1,892,178
Unrestricted	50,653	156,089	261,349	243,054	294,915	556,112	477,145	243,179	(264,411)	(839,382)
Total governmental activities net position	\$ 830,961	\$ 1,284,998	\$ 2,096,924	\$ 2,454,989	\$ 2,967,107	\$ 3,462,541	\$ 4,245,021	\$ 5,129,098	\$ 4,452,659	\$ 4,664,697
Business-type Activities:										
Net Investment in Capital Assets	\$ 40,492	\$ 34,244	\$ 24,865	\$ 20,697	\$ 17,053	\$ 13,587	\$ 23,553	\$ 19,378	\$ 20,478	\$ 15,987
Unrestricted	26,225	30,412	31,043	45,699	40,966	39,502	37,915	37,847	34,613	37,259
Total business-type activities net position	\$ 66,717	\$ 64,656	\$ 55,908	\$ 66,396	\$ 58,019	\$ 53,089	\$ 61,468	\$ 57,225	\$ 55,091	\$ 53,246
District-wide:										
Net Investment in Capital Assets	\$ 740,886	\$ 991,676	\$ 1,347,761	\$ 1,597,717	\$ 1,598,707	\$ 1,696,290	\$ 2,213,668	\$ 2,444,548	\$ 2,944,742	\$ 3,627,888
Restricted	79,914	171,477	512,679	634,915	1,090,538	1,223,726	1,577,761	2,460,749	1,792,806	1,892,178
Unrestricted	76,878	186,501	292,392	288,753	335,881	595,614	515,060	281,026	(229,798)	(802,123)
Total District Net Position	\$ 897,678	\$ 1,349,654	\$ 2,152,832	\$ 2,521,385	\$ 3,025,126	\$ 3,515,630	\$ 4,306,489	\$ 5,186,323	\$ 4,507,750	\$ 4,717,943

*-As Restated

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,762,922	\$ 3,026,269	\$ 2,539,331	\$ 2,528,689	\$ 2,683,270	\$ 2,571,625	\$ 2,680,990	\$ 3,001,062	\$ 3,127,551	\$ 3,708,862
Special Education	774,649	671,008	969,361	1,053,335	1,128,097	898,094	660,316	742,111	689,550	891,387
Other Special Instruction	144,283	147,288	56,601	69,168	132,778	31,848	156,166	31,846	35,390	51,575
School Sponsored Instruction			77,794	73,413	16,985	3,492	9,325	17,958	107,622	104,470
Support Services:										
Tuition	2,584,006	2,843,410	2,981,586	3,386,585	3,298,984	3,428,109	3,010,648	3,029,931	3,069,283	3,509,957
Student & Instruction Related Services	789,689	821,833	1,178,800	962,906	941,725	788,211	1,038,707	1,040,564	1,094,672	1,248,399
General Administrative Services	210,755	204,109	181,989	340,563	352,280	356,333	354,269	359,353	297,909	319,315
School Administrative Services	391,562	419,779	379,650	220,296	237,765	189,098	211,121	189,053	213,480	246,605
Central Services			150,516	99,580	112,909	161,217	157,106	183,459	198,757	206,505
Plant Operations and Maintenance	812,127	863,983	744,269	665,137	713,750	678,469	642,281	661,216	661,037	716,039
Pupil Transportation	369,243	363,929	495,142	455,249	492,486	511,725	503,858	466,672	564,266	465,746
Unallocated Depreciation						122,195	128,231	138,979	93,949	278,359
Capital Outlay	44,954	35,816	36,899	23,850	23,416	288	39,797	107,967	37,860	230
Interest on Long-Term Debt	131,554	130,737	76,215	120,794	117,217	113,407	109,432	105,389	100,835	96,142
Charter Schools						11,498	50,909	24,930	38,415	51,762
Total Governmental Activities Expenses	<u>9,015,744</u>	<u>9,528,161</u>	<u>9,868,153</u>	<u>9,999,565</u>	<u>10,251,662</u>	<u>9,865,609</u>	<u>9,753,156</u>	<u>10,100,490</u>	<u>10,330,576</u>	<u>11,895,353</u>
Business-type Activities:										
Food Service	<u>158,269</u>	<u>157,505</u>	<u>154,680</u>	<u>130,194</u>	<u>149,650</u>	<u>148,138</u>	<u>146,972</u>	<u>127,284</u>	<u>118,756</u>	<u>133,598</u>
Total Business-type Activities Expenses	<u>158,269</u>	<u>157,505</u>	<u>154,680</u>	<u>130,194</u>	<u>149,650</u>	<u>148,138</u>	<u>146,972</u>	<u>127,284</u>	<u>118,756</u>	<u>133,598</u>
Total District Expenses	<u>9,174,013</u>	<u>9,685,666</u>	<u>10,022,833</u>	<u>10,129,759</u>	<u>10,401,312</u>	<u>10,013,747</u>	<u>9,900,128</u>	<u>10,227,774</u>	<u>10,449,332</u>	<u>12,028,951</u>
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)			29,829	28,872	18,647	17,254				
Operating Grants and Contributions	821,976	631,131	1,227,546	1,265,201	739,454	1,109,685	1,145,954	1,378,670	1,295,596	2,212,445
Capital Grants and Contributions					32,514	4,200	1,800			117,781
Total Governmental Activities Program Revenues	<u>821,976</u>	<u>631,131</u>	<u>1,257,375</u>	<u>1,294,073</u>	<u>790,615</u>	<u>1,131,139</u>	<u>1,147,754</u>	<u>1,378,670</u>	<u>1,295,596</u>	<u>2,330,226</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activities:										
Charges for Services:										
Food Service	\$ 127,642	\$ 118,162	\$ 109,702	\$ 110,337	\$ 109,140	\$ 106,514	\$ 106,463	\$ 89,901	\$ 86,475	\$ 89,042
Operating Grants and Contributions	34,139	33,703	35,996	30,301	32,133	36,694	34,749	33,133	29,999	42,594
Total Business-type Activities Revenues	161,781	151,865	145,698	140,638	141,273	143,208	141,212	123,034	116,474	131,636
Total District Program Revenues	983,757	782,996	1,403,073	1,434,711	931,888	1,274,347	1,288,966	1,501,704	1,412,070	2,461,862
Net (Expense)/Revenue										
Governmental Activities	(8,193,768)	(8,897,030)	(8,610,778)	(8,705,492)	(9,461,047)	(8,734,470)	(8,605,402)	(8,721,820)	(9,034,980)	(9,565,127)
Business-type Activities	3,512	(5,640)	(8,982)	10,444	(8,377)	(4,930)	(5,760)	(4,250)	(2,282)	(1,962)
Total District-wide Net (Expense)/Revenue	(8,190,256)	(8,902,670)	(8,619,760)	(8,695,048)	(9,469,424)	(8,739,400)	(8,611,162)	(8,726,070)	(9,037,262)	(9,567,089)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	7,226,022	7,976,039	8,557,293	8,567,494	8,752,714	8,746,381	8,921,309	9,099,735	9,281,730	9,467,364
Taxes Levied for Debt Service	245,092	232,149	220,368	223,267	233,906	235,194	236,294	232,231	233,013	233,463
Unrestricted Grants and Contributions	658,781	1,034,290	486,071	139,593	604,377	16,606	207,123	170,798	190,541	58,384
Tuition Charges	20,964	21,470								
Net Changes Due to Defeasance of Bonds	(229,000)									
Investment Earnings	51,430	85,726	61,930	103	25	9,206	8,906	3,028	6,029	948
Miscellaneous Income	5,363	4,524	97,044	133,100	382,143	222,517	28,389	100,105	79,482	17,006
Transfers		(3,130)					(14,139)			
Total Governmental Activities	7,978,652	9,351,068	9,422,706	9,063,557	9,973,165	9,229,904	9,387,882	9,605,897	9,790,795	9,777,165

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activities:										
Investment Earnings	\$ 513	\$ 448	\$ 234	\$ 44				\$ 7	\$ 148	\$ 117
Miscellaneous Income										
Transfers		3,130					\$ 14,139			
Total Business-type Activities	513	3,578	234	44			14,139	7	148	117
Total District-wide	7,979,165	9,354,646	9,422,940	9,063,601	\$ 9,973,165	\$ 9,229,904	9,402,021	9,605,904	9,790,943	9,777,282
Change in Net Position										
Governmental Activities	(215,116)	454,038	811,928	358,065	512,118	495,434	782,480	884,077	755,815	212,038
Business-type Activities	4,025	(2,062)	(8,748)	10,488	(8,377)	(4,930)	8,379	(4,243)	(2,134)	(1,845)
Total District	\$ (211,091)	\$ 451,976	\$ 803,180	\$ 368,553	\$ 503,741	\$ 490,504	\$ 790,859	\$ 879,834	\$ 753,681	\$ 210,193

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved/Restricted	\$ 157,433	\$ 258,240	\$ 503,552	\$ 634,890	\$1,090,538	\$1,215,159	\$1,571,644	\$1,615,711	\$1,792,806	\$1,892,177
Unreserved	143,428	243,536	400,142	344,883	376,262					
Assigned						208,567	221,117	513,878	447,770	422,778
Unassigned						436,272	341,831	321,698	351,629	375,228
Total General Fund	\$ 300,861	\$ 501,776	\$ 903,694	\$ 979,773	\$1,466,800	\$1,859,998	\$2,134,592	\$2,451,287	\$2,592,205	\$2,690,183
All Other Governmental Funds:										
Reserved/Restricted								\$ 303,249		\$ 1
Committed								27,911	\$ 427,947	
Unreserved, Reported in:										
Special Revenue Fund/(Deficit)	\$ (627)	\$ (627)	\$ (627)							
Capital Projects Fund	9,102									
Debt Service Fund	12,021	21,124	9,127	\$ 25						
Unassigned/(Deficit):										
Capital Projects Fund										(119,566)
Total All Other Governmental Funds	\$ 20,496	\$ 20,497	\$ 8,500	\$ 25	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 331,160	\$ 427,947	\$ (119,565)
Total All Governmental Funds:										
Reserved/Restricted	\$ 157,433	\$ 258,240	\$ 503,552	\$ 634,890	\$1,090,538	\$1,215,159	\$1,571,644	\$1,918,960	\$1,792,806	\$1,892,178
Committed								27,911	427,947	
Unreserved	163,924	264,033	408,642	344,908	376,262					
Assigned						208,567	221,117	513,878	447,770	422,778
Unassigned						436,272	341,831	321,698	351,629	375,228
Total All Governmental Funds	\$ 321,357	\$ 522,273	\$ 912,194	\$ 979,798	\$1,466,800	\$1,859,998	\$2,134,592	\$2,782,447	\$3,020,152	\$2,690,184

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 7,471,114	\$ 8,208,188	\$ 8,777,661	\$ 8,790,761	\$ 8,986,620	\$ 8,981,575	\$ 9,157,603	\$ 9,331,966	\$ 9,514,743	\$ 9,700,827
Tuition Charges	20,964	21,470	29,829	28,872	18,647	17,254				948
Interest Earnings	51,430	85,726	61,930	103	25	2,209	3,473	3,028	6,029	948
Miscellaneous	5,363	4,524	90,966	133,100	382,143	231,014	33,822	107,830	88,552	19,581
Other Sources			6,078	2,000						
State Sources	1,283,388	1,455,582	1,527,362	1,220,155	1,071,501	942,802	1,173,323	1,335,185	1,306,296	1,534,795
Federal Sources	197,369	209,838	186,255	182,639	304,844	186,189	181,554	206,558	170,771	148,442
Total Revenues	<u>9,029,628</u>	<u>9,985,328</u>	<u>10,680,081</u>	<u>10,357,630</u>	<u>10,763,780</u>	<u>10,361,043</u>	<u>10,549,775</u>	<u>10,984,567</u>	<u>11,086,391</u>	<u>11,404,593</u>
Expenditures										
Instruction:										
Regular Instruction	1,759,821	1,912,373	1,798,911	1,762,503	1,852,346	1,857,203	1,922,910	2,066,742	2,297,870	2,171,983
Special Education Instruction	760,853	655,631	679,361	821,890	880,935	648,581	465,620	509,134	481,046	523,612
Other Instruction	102,895	101,157	37,708	54,600	46,628	19,481	108,483	16,477	27,919	37,522
School Sponsored Instruction			56,550	56,951	62,488	8,338	6,496	18,465	75,210	60,237
Support Services:										
Tuition	2,584,006	2,843,410	2,981,586	3,386,585	3,298,984	3,428,109	3,010,648	3,029,931	3,069,283	3,509,957
Student & Instruction Related Services	734,505	760,183	889,793	763,955	744,039	615,862	818,502	828,711	876,015	1,009,145
General Administrative Services	377,767	407,532	297,020	286,258	291,091	294,801	299,658	307,757	253,530	270,740
School Administrative Services	155,571	142,459	136,469	158,318	173,379	136,413	148,874	130,159	149,593	153,263
Central Services			109,355	88,429	101,404	131,826	126,504	150,622	159,501	163,540
Plant Operations and Maintenance	594,245	620,724	634,992	597,777	646,515	731,873	578,578	595,048	589,716	651,266
Pupil Transportation	369,243	363,929	484,347	450,591	487,680	507,611	500,360	462,966	559,703	460,759
Unallocated Benefits	1,260,154	1,432,582	1,496,256	1,368,224	1,395,009	1,336,567	1,415,874	1,569,065	1,566,216	1,656,084

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Charter Schools	\$ 44,954	\$ 35,816	\$ 36,899	\$ 23,850	\$ 23,416	\$ 11,498	\$ 50,909	\$ 24,930	\$ 38,415	\$ 51,762
Capital Outlay	10,944	276,469	418,523	237,726	38,933	4,488	571,332	394,474	471,656	900,795
Debt Service:										
Principal	100,000	100,000	105,000	110,000	115,000	120,000	125,000	125,000	130,000	135,000
Interest and Other Charges	133,071	132,149	127,389	122,369	118,931	115,194	111,294	107,231	103,013	98,462
Total Expenditures	<u>8,986,023</u>	<u>9,782,407</u>	<u>10,288,151</u>	<u>10,288,017</u>	<u>10,274,768</u>	<u>9,967,845</u>	<u>10,261,042</u>	<u>10,336,712</u>	<u>10,848,686</u>	<u>11,854,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,605</u>	<u>202,921</u>	<u>391,930</u>	<u>69,613</u>	<u>489,012</u>	<u>393,198</u>	<u>288,733</u>	<u>647,855</u>	<u>237,705</u>	<u>(449,534)</u>
Other Financing Sources (Uses)										
Transfers In	301	9,102					542,722	346,000	433,194	40,000
Transfers Out	(301)	(9,102)					(556,861)	(346,000)	(433,194)	(40,000)
Total Other Financing Sources (Uses)							<u>(14,139)</u>			
Net Change in Fund Balances	<u>\$ 43,605</u>	<u>\$ 202,921</u>	<u>\$ 391,930</u>	<u>\$ 69,613</u>	<u>\$ 489,012</u>	<u>\$ 393,198</u>	<u>\$ 274,594</u>	<u>\$ 647,855</u>	<u>\$ 237,705</u>	<u>\$ (449,534)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.7%	2.5%	2.4%	2.4%	2.3%	2.4%	2.5%	2.4%	2.3%	2.2%

Source: School District Financial Reports.

Exhibit J-5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2006	\$ 20,964	\$ 51,430		\$ 5,363	\$ 77,757
2007	21,470	85,726		4,524	111,720
2008	29,829	61,930		90,942	182,701
2009	28,872	18,533	\$ 9,866	104,804	162,075
2010	18,647	10,905		370,158	399,710
2011	17,254	9,206	197,348	25,169	248,977
2012		8,906	11,813	16,576	37,295
2013	3,428	7,159	87,669	4,877	103,133
2014		6,029	77,433	2,049	85,511
2015		6,317	17	11,620	17,954

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 12,274,600	\$ 517,190,600	\$ 12,300	\$ 82,796,400	\$ 234,200	\$ 14,950,200	\$ 627,458,300	\$ 25,347,300	\$ 870,190	\$ 628,328,490	\$ 1.150	\$ 684,081,100
2006	19,179,700	557,531,300	12,300	80,109,600	234,200	14,950,200	672,017,300	24,494,400	756,987	672,774,287	1.170	819,956,474
2007	16,952,600	580,545,900	12,300	71,623,100	234,200	22,663,200	692,031,300	25,200,600	689,030	692,720,330	1.230	863,202,903
2008	17,062,800	583,095,900	6,600	69,103,400	234,200	21,200,000	690,702,900	25,948,500	700,788	691,403,688	1.270	856,015,461
2009	15,397,100	588,267,000	6,600	68,901,100	234,200	21,200,000	694,006,000	26,207,200	748,832	694,754,832	1.279	861,040,511
2010	14,412,100	582,566,100	6,600	68,131,300	234,200	21,200,000	686,550,300	26,302,000		686,550,300	1.280	838,688,370
2011	12,513,500	584,535,500	6,600	64,167,500	234,200	20,700,000	682,157,300	26,302,000		682,157,300	1.330	834,313,587
2012	12,418,800	582,055,600	6,600	63,866,600	234,200	20,700,000	679,281,800	26,302,000		679,281,800	1.361	757,281,828
2013	10,764,400	585,902,700	6,600	63,866,600	234,200	20,700,000	681,474,500	25,649,400		681,474,500	1.383	760,593,072
2014	9,834,500	589,915,700	6,500	63,866,600	234,200	20,700,000	684,557,500	25,110,900		684,557,500	1.404	754,562,774

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

b - Tax rates are per \$100 of assessed value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor.

Exhibit J-7

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Borough of Mount Arlington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Mount Arlington	Morris County	
2005	\$ 1.110	\$ 0.040	\$ 1.150	\$ 0.370	\$ 0.260	\$ 1.780
2006	1.132	0.038	1.170	0.370	0.270	1.810
2007	1.196	0.034	1.230	0.420	0.290	1.940
2008	1.238	0.032	1.270	0.572	0.289	2.131
2009	1.245	0.034	1.279	0.634	0.282	2.195
2010	1.247	0.033	1.280	0.633	0.283	2.196
2011	1.296	0.034	1.330	0.770	0.290	2.390
2012	1.327	0.034	1.361	0.794	0.288	2.443
2013	1.349	0.034	1.383	0.814	0.282	2.479
2014	1.370	0.034	1.404	0.834	0.282	2.520

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mount Arlington Corporate Center	\$ 27,264,400	1	4.00%			
East Coast Mt. Arlington Apartments	8,700,000	2	1.28%			
Carriage Club Investors, LLC	8,500,000	3	1.25%			
SNH NS Properties Trust	6,200,000	4	0.91%			
Orchards at Mt. Arlington LLC	5,198,100	5	0.76%			Not Available
Mount Arlington Koporate LLC	4,850,000	6	0.71%			
Mount Arlington Ventures, LP	4,300,000	7	0.63%			
Shore Hills Apartments, LLC	3,500,000	8	0.51%			
Brandywine Associates, LLC	1,935,900	9	0.28%			
Mount Arlington Horizons, LLC	1,932,900	10	0.28%			
Total	<u>\$ 72,381,300</u>		<u>10.62%</u>			

Source: Municipal Tax Assessor.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 7,471,114	\$ 7,471,114	100.00%	-0-
2007	8,208,188	8,208,188	100.00%	-0-
2008	8,777,661	8,777,661	100.00%	-0-
2009	8,790,761	8,790,761	100.00%	-0-
2010	8,986,620	8,986,620	100.00%	-0-
2011	8,981,575	8,981,575	100.00%	-0-
2012	9,157,603	9,157,603	100.00%	-0-
2013	9,331,966	9,331,966	100.00%	-0-
2014	9,514,743	9,514,743	100.00%	-0-
2015	9,700,827	9,700,827	100.00%	-0-

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

Source: Borough of Mount Arlington School District records, including the Certificate and Report of School Taxes (A4F form).

Exhibit J-10

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases				
2006	\$ 3,400,000	-0-		\$ 3,400,000	0.91%	\$ 608.01
2007	3,300,000	-0-		3,300,000	0.86%	573.71
2008	3,195,000	-0-		3,195,000	0.79%	553.82
2009	3,085,000	-0-		3,085,000	0.74%	532.36
2010	2,970,000	-0-		2,970,000	0.87%	588.00
2011	2,850,000	-0-		2,850,000	0.81%	556.31
2012	2,725,000	-0-		2,725,000	0.74%	529.23
2013	2,600,000	-0-		2,600,000	0.67%	503.00
2014	2,470,000	-0-		2,470,000	0.63%	474.00
2015	2,335,000	-0-		2,335,000	0.60%	448.09

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Source: School District Financial Reports.

Exhibit J-11

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 3,400,000	\$ -0-	\$ 3,400,000	0.541%	\$ 608.01
2007	3,300,000	-0-	3,300,000	0.491%	573.71
2008	3,195,000	-0-	3,195,000	0.461%	553.82
2009	3,085,000	-0-	3,085,000	0.446%	532.36
2010	2,970,000	-0-	2,970,000	0.427%	588.00
2011	2,850,000	-0-	2,850,000	0.415%	556.31
2012	2,725,000	-0-	2,725,000	0.399%	529.23
2013	2,600,000	-0-	2,600,000	0.383%	503.00
2014	2,470,000	-0-	2,470,000	0.362%	474.00
2015	2,335,000	-0-	2,335,000	0.341%	448.09

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

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

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

Source: School District Financial Reports.

Exhibit J-12

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Mount Arlington	\$ 5,426,850	100.00%	\$ 5,426,850
Morris County General Obligation Debt	235,116,781	0.87%	<u>2,052,715</u>
Subtotal, Overlapping Debt			7,479,565
Borough of Mount Arlington School District Direct Debt			<u>2,470,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,949,565</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Mount Arlington. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2015	
Equalized valuation basis	
2014	\$ 758,176,431
2013	750,357,300
2012	757,281,828
	\$ 2,265,815,559
Average Equalized Valuation of Taxable Property	\$ 755,271,853
Debt Limit (3% of average equalization value) ^a	22,658,156
Net Bonded School Debt as of June 30, 2015	2,335,000
Legal Debt Margin	\$ 20,323,156

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 18,103,927	\$ 21,180,600	\$ 23,645,119	\$ 25,365,260	\$ 26,049,678	\$ 25,813,119	\$ 25,272,883	\$ 23,970,944	\$ 23,087,634	\$ 22,658,156
Total Net Debt Applicable to Limit	3,400,000	3,300,000	3,195,000	3,085,000	2,970,000	2,850,000	2,725,000	2,600,000	2,470,000	2,335,000
Legal Debt Margin	\$ 14,703,927	\$ 17,880,600	\$ 20,450,119	\$ 22,280,260	\$ 23,079,678	\$ 22,963,119	\$ 22,547,883	\$ 25,272,883	\$ 20,617,634	\$ 20,323,156
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	18.78%	15.58%	13.51%	12.16%	11.40%	11.04%	10.78%	10.85%	10.70%	10.31%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	5,592	\$ 373,696,584	\$ 66,827	3.40%
2007	5,752	384,135,816	66,783	3.40%
2008	5,769	402,924,267	69,843	4.10%
2009	5,795	416,874,915	71,937	7.00%
2010	5,051	342,952,798	67,898	7.00%
2011	5,123	351,258,495	68,565	7.00%
2012	5,149	370,285,186	71,914	6.80%
2013	5,169	387,954,126	75,054	7.10%
2014	5,211	391,106,394	75,054 *	5.70%
2015	5,211 **	391,106,394 **	75,054 *	N/A

** - Latest Morris County population available (2014) was used for calculation purposes.

* - Latest Morris County per capita personal income available (2013) was used for calculation purposes.

Source:

a - Population information provided by the US Department of Census - Population Division.

b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - BOROUGH OF MOUNT ARLINGTON
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>2015</u>			<u>2006</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Atkins Development	200	N/A			
Enercon Services, Inc.	100	N/A			
Mount Arlington Board of Education	80	N/A			
Nisivoccia LLP	75	N/A			
Mount Arlington Senior Living	70	N/A			Not Available
MedPro Systems	50	N/A			
Borough of Mount Arlington	44	N/A			
Courtyard by Marriott	40	N/A			
Pub 199	20	N/A			
Benefit Plan Manager Corporation	15	N/A			
	<u>694</u>	N/A			

N/A - Information not available

Source: Borough Clerk's Office

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:						
Regular	26.0	26.2	26.2	28.2	30.8	29.1
Special Education	21.0	20.0	19.2	24.2	21.6	21.6
Other Special Instruction	1.5					
Support Services:						
Student & Instruction Related Services	4.5	2.9	2.1	1.0	1.3	3.9
General Administrative Services	1.5	1.5	1.5	1.3	1.3	1.4
School Administrative Services	4.0	1.7	2.0	2.0	2.0	1.8
Central Services	2.0	2.0	2.0	1.5	1.5	1.5
Plant Operations and Maintenance	5.5	5.5	5.5	5.3	5.2	5.2
Pupil Transportation	0.5	0.3	0.3	0.3	0.3	0.3
Total	<u>66.5</u>	<u>60.1</u>	<u>58.8</u>	<u>63.8</u>	<u>64.0</u>	<u>64.7</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	*	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary	Middle School				
2006	635.0	*	\$ 8,742,008	13,767	-26.13%	48.9	1:13	1:11	416.9	400.8	-4.84%	96.14%
2007	616.0	*	9,273,789	15,055	9.36%	47.4	1:11	1:10	407.6	385.7	-2.23%	94.63%
2008	608.0	*	9,637,239	15,851	5.29%	47.2	1:11	1:10	378.9	360.3	-7.04%	95.09%
2009	578.5	*	9,817,922	16,971	7.07%	53.0	1:07	1:08	387.8	370.9	2.35%	95.64%
2010	571.0	*	10,001,904	17,516	3.21%	48.5	1:07	1:08	383.3	364.8	-1.16%	95.17%
2011	572.5	*	9,728,163	16,992	-2.99%	46.2	1:07	1:08	373.0	356.0	-2.69%	95.44%
2012	553.0	*	9,453,416	17,095	0.60%	45.4	1:07	1:08	363.0	352.0	-2.68%	96.97%
2013	535.0	*	9,710,007	18,150	6.17%	46.0	1:07	1:08	356.0	339.5	-1.93%	95.37%
2014	486.0	*	10,144,017	20,872	15.00%	43.8	1:07	1:08	342.5	329.6	-3.79%	96.23%
2015	516.0	*	10,719,870	20,775	-0.47%	39.9	1:07	1:08	347.3	332.2	1.41%	95.66%

* - Includes High School Enrollment

N/A - Not Available

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Note: Enrollment based on annual October District count.

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	108	121	133	127	130
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	302	284	257	248	247
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	123	120	105	105	107
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	250	243	238	238	240

Number of Schools at June 30, 2015

 Elementary = 1

 Middle School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Mount Arlington School District Facilities Office.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Edith M. Decker School	N/A	\$ 21,113	\$ 25,906	\$ 29,218	\$ 44,079	\$ 23,550
Mount Arlington School	N/A	67,591	93,407	98,738	53,144	90,845
Grand Total		<u>\$ 88,704</u>	<u>\$119,313</u>	<u>\$127,956</u>	<u>\$ 97,223</u>	<u>\$114,395</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Edith M. Decker School	N/A	\$ 19,985	\$ 32,356	\$ 33,279	\$ 35,850	\$ 40,332
Mount Arlington School	N/A	144,649	64,712	57,082	77,150	98,251
Grand Total		<u>\$164,634</u>	<u>\$ 97,068</u>	<u>\$ 90,361</u>	<u>\$113,000</u>	<u>\$138,583</u>

N/A - Not Applicable.

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

Source: Mount Arlington Board of Education records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>Morris Essex Insurance Group</u>		
Blanket Building and Contents	\$ 14,249,160	\$ 5,000
Comprehensive General Liability	1,000,000 / 2,000,000	
Umbrella Liability	10,000,000	10,000
Workers' Compensation	5,000,000	
School Board Legal Fund	1,000,000	10,000
Business Auto	1,000,000	1,000
Student Accident - Monumental Life Ins. Co.	1,000,000	
Excess Liability	50,000,000	
Cyber Liability	1,000,000 / 3,000,000	15,000
Public Officials Bond - Selective Insurance: Board Secretary/Business Administrator	300,000	

Source: Mount Arlington Board of Education records.

SINGLE AUDIT SECTION



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Report on Internal Control Over Financial Reporting and on
 Compliance and Other Matters Based on an Audit of Financial Statements Performed in
 Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mount Arlington School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Compliance and Other Matters

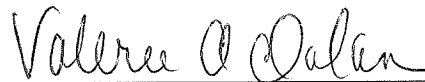
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 20, 2015

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant



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Report on Compliance For Each Major State Program:
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Mount Arlington School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District 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.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 20, 2015

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at	Cash	Budgetary	Balance at June 30, 2015		
			From	To		June 30, 2014			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education -											
Passed-through State Department of Education:											
Special Revenue Fund:											
No Child Left Behind:											
Title I	84.010A	NCLB-3410-15	7/1/2014	6/30/2015	\$ 28,357		\$ 17,344	\$ (23,981)	\$ (6,637)		
Title I	84.010A	NCLB-3410-14	7/1/2013	6/30/2014	23,891	\$ (5,327)	5,327				
Title IIA	84.367A	NCLB -3410-15	7/1/2014	6/30/2015	18,564		10,002	(14,059)	(4,057)		
Title IIA	84.367A	NCLB-3410-14	7/1/2013	6/30/2014	18,291	(9,281)	9,281				
Title III	83.365A	NCLB -3410-15	7/1/2014	6/30/2015	511		511	(511)			
						(14,608)	42,465	(38,551)	(10,694)		
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-15	7/1/2014	6/30/2015	102,356		82,742	(102,356)	(19,614)		
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-14	7/1/2013	6/30/2014	124,289	(14,402)	14,402				
I.D.E.A. Part B, Preschool	84.173	IDEA-3410-15	7/1/2014	6/30/2015	3,883		3,883	(3,883)			
Total Special Education Cluster						(14,402)	101,027	(106,239)	(19,614)		
Total U.S. Department of Education						(29,010)	143,492	(144,790)	(30,308)		
Total Special Revenue Fund						(29,010)	143,492	(144,790)	(30,308)		
U.S. Department of Agriculture -											
Passed-through State Department of Agriculture:											
Enterprise Fund											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/2014	6/30/2015	5,883		5,883	(5,639)		\$ 244	
Food Distribution Program	10.555	N/A	7/1/2013	6/30/2014	5,871	691		(691)			
School Breakfast Program	10.553	N/A	7/1/2014	6/30/2015	3,965		3,494	(3,965)	(471)		
School Breakfast Program	10.553	N/A	7/1/2013	6/30/2014	1,534	(74)	74				
National School Lunch Program	10.555	N/A	7/1/2014	6/30/2015	30,942		28,162	(30,942)	(2,780)		
National School Lunch Program	10.555	N/A	7/1/2013	6/30/2014	20,816	(2,317)	2,317				

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014	Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
			From	To		Unearned Revenue/ (Accounts Receivable)			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Education: Enterprise Fund											
Child Nutrition Cluster (Cont'd):											
Special Milk Program	10.556	N/A	7/1/2013	6/30/2014	\$ 522	\$ (51)	\$ 51				
Total U.S. Department of Agriculture/Child Nutrition Cluster						(1,751)	39,981	\$ (41,237)	\$ (3,251)	\$ 244	
Total Enterprise Fund						(1,751)	39,981	(41,237)	(3,251)	244	
TOTAL FEDERAL AWARDS						\$ (30,761)	\$ 183,473	\$ (186,027)	\$ (33,559)	\$ 244	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30.

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30,			Balance at June 30,			MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	15-495-034-5120-089	7/1/2014	6/30/2015	\$ 338,797			\$ 308,772	\$ (338,797)				\$ (30,025)	\$ 338,797
Categorical Security Aid	15-495-034-5120-084	7/1/2014	6/30/2015	50,935			46,422	(50,935)				(4,513)	50,935
Adjustment Aid	15-495-034-5120-085	7/1/2014	6/30/2015	84			77	(84)				(7)	84
Categorical Transportation Aid	15-495-034-5120-014	7/1/2014	6/30/2015	137,936			125,711	(137,936)				(12,225)	137,936
PARCC Readiness Aid	15-495-034-5120-097	7/1/2014	6/30/2015	4,625			4,215	(4,625)				(410)	4,625
Per Pupil Growth Aid	15-495-034-5120-098	7/1/2014	6/30/2015	4,625			4,215	(4,625)				(410)	4,625
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/2014	6/30/2015	228,501				(228,501)	\$ (228,501)			(228,501)	228,501
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/2014	6/30/2015	4,317				(4,317)	(4,317)			(4,317)	4,317
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/2014	6/30/2015	226,504			215,265	(226,504)	(11,239)			(11,239)	226,504
Categorical Special Education Aid	14-495-034-5120-089	7/1/2013	6/30/2014	338,797	\$ (22,948)		22,948						338,797
Categorical Security Aid	14-495-034-5120-084	7/1/2013	6/30/2014	50,935	(3,449)		3,449						50,935
Adjustment Aid	14-495-034-5120-085	7/1/2013	6/30/2014	84	(6)		6						84
Categorical Transportation Aid	14-495-034-5120-014	7/1/2013	6/30/2014	137,936	(9,343)		9,343						137,936
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/2013	6/30/2014	192,300	(192,300)		192,300						192,300
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/2013	6/30/2014	2,008				(2,008)					2,008
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/2013	6/30/2014	5,075	(5,075)		5,075						5,075
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/2013	6/30/2014	224,916	(11,368)		11,368						224,916
Total General Fund State Aid					(244,489)		951,174	(998,332)	(244,057)			(291,647)	1,948,375
State Department of Education:													
Special Revenue Fund:													
Nonpublic Textbook Aid	15-100-034-5120-064	7/1/2014	6/30/2015	1,430			1,430	(1,430)					1,430
Nonpublic Technology Initiative	15-100-034-5120-373	7/1/2014	6/30/2015	768			768	(768)					768
Nonpublic Nursing Aid	15-100-034-5120-070	7/1/2014	6/30/2015	2,276			2,276	(2,276)					2,276
Total Special Revenue Fund							4,474	(4,474)					4,474
Total State Department of Education					(244,489)		1,073,429	(1,120,587)	(244,057)			(291,647)	2,070,630
Capital Projects Fund:													
New Jersey School Development Authority													
Educational Facilities and Construction Financing Act													
Edith M. Decker School - HVAC Replacement	3410-045-14-1001	5/2/2014	9/30/2015	126,580			74,496	(74,496)				(52,084)	74,496
Edith M. Decker School - Window Replacement	3410-045-14-1001	5/3/2014	9/30/2015	59,660								(59,660)	
Mount Arlington Public School - Elevator	3410-050-14-1002	5/4/2014	9/30/2015	113,000			43,285	(43,285)				(69,715)	43,285
Total Debt Service Fund							117,781	(117,781)				(181,459)	117,781

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Balance at June 30, 2015			MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	7/1/2014	6/30/2015	\$ 1,357			\$ 1,195	\$ (1,357)	\$ (162)			\$ (162)	\$ 1,357
State School Lunch Program	14-100-010-3350-023	7/1/2013	6/30/2014	1,197	\$ (122)		122						1,197
Total State Department of Agriculture					(122)		1,317	(1,357)	(162)			(162)	2,554
Total Enterprise Fund					(122)		1,317	(1,357)	(162)			(162)	2,554
TOTAL STATE AWARDS					\$ (244,611)	\$ -0-	\$ 1,074,746	\$ (1,121,944)	\$ (244,219)	\$ -0-	\$ -0-	\$ (291,809)	\$ 2,073,184

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Mount Arlington School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payment for the prior year are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the Capital Projects Fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,844) for the general fund and \$3,652 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Pension and Post-Retirement Medical contributions paid by the State on behalf of the District of \$164,657 and \$261,395, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,412,540	\$ 1,412,540
Special Revenue Fund	\$ 148,442	4,474	152,916
Capital Projects Fund		117,781	117,781
Food Service Enterprise Fund	41,237	1,357	42,594
Total Financial Assistance	<u>\$ 189,679</u>	<u>\$ 1,536,152</u>	<u>\$ 1,725,831</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Mount Arlington School District had no loan balances outstanding at June 30, 2015.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has two active grants awarded as of June 30, 2015 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, \$117,781 has been expended and submitted for reimbursement. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Categorical Special Education Aid	495-034-5120-089	7/1/14 - 6/30/15	\$ 338,797	\$ 338,797
Categorical Security Aid	495-034-5120-084	7/1/14 - 6/30/15	50,935	50,935
Adjustment Aid	495-034-5120-085	7/1/14 - 6/30/15	84	84
PARCC Readiness Aid	495-034-5120-097	7/1/14 - 6/30/15	4,625	4,625
Per Pupil Growth Aid	495-034-5120-098	7/1/14 - 6/30/15	4,625	4,625

- The threshold used for distinguishing Type A and Type B State programs was \$300,000.
- The District was determined to be a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circulars 04-04 and 15-08.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.