

MIDLAND PARK
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2016**

Midland Park, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Midland Park Board of Education

Midland Park, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

**Midland Park Board of Education
Business Office**

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INTRODUCTORY SECTION



USDOE Blue Ribbon School of Excellence
NJDOE Star School

MIDLAND PARK PUBLIC SCHOOLS

District Administration Offices
250 Prospect Street
Midland Park, New Jersey 07432

Golwin School
Highland School
Midland Park Junior/Senior High School



Stacy C. Garvey
Business Administrator/
Board Secretary
v. (201) 444-1400
f. (201) 444-3051
e. sgarvey@mpsnj.org

October 21, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Midland Park School District for the fiscal year ended June 30, 2016 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 Midland Park Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended and the U.S. Uniform Guidance "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** *Midland Park School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Midland Park Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 988 students.*

2. **ECONOMIC CONDITION AND OUTLOOK:** *The Midland Park area is almost completely developed and expansion is limited. There are, however, some businesses relocating to the area; resulting in moderate increases in the employment level, which results in a somewhat increase in this tax base, both residential and industrial. The Midland Park area will continue to prosper as its population cycle continues to evolve in a sequenced pattern.*

3. **MAJOR INITIATIVES:**

Goal #1

Increase achievement for students identified as needing remediation in reading and math through expanded Basic Skills pull-out instruction. A three-year achievement trend analysis of standardized/formative assessment results will be developed for each BSI student in grades 4, 5, and 6. Individualized education plans will be crafted and implemented on or before September 24, 2015.

Goal #2

- *Increase instructional methods in science congruent with the Next Generation Science Standards K-12 (NGSS—mandated implementation Science 6-12: September 2016; Science K-5: September 2017). Implement professional development activities, including shared service endeavors with other county districts, during the curriculum revision process. Ensure the observation and evaluation process reflects the shift to NGSS.*

Goal #3

- *Develop a districtwide 504 Procedures Manual in electronic form, which will include mandated 504 procedures and required documents. Ensure consistency in 504 processes for students with disabilities; provide professional development for identified staff at each school; provide administrators with professional development in legal issues related to 504 compliance.*

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

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

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

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 current, capital outlay and special schools sections in the General Fund, the Special Revenue Fund and the Debt Service fund. The final budget amount as amended for the fiscal year is reflected in the financial section of this report.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). Detailed information regarding the District's accounting system and financial results is reflected in the financial section of this report.

7. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins CPAs, was selected by the Board Of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related U. S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGMENTS:** *We would like to express our appreciation to the members of the Midland Park 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,

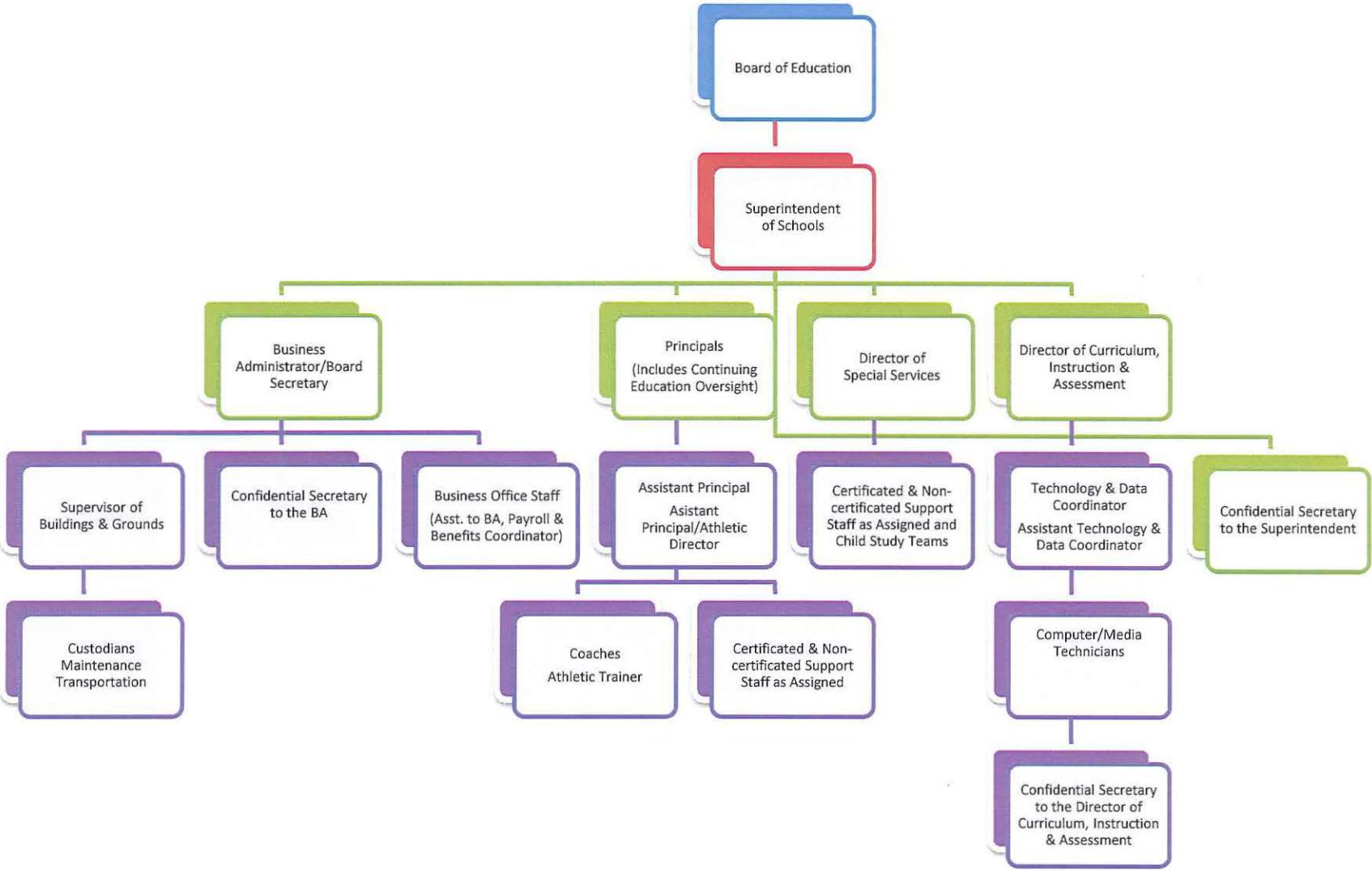
Marie C. Cirasella, Ed. D.

*Marie Cirasella, Ed. D.,
Superintendent of Schools*



*Stacy Garvey,
Board Secretary/
Business Administrator*

MIDLAND PARK PUBLIC SCHOOLS DISTRICT ORGANIZATIONAL CHART



**MIDLAND PARK BOARD OF EDUCATION
MIDLAND PARK, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term</u>
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<i>James Canellas</i>	2017
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<i>Sandra Criscenzo</i>	2016
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<i>Patricia Fantulin</i>	2018
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<i>Richard Formicola</i>	2016
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<i>Brian McCourt</i>	2016
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<i>William Sullivan</i>	2018
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<i>Dr. MaryAlice Thomas</i>	2017
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<i>Timothy Thomas</i>	2018
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<i>Peter Triolo</i>	2017
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Other Officials

Marie Cirasella, Superintendent of Schools

Stacy Garvey, Business Administrator/Board Secretary

MIDLAND PARK BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Lerch, Vinci, & Higgins, LLP

17-17 Route 208

Fair Lawn, NJ 07410

Attorney

Fogarty & Hara

21-00 Route 208 South

Fair Lawn, NJ 07410

Official Depository

Columbia Bank

Godwin Avenue

Midland Park, NJ 07432

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Midland Park Board of Education
Midland Park, 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 Midland Park Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

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

Other Information

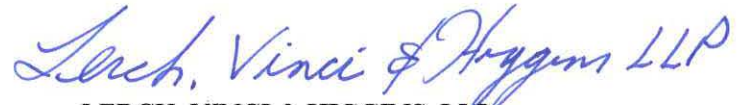
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Midland Park Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Midland Park Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2016 on our consideration of the Midland Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Midland Park Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midland Park Board of Education Midland Park, New Jersey

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

This section of the Midland Park Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year are as follows:

- Net position increased by \$1,133,173 over the June 30, 2015 balance.
- General revenues of \$20,378,404 accounted for 72 percent of all revenues. Program revenues of \$8,108,195 accounted for 28 percent of total revenues of \$28,486,599.
- Among major funds, the General Fund had \$22,915,598 in revenues and \$22,616,340 in expenditures. The General Fund's fund balance increased \$299,258 over the prior year.
- In total, fund balance of Governmental Funds decreased \$2,341,132, which represents a 22 percent decrease from the prior year's fund balance of \$10,807,885. This net decrease is due to the Capital Projects Fund expenditures related to the District's referendum projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Midland Park Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Midland Park Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Midland Park Board of Education, reporting the District's operation in more detail than the district-wide statements.

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education instruction and support services were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the Midland Park Board of Education operates like a business. The food service operation is considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Midland Park Board of Education's financial statements, including the portion of the Midland Park Board of Education activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Figure A-1 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 activity of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education and building	Activities the district operates similar to private businesses: Food Service	Instances in which the district administers resources on behalf of someone else, such as scholarships and student activity funds.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets, deferred inflows/outflows of resources 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, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

District-wide Statements

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

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

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

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund 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/or by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) 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 in the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

This report also includes Notes to the Financial Statements. The notes provide additional information provided in the district-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also includes the required supplementary information.

FINANCIAL ANALYSIS OF THE MIDLAND PARK BOARD OF EDUCATION AS A WHOLE

The district's financial position is the product of many financial transactions including the net results of activities, the issuance and payment of long term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the school district's net position as of June 30, 2016 and 2015.

Net Position. The district's combined net position was \$5,276,028 as of June 30, 2016 and \$4,142,855 as of June 30, 2015.

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

**Statement of Net Position
As of June 30, 2016 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 10,213,808	\$ 14,063,585	\$ 78,477	\$ 90,270	\$ 10,292,285	\$ 14,153,855
Capital Assets - Net	<u>13,359,635</u>	<u>10,325,789</u>	<u>42,166</u>	<u>39,561</u>	<u>13,401,801</u>	<u>10,365,350</u>
Total Assets	<u>23,573,443</u>	<u>24,389,374</u>	<u>120,643</u>	<u>129,831</u>	<u>23,694,086</u>	<u>24,519,205</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding	137,853	157,546	-	-	137,853	157,546
Deferred Amounts on Net Pension Liability	<u>1,359,390</u>	<u>592,160</u>	-	-	<u>1,359,390</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>1,497,243</u>	<u>749,706</u>	<u>-</u>	<u>-</u>	<u>1,497,243</u>	<u>157,546</u>
Total Assets and Deferred Outflows of Resources	<u>25,070,686</u>	<u>25,139,080</u>	<u>120,643</u>	<u>129,831</u>	<u>25,191,329</u>	<u>24,676,751</u>
Long-Term Liabilities	17,852,646	17,433,896			17,852,646	17,433,896
Other Liabilities	<u>1,954,960</u>	<u>3,386,385</u>	<u>7,495</u>	<u>15,482</u>	<u>1,962,455</u>	<u>3,401,867</u>
Total Liabilities	<u>19,807,606</u>	<u>20,820,281</u>	<u>7,495</u>	<u>15,482</u>	<u>19,815,101</u>	<u>20,835,763</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	-	-	1,968	587	1,968	587
Deferred Amounts on Net Pension Liability	<u>98,232</u>	<u>289,706</u>	-	-	<u>98,232</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>98,232</u>	<u>289,706</u>	<u>1,968</u>	<u>587</u>	<u>100,200</u>	<u>587</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,905,838</u>	<u>21,109,987</u>	<u>9,463</u>	<u>16,069</u>	<u>19,915,301</u>	<u>20,836,350</u>
Net Position:						
Net Investment in Capital Assets	6,957,794	5,436,490	42,166	39,561	6,999,960	5,476,051
Restricted	943,530	1,518,161			943,530	1,518,161
Unrestricted	<u>(2,736,476)</u>	<u>(2,925,558)</u>	<u>69,014</u>	<u>74,201</u>	<u>(2,667,462)</u>	<u>(2,851,357)</u>
Total Net Position	<u>\$ 5,164,848</u>	<u>\$ 4,029,093</u>	<u>\$ 111,180</u>	<u>\$ 113,762</u>	<u>\$ 5,276,028</u>	<u>\$ 4,142,855</u>

The table on the following page shows changes in net position for fiscal years 2016 and 2015.

Changes in Net Position. The District's total revenues were \$28,486,599 for the fiscal year ended June 30, 2016. Property taxes accounted for 69% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 21%. Capital grants and contributions accounted for 4% of the total revenues. The balance or 6% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$27,353,426. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 78% of total costs. The purely administrative activities of the District accounted for just 10% of total costs. Plant operations and maintenance accounted for 7% of total costs. The remaining 5% was comprised of costs relating to pupil transportation, food services and interest on long-term debt.

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Total revenues exceeded expenses, which resulted in an increase in net position of \$1,133,173 over last year.

**Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 702,473	\$ 739,830	\$ 283,963	\$ 239,912	\$ 986,436	\$ 979,742
Operating Grants and Contributions	5,875,726	4,834,961	85,579	74,471	5,961,305	4,909,432
Capital Grants and Contributions	1,160,454	278,254			1,160,454	278,254
General Revenues						
Property Taxes	19,615,845	18,620,004			19,615,845	18,620,004
Unrestricted Federal and State Aid	35,320	34,980			35,320	34,980
Investment Earnings	4,712	7,234	75	83	4,787	7,317
Other	722,452	755,081	-	-	722,452	755,081
Total Revenues	<u>28,116,982</u>	<u>25,270,344</u>	<u>369,617</u>	<u>314,466</u>	<u>28,486,599</u>	<u>25,584,810</u>
Expenses						
Instruction						
Regular	10,844,538	9,804,531			10,844,538	9,804,531
Special Education	5,290,136	5,193,170			5,290,136	5,193,170
School Sponsored Activities and Ath.	839,587	759,684			839,587	759,684
Other	858,751	886,952			858,751	886,952
Support Services						
Student and Instruction Related Serv.	3,554,681	3,310,290			3,554,681	3,310,290
General Administration Services	417,798	663,085			417,798	663,085
School Administration Services	1,535,558	1,386,281			1,535,558	1,386,281
Business / Central Services	760,822	660,834			760,822	660,834
Plant Operations and Maintenance	1,901,845	1,834,810			1,901,845	1,834,810
Pupil Transportation	589,466	539,909			589,466	539,909
Food Services	-	-	372,199	326,525	372,199	326,525
	<u>26,593,182</u>	<u>25,039,546</u>	<u>372,199</u>	<u>326,525</u>	<u>26,965,381</u>	<u>25,366,071</u>
Interest on Long-Term Debt	388,045	194,909	-	-	388,045	194,909
Total Expenses	26,981,227	25,234,455	372,199	326,525	27,353,426	25,560,980
Change in Net Position	1,135,755	35,889	(2,582)	(12,059)	1,133,173	23,830
Net Position, Beginning of Year	4,029,093	3,993,204	113,762	125,821	4,142,855	4,119,025
Net Position, End of Year	<u>\$ 5,164,848</u>	<u>\$ 4,029,093</u>	<u>\$ 111,180</u>	<u>\$ 113,762</u>	<u>\$ 5,276,028</u>	<u>\$ 4,142,855</u>

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

**Total Cost and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 10,844,538	\$ 9,804,531	\$ 7,864,290	\$ 7,415,339
Special Education	5,290,136	5,193,170	3,325,026	3,440,432
School Sponsored Activities and Athletics	839,587	759,684	637,971	601,620
Other	858,751	886,952	62,861	109,279
Support Services				
Student and Instruction Related Svcs.	3,554,681	3,310,290	3,252,043	3,077,938
General Administration Services	417,798	663,085	417,798	663,085
School Administration Services	1,535,558	1,386,281	1,238,910	1,157,209
Business / Central Services	760,822	660,834	760,822	660,834
Plant Operations and Maintenance	1,901,845	1,834,810	725,311	1,540,632
Pupil Transportation	589,466	539,909	569,497	520,133
Interest on Long-Term Debt	388,045	194,909	388,045	194,909
Total Governmental Activities	<u>\$ 26,981,227</u>	<u>\$ 25,234,455</u>	<u>\$ 19,242,574</u>	<u>\$ 19,381,410</u>

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2016 and 2015.

General Fund Revenues

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Local Sources:				
Property Taxes	\$ 18,705,258	\$ 18,204,842	\$ 500,416	2.7%
Tuition	29,875	31,195	(1,320)	-4.2%
Restricted Miscellaneous	1,363,217	1,446,658	(83,441)	-5.8%
Interest Earnings	4,712	4,173	539	12.9%
Miscellaneous	29,728	17,058	12,670	74.3%
Intergovernmental				
State Sources	<u>2,782,808</u>	<u>2,553,904</u>	<u>228,904</u>	9.0%
Total Revenues	<u>\$ 22,915,598</u>	<u>\$ 22,257,830</u>	<u>\$ 657,768</u>	3.0%

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2016 and 2015.

General Fund Expenditures

	Fiscal Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2016</u>	<u>2015</u>		
Instruction	\$ 14,461,756	\$ 13,972,184	\$ 489,572	3.5%
Undistributed Expenditures	7,784,305	7,447,872	336,433	4.5%
Debt Service	99,185	81,469	17,716	21.7%
Capital Outlay	<u>271,094</u>	<u>332,897</u>	<u>(61,803)</u>	-18.6%
 Total Expenditures	 <u>\$ 22,616,340</u>	 <u>\$ 21,834,422</u>	 <u>\$ 781,918</u>	 3.6%

Capital Assets. As of June 30, 2016 and 2015, the school district had invested in land, construction in progress, site improvements, buildings, building improvements, machinery and equipment as follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 28,714	\$ 28,714			\$ 28,714	\$ 28,714
Construction in Progress	4,910,686	1,107,737			4,910,686	1,107,737
Site Improvements	535,056	535,056			535,056	535,056
Buildings and Building Improvements	15,536,356	15,454,479			15,536,356	15,454,479
Machinery and Equipment	<u>3,442,123</u>	<u>3,252,906</u>	<u>\$ 325,924</u>	<u>\$ 307,197</u>	<u>3,768,047</u>	<u>3,560,103</u>
 Total	 24,452,935	 20,378,892	 325,924	 307,197	 24,778,859	 20,686,089
 Less: Accumulated Depreciation	 <u>(11,093,300)</u>	 <u>(10,053,103)</u>	 <u>(283,758)</u>	 <u>(267,636)</u>	 <u>(11,377,058)</u>	 <u>(10,320,739)</u>
 Total Capital Assets, Net	 <u>\$ 13,359,635</u>	 <u>\$ 10,325,789</u>	 <u>\$ 42,166</u>	 <u>\$ 39,561</u>	 <u>\$ 13,401,801</u>	 <u>\$ 10,365,350</u>

**Midland Park Board of Education
Midland Park, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Debt Administration. As of June 30, 2016 and 2015 the school district had long-term liabilities in the amount of \$17,710,907 and \$17,137,471 as follows:

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Bonds Payable	\$ 11,210,000	\$ 11,810,000
Capital Leases/Lease Purchase Agreements	77,724	175,137
Compensated Absences Payable	313,491	291,060
Net Pension Liability	<u>6,109,692</u>	<u>4,861,274</u>
Total	<u>\$ 17,710,907</u>	<u>\$ 17,137,471</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Midland Park Board of Education, District Administration Offices, 250 Prospect Street, Midland Park, New Jersey 07432. Telephone: 201-444-1400.

FINANCIAL STATEMENTS

MIDLAND PARK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,377,324	\$ 61,411	\$ 4,438,735
Investments	3,006,517		3,006,517
Receivables, net			
Receivables from Other Governments	2,791,740	3,346	2,795,086
Other	7,705	-	7,705
Internal Balances	(7,239)	7,239	
Inventory		6,481	6,481
Prepaid Items	37,761		37,761
Capital Assets, Not Being Depreciated	4,939,400		4,939,400
Capital Assets, Being Depreciated, Net	8,420,235	42,166	8,462,401
	<u>23,573,443</u>	<u>120,643</u>	<u>23,694,086</u>
Total Assets			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	137,853	-	137,853
Deferred Amounts on Net Pension Liability	1,359,390	-	1,359,390
	<u>1,497,243</u>	<u>-</u>	<u>1,497,243</u>
Total Deferred Outflows of Resources			
	<u>25,070,686</u>	<u>120,643</u>	<u>25,191,329</u>
Total Assets and Deferred Outflows of Resources			
LIABILITIES			
Accounts Payable and Other Current Liabilities	179,930	3,240	183,170
Accrued Interest Payable	207,905		207,905
Payable to State Government	14,853		14,853
Unearned Revenue	1,552,272	4,255	1,556,527
Long-Term Liabilities			
Due Within One Year	732,724		732,724
Due Beyond One Year	17,119,922	-	17,119,922
	<u>19,807,606</u>	<u>7,495</u>	<u>19,815,101</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	-	1,968	1,968
Deferred Amounts on Net Pension Liability	98,232	-	98,232
	<u>98,232</u>	<u>1,968</u>	<u>100,200</u>
Total Deferred Inflows of Resources			
	<u>19,905,838</u>	<u>9,463</u>	<u>19,915,301</u>
Total Liabilities and Deferred Inflows of Resources			
NET POSITION			
Net Investment in Capital Assets	6,957,794	42,166	6,999,960
Restricted for:			
Capital Projects	883,599		883,599
Debt Service	6,544		6,544
Other Purposes - Adult Education	53,387		53,387
Unrestricted	(2,736,476)	69,014	(2,667,462)
	<u>\$ 5,164,848</u>	<u>\$ 111,180</u>	<u>\$ 5,276,028</u>
Total Net Position			

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

**MIDLAND PARK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 10,844,538		\$ 2,980,248		\$ (7,864,290)		\$ (7,864,290)
Special Education	5,290,136	\$ 29,875	1,935,235		(3,325,026)		(3,325,026)
School Sponsored Activities and Athletics	839,587		201,616		(637,971)		(637,971)
Other	858,751	672,598	123,292		(62,861)		(62,861)
Support Services							
Student and Instruction- Related Services	3,554,681		302,638		(3,252,043)		(3,252,043)
General Administration Services	417,798				(417,798)		(417,798)
School Administration Services	1,535,558		296,648		(1,238,910)		(1,238,910)
Business / Central Services	760,822				(760,822)		(760,822)
Plant Operations and Maintenance	1,901,845		16,080	\$ 1,160,454	(725,311)		(725,311)
Pupil Transportation	589,466		19,969		(569,497)		(569,497)
Interest on Long-Term Debt	388,045	-	-	-	(388,045)	-	(388,045)
Total Governmental Activities	<u>26,981,227</u>	<u>702,473</u>	<u>5,875,726</u>	<u>1,160,454</u>	<u>(19,242,574)</u>	<u>-</u>	<u>(19,242,574)</u>
Business-Type Activities							
Food Service	372,199	283,963	85,579	-	-	\$ (2,657)	(2,657)
Total Business-Type Activities	<u>372,199</u>	<u>283,963</u>	<u>85,579</u>	<u>-</u>	<u>-</u>	<u>(2,657)</u>	<u>(2,657)</u>
Total Primary Government	<u>\$ 27,353,426</u>	<u>\$ 986,436</u>	<u>\$ 5,961,305</u>	<u>\$ 1,160,454</u>	<u>(19,242,574)</u>	<u>(2,657)</u>	<u>(19,245,231)</u>
General Revenues:							
					18,705,258		18,705,258
					910,587		910,587
					35,320		35,320
					4,712	75	4,787
					722,452	-	722,452
					<u>20,378,329</u>	<u>75</u>	<u>20,378,404</u>
					1,135,755	(2,582)	1,133,173
					<u>4,029,093</u>	<u>113,762</u>	<u>4,142,855</u>
					<u>\$ 5,164,848</u>	<u>\$ 111,180</u>	<u>\$ 5,276,028</u>

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

FUND FINANCIAL STATEMENTS

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,353,854		\$ 1,019,076	\$ 4,394	\$ 4,377,324
Investments			3,006,517		3,006,517
Due from Other Funds	127,995			2,150	130,145
Receivables from Other Governments		\$ 75,737	2,716,003		2,791,740
Other Accounts Receivable	7,021	684			7,705
Prepaid Items	37,761	-	-	-	37,761
Total Assets	<u>\$ 3,526,631</u>	<u>\$ 76,421</u>	<u>\$ 6,741,596</u>	<u>\$ 6,544</u>	<u>\$ 10,351,192</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 130,217	\$ 12,111			\$ 142,328
Other Liabilities	37,602				37,602
Due to Other Funds	7,239	47,670	\$ 82,475		137,384
Payable to State Government		14,853			14,853
Unearned Revenue	68,986	1,787	1,481,499	-	1,552,272
Total Liabilities	<u>244,044</u>	<u>76,421</u>	<u>1,563,974</u>	<u>-</u>	<u>1,884,439</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	733,599				733,599
Adult Education Programs	34,911				34,911
Adult Education Programs - Designated for Subsequent Year's Budget (2016/17 Budget)	18,476				18,476
Excess Surplus- Designated for Subsequent Year's Budget (2016/17 Budget)	375,000				375,000
Excess Surplus	400,000				400,000
Capital Projects			5,177,622		5,177,622
Debt Service				\$ 6,544	6,544
Committed Fund Balance					
Year-End Encumbrances	1,099,894				1,099,894
Assigned Fund Balance					
Year-End Encumbrances	239,122				239,122
Unassigned, Reported in General Fund					
	381,585	-	-	-	381,585
Total Fund balances	<u>3,282,587</u>	<u>-</u>	<u>5,177,622</u>	<u>6,544</u>	<u>8,466,753</u>
Total Liabilities and Fund Balances	<u>\$ 3,526,631</u>	<u>\$ 76,421</u>	<u>\$ 6,741,596</u>	<u>\$ 6,544</u>	<u>\$ 10,351,192</u>

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

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

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

\$ 8,466,753

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,452,935 and the accumulated depreciation is \$11,093,300.

13,359,635

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

(207,905)

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

137,853

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

Bonds Payable	\$ (11,210,000)	
Premium on Issuance	(141,739)	
Capital Leases/Lease Purchase Agreements	(77,724)	
Compensated Absences Payable	(313,491)	
Net Pension Liability	<u>(6,109,692)</u>	
		<u>(17,852,646)</u>

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

Deferred Outflows of Resources	1,359,390	
Deferred Inflows of Resources	<u>(98,232)</u>	
		<u>1,261,158</u>

Net Position of Governmental Activities

\$ 5,164,848

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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					
Property Tax Levy	\$ 18,705,258			\$ 910,587	\$ 19,615,845
Tuition	29,875				29,875
Other Restricted Miscellaneous Revenues	1,363,217				1,363,217
Miscellaneous	34,440	\$ 1,259	\$ 2,105	-	37,804
Total - Local Sources	<u>20,132,790</u>	<u>1,259</u>	<u>2,105</u>	<u>910,587</u>	<u>21,046,741</u>
State Sources	2,782,808	171,797	1,100,454		4,055,059
Federal Sources	-	359,750	60,000	-	419,750
Total Revenues	<u>22,915,598</u>	<u>532,806</u>	<u>1,162,559</u>	<u>910,587</u>	<u>25,521,550</u>
EXPENDITURES					
Current					
Regular Instruction	8,665,117	28,946			8,694,063
Special Education Instruction	4,342,966	253,089			4,596,055
Other Instruction	758,385				758,385
School-Sponsored Activities and Athletics	695,288				695,288
Student and Instruction Related Services	2,957,140	250,771			3,207,911
General Administration Services	510,788				510,788
School Administration Services	1,283,252				1,283,252
Central Services	692,515				692,515
Plant Operations and Maintenance	1,782,408		-		1,782,408
Pupil Transportation	558,202				558,202
Debt Service					
Principal	97,413			600,000	697,413
Interest	1,772			310,587	312,359
Capital Outlay	271,094	-	3,802,949	-	4,074,043
Total Expenditures	<u>22,616,340</u>	<u>532,806</u>	<u>3,802,949</u>	<u>910,587</u>	<u>27,862,682</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>299,258</u>	<u>-</u>	<u>(2,640,390)</u>	<u>-</u>	<u>(2,341,132)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	-		-	2,105	2,105
Transfer Out	-	-	(2,105)	-	(2,105)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(2,105)</u>	<u>2,105</u>	<u>-</u>
Net Change in Fund Balances	299,258	-	(2,642,495)	2,105	(2,341,132)
Fund Balance, Beginning of Year	<u>2,983,329</u>	<u>-</u>	<u>7,820,117</u>	<u>4,439</u>	<u>10,807,885</u>
Fund Balance, End of Year	<u>\$ 3,282,587</u>	<u>\$ -</u>	<u>\$ 5,177,622</u>	<u>\$ 6,544</u>	<u>\$ 8,466,753</u>

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

**MIDLAND PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,341,132)

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

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

Capital Outlay	\$ 4,074,043	
Depreciation Expense	<u>(1,040,197)</u>	
		3,033,846

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

Increase in Compensated Absences, Net	(22,431)	
Increase in Pension Expense	<u>(289,714)</u>	
		(312,145)

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. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase. (77,220)

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

Original Issue Premium	154,686	
Deferred Charge on Refunding of Debt	<u>(19,693)</u>	
		134,993

The issuance of long-term debt provides current financial resources to governmental funds. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities:

Capital Leases/ Lease Purchase Agreements Principal Repayment	97,413	
Bonds Principal Repayment	<u>600,000</u>	
		<u>697,413</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,135,755

**MIDLAND PARK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 61,411
Accounts Receivable	
Federal	3,181
State	165
Due from Other Funds	7,239
Inventories	<u>6,481</u>
Total Current Assets	<u>78,477</u>
Capital Assets	
Equipment	325,924
Less: Accumulated Depreciation	<u>(283,758)</u>
Total Capital Assets, Net	<u>42,166</u>
Total Assets	<u>120,643</u>
LIABILITIES	
Current Liabilities	
Unearned Revenue	4,255
Accounts Payable	<u>3,240</u>
Total Current Liabilities	<u>7,495</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>1,968</u>
Total Deferred Inflows of Resources	<u>1,968</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,463</u>
NET POSITION	
Investment in Capital Assets	42,166
Unrestricted	<u>69,014</u>
Total Net Position	<u><u>\$ 111,180</u></u>

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

**MIDLAND PARK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES		
Charges for Services		
Daily Sales- Reimbursable Programs	\$	167,252
Daily Sales- Non-Reimbursable Programs		115,378
Special Functions		<u>1,333</u>
 Total Operating Revenues		 <u>283,963</u>
OPERATING EXPENSES		
Cost of Sales- Reimbursable Programs		119,726
Cost of Sales- Non-Reimbursable Programs		40,587
Salaries and Employee Benefits		150,738
Purchased Services-Management Fee		18,932
Purchased Services		61
Repairs		3,299
Supplies and Materials		21,834
Miscellaneous Expenditures		900
Depreciation		<u>16,122</u>
 Total Operating Expenses		 <u>372,199</u>
 Operating Loss		 <u>(88,236)</u>
NONOPERATING REVENUES		
Local Sources		
Interest on Investments		75
State Sources		
School Lunch Program		3,166
Federal Sources		
School Breakfast Program		457
National School Lunch Program		60,728
Food Distribution Program		<u>21,228</u>
 Total Nonoperating Revenues		 <u>85,654</u>
 Change in Net Position		 <u>(2,582)</u>
 Total Net Position, Beginning of Year		 <u>113,762</u>
 Total Net Position, End of Year	\$	 <u><u>111,180</u></u>

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

**MIDLAND PARK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 286,301
Cash Payments for Employees' Salaries and Benefits	(150,738)
Cash Payments to Suppliers for Goods and Services	<u>(194,881)</u>
Net Cash Used by Operating Activities	<u>(59,318)</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(18,727)</u>
Net Cash Used by Capital Financing Activities	<u>(18,727)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	6,543
Cash Received from State and Federal Subsidy Reimbursements	<u>57,341</u>
Net Cash Provided by Noncapital Financing Activities	<u>63,884</u>
Cash Flows from Investing Activities	
Interest Received	<u>75</u>
Net Cash Provided by Investing Activities	<u>75</u>
Net Decrease in Cash and Cash Equivalents	(14,086)
Cash and Cash Equivalents, Beginning of Year	<u>75,497</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 61,411</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (88,236)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	16,122
Non-Cash Federal Assistance - National School Lunch (Food Distribution)	21,228
Change in Assets, Liabilities and Deferred Inflows of Resources	
Increase/(Decrease) in Accounts Payable	(10,323)
Increase/(Decreased) in Unearned Revenue	2,336
Increase/(Decrease) in Deferred Commodities Revenue	1,381
(Increase)/Decrease in Inventories	<u>(1,826)</u>
Total Adjustments	<u>28,918</u>
Net Cash Used by Operating Activities	<u><u>\$ (59,318)</u></u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution Program)	\$ 22,609

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

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	Scholarships <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 170,449	\$ 14,045	\$ 240,308
 Total Assets	 <u>170,449</u>	 <u>14,045</u>	 <u>\$ 240,308</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 73,825
Accrued Salaries and Wages			498
Reserve for Flexible Spending (Sect. 125) Plan			17,937
Due to Student Groups		-	148,048
Due to the State Government	<u>7,228</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>7,228</u>	 <u>-</u>	 <u>\$ 240,308</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 163,221</u>	<u>\$ 14,045</u>	

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

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	<u>Scholarships Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 34,843	
Donations	<u> -</u>	\$ 11,209
Total Contributions	<u>34,843</u>	<u>11,209</u>
Investment Earnings		
Interest	<u>150</u>	<u>60</u>
Net Investment Earnings	<u>150</u>	<u>60</u>
Total Additions	<u>34,993</u>	<u>11,269</u>
DEDUCTIONS		
Scholarships Awarded		13,700
Unemployment Claims and Contributions	<u>34,742</u>	<u>-</u>
Total Deductions	<u>34,742</u>	<u>13,700</u>
Change in Net Position	251	(2,431)
Net Position, Beginning of the Year	<u>162,970</u>	<u>16,476</u>
Net Position, End of the Year	<u>\$ 163,221</u>	<u>\$ 14,045</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-Wide Financial Statements

C. Basis of Presentation - Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Site Improvements	20
Buildings and Building Improvements	40
Machinery and Equipment	8-10
Office Equipment and Furniture	10
Computer Equipment	5

6. *Deferred Outflows/Inflows of Resources*

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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

7. Compensated Absences

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

8. Pensions

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

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

9. Long-Term Obligations

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Adult Education Programs – This restriction was created in accordance with NJSA 18A:50-6 to represent the accumulated surplus from excess program fees and sources other than property taxes over the operating costs of the District's Adult Education Program.

Adult Education Programs – Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of Adult Education Programs Fund balance appropriated in the adopted 2016/17 District budget certified for taxes.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2015/2016 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On December 16, 2014, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original general fund \$651,241 and the original special revenue fund budget by \$206,285. The increase in the general fund budget was funded by the appropriation of prior year extraordinary aid and the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund was funded by additional grant awards.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Capital Reserve

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

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 1,064,769
Increased by		
Interest earnings	\$ 540	
Deposits Approved by Board Resolution	<u>268,290</u>	
Total Increases		<u>268,830</u>
		1,333,599
Withdrawals:		
Approved in District Budget		<u>600,000</u>
Balance, June 30, 2016		<u>\$ 733,599</u>

The withdrawal from the capital reserve was for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$775,000. Of this amount, \$375,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$400,000 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$4,863,537 and bank and brokerage firm balances of the Board's deposits amounted to \$5,385,662. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 5,067,692
Uninsured or uncollateralized	<u>317,970</u>
	<u>\$ 5,385,662</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance of \$317,970 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department or agent not in the Board's name	<u>\$ 317,970</u>

Investments

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

As of June 30, 2016, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities - NJ/ARM	<u>\$ 3,006,517</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2016, \$3,006,517 of the Board’s investments was not exposed to custodial credit risk.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The fair value of the above-listed investments were based on quoted market prices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2016 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 7,021	\$ 684			\$ 7,705
Intergovernmental					
Federal		75,737		\$ 3,181	78,918
State	-	-	\$ 2,716,003	165	2,716,168
Gross Receivables	7,021	76,421	2,716,003	3,346	2,802,791
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	\$ 7,021	\$ 76,421	\$ 2,716,003	\$ 3,346	\$ 2,802,791

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Adult/Continuing Education Fees	\$ 55,651
Preschool Tuition	13,335
Special Revenue Fund	
Unencumbered Grant Draw Downs	111
Grant Drawdowns Reserved for Encumbrances	1,676
Capital Projects Fund	
Unrealized School Facilities Grants	<u>1,481,499</u>
Total Unearned Revenue of Governmental Funds	<u>\$ 1,552,272</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 28,714			\$ 28,714
Construction in Progress	<u>1,107,737</u>	\$ 3,802,949	-	<u>4,910,686</u>
Total Capital Assets, Not Being Depreciated	<u>1,136,451</u>	<u>3,802,949</u>	-	<u>4,939,400</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,454,479	81,877		15,536,356
Site Improvements	535,056			535,056
Machinery and Equipment	<u>3,252,906</u>	<u>189,217</u>	-	<u>3,442,123</u>
Total Capital Assets Being Depreciated	<u>19,242,441</u>	<u>271,094</u>	-	<u>19,513,535</u>
Less Accumulated Depreciation for:				
Site Improvements	(430,614)	(47,026)		(477,640)
Buildings and Building Improvements	(7,104,533)	(665,158)		(7,769,691)
Machinery and Equipment	<u>(2,517,956)</u>	<u>(328,013)</u>	-	<u>(2,845,969)</u>
Total Accumulated Depreciation	<u>(10,053,103)</u>	<u>(1,040,197)</u>	-	<u>(11,093,300)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,189,338</u>	<u>(769,103)</u>	-	<u>8,420,235</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,325,789</u>	<u>\$ 3,033,846</u>	<u>\$ -</u>	<u>\$ 13,359,635</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 307,197	\$ 18,727	\$ -	\$ 325,924
Total Capital Assets Being Depreciated	<u>307,197</u>	<u>18,727</u>	<u>-</u>	<u>325,924</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(267,636)	(16,122)	-	(283,758)
Total Accumulated Depreciation	<u>(267,636)</u>	<u>(16,122)</u>	<u>-</u>	<u>(283,758)</u>
Total Capital Assets, Being Depreciated, Net	<u>39,561</u>	<u>2,605</u>	<u>-</u>	<u>42,166</u>
Business-Type Activities Capital Assets, Net	<u>\$ 39,561</u>	<u>\$ 2,605</u>	<u>\$ -</u>	<u>\$ 42,166</u>

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

Governmental Activities:

Instruction		
Regular		\$ 499,295
Special		114,422
School-Sponsored Activities and Athletics		31,205
Other Instructional		31,206
Total Instruction		<u>676,128</u>
Support Services		
Student and Instruction Related Services		176,833
General Administration Services		20,804
School Administration Services		62,412
Plant Operations and Maintenance		62,412
Pupil Transportation		10,402
Business / Central Services		31,206
Total Support Services		<u>364,069</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,040,197</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 16,122</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
<u>General Fund</u>	
Administrative Office Renovation	\$ 539,972
Emergency Notification System	215,400
<u>Capital Projects Fund</u>	
Mechanical Upgrades - Highland School	55,310
Athletic Field Upgrades at High School and Highland	124,861
Electrical and Ceiling Upgrades Project	27,446
Godwin Toilet Upgrade	275,000
Highland Toilet Upgrade	269,000
High School Toilet Upgrade	305,800
Auditorium Upgrades	346,111
Mechanical Upgrades - High School	1,440,000
Mechanical Upgrades- Godwin School	904,700
Ceiling Replacement	16,915
Administrative Office Renovation	94,000
	<hr/>
Total	<u>\$ 4,614,515</u>

The District has other significant commitments at June 30, 2016 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Clock and Bell System	\$ 47,425
Millenium Chairs	68,363
Elementary School Playground Equipment	83,496
	<hr/>
	<u>\$ 199,284</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 47,670
General Fund	Capital Projects Fund	80,325
Debt Service Fund	Capital Projects Fund	2,150
Food Service Enterprise Fund	General Fund	<u>7,239</u>
	Total	<u>\$ 137,384</u>

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

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

Interfund transfers

	<u>Transfer In:</u>
	Debt
	<u>Service Fund</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 2,105</u>
Total	<u>\$ 2,105</u>

The above transfer is the result of interest revenue earned in the Capital Projects Fund to finance expenditures in the Debt Service Fund.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases chrome books under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$76,439. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2017	\$ 76,439
2018	<u>76,439</u>
Total	<u>\$ 152,878</u>

Capital Leases

The District is leasing wireless network upgrades, copiers, buses and vehicles and technology equipment totaling \$496,404 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 496,404</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	<u>\$ 78,338</u>
Total Minimum Lease Payments	78,338
Less: Amount Representing Interest	<u>(614)</u>
Present Value of Minimum Lease Payments	<u>\$ 77,724</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$3,695,000, 2012 Refunding Bonds, due in annual installments of \$340,000 to \$395,000 through August 15, 2023, interest at 3.00%	\$ 2,980,000
\$8,500,000, 2015 School Bonds, due in annual installments of \$285,000 to \$540,000 through August 15, 2035, interest at 2.000% - 3.125%	<u>8,230,000</u>
Total	<u>\$11,210,000</u>

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

Governmental Activities:

Fiscal Year Ended	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
June 30,			
2017	\$ 625,000	\$ 293,525	\$ 918,525
2018	650,000	277,475	927,475
2019	675,000	260,825	935,825
2020	695,000	243,575	938,575
2021	715,000	225,825	940,825
2022-2026	3,040,000	871,675	3,911,675
2027-2031	2,215,000	592,475	2,807,475
2032-2036	<u>2,595,000</u>	<u>240,825</u>	<u>2,835,825</u>
Total	<u>\$ 11,210,000</u>	<u>\$ 3,006,200</u>	<u>\$ 14,216,200</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 46,198,007
Less: Net Debt	<u>11,210,000</u>
Remaining Borrowing Power	<u>\$ 34,988,007</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 11,810,000	-	\$ 600,000	\$ 11,210,000	\$ 625,000
Add:					
Unamortized Premium	<u>296,425</u>	<u>-</u>	<u>154,686</u>	<u>141,739</u>	<u>-</u>
Bonds Payable, Gross	12,106,425	-	754,686	11,351,739	625,000
Capital Leases/Lease Purchase Agreements	175,137	-	97,413	77,724	77,724
Compensated Absences Payable	291,060	\$ 22,431		313,491	30,000
Net Pension Liability	<u>4,861,274</u>	<u>1,482,412</u>	<u>233,994</u>	<u>6,109,692</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 17,433,896</u>	<u>\$ 1,504,843</u>	<u>\$ 1,086,093</u>	<u>\$ 17,852,646</u>	<u>\$ 732,724</u>

For the governmental activities, the liabilities for compensated absences, capital leases/lease purchase agreements and net pension liability are generally liquidated by the general fund.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

<u>Fiscal</u> <u>Year ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016		\$ 34,843	\$ 34,742	\$ 163,221
2015	\$ 100,000	33,963	63,746	162,970
2014	20,000	33,743	65,856	92,666

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	<u>DCRP</u>	On-behalf <u>TPAF</u>
2016	\$ 240,192	\$ 3,105	\$ 633,640
2015	220,946	2,390	452,363
2014	180,164	1,622	343,474

For fiscal years 2015/2016 and 2014/2015, the state contributed \$633,640 and \$452,363, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$343,474 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$643,385 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$6,109,692 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .02722 percent, which was an increase of .00126 percent from its proportionate share measured as of June 30, 2014 of .02596 percent.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$523,708 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 145,756	
Changes of Assumptions	656,132	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 98,232
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>557,502</u>	<u>-</u>
Total	<u>\$ 1,359,390</u>	<u>\$ 98,232</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 251,799
2018	251,799
2019	251,799
2020	324,226
2021	<u>181,535</u>
	<u>\$ 1,261,158</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,593,600</u>	<u>\$ 6,109,692</u>	<u>\$ 4,865,595</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,229,072 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$52,884,457. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .08367 percent, which was an increase of .00248 percent from its proportionate share measured as of June 30, 2014 of .08119 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

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

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 62,851,200</u>	<u>\$ 52,884,457</u>	<u>\$ 44,297,511</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$754,491, \$718,128 and \$563,170, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 18,705,258		\$ 18,705,258	\$ 18,705,258	
Tuition from Individuals (Integrated Preschool)	25,000		25,000	28,855	\$ 3,855
Tuition from Other LEAs			-	1,020	1,020
Other Restricted Miscellaneous Revenues	1,384,049		1,384,049	1,363,217	(20,832)
Interest on Investments	7,000		7,000	4,172	(2,828)
Unrestricted Miscellaneous Revenues	15,500		15,500	29,728	14,228
Interest Earned on Capital Reserve Funds	500	-	500	540	40
	<u>20,137,307</u>	<u>-</u>	<u>20,137,307</u>	<u>20,132,790</u>	<u>(4,517)</u>
State Sources					
Special Education Aid	519,994		519,994	519,994	-
Equalization Aid	35,213		35,213	35,213	-
Security Aid	16,031		16,031	16,031	-
Transportation Aid	19,908		19,908	19,908	-
PARCC Readiness	9,520		9,520	9,520	-
Per Pupil Growth Aid	9,520		9,520	9,520	-
Extraordinary Aid				268,806	268,806
On-behalf TPAF Normal Cost & Accrued Liab. (Non-Budgeted)				603,574	603,574
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)				30,066	30,066
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				754,491	754,491
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	643,385	643,385
	<u>610,186</u>	<u>-</u>	<u>610,186</u>	<u>2,910,508</u>	<u>2,300,322</u>
Total State Sources	<u>610,186</u>	<u>-</u>	<u>610,186</u>	<u>2,910,508</u>	<u>2,300,322</u>
Total Revenues	<u>20,747,493</u>	<u>-</u>	<u>20,747,493</u>	<u>23,043,298</u>	<u>2,295,805</u>
EXPENDITURES					
CURRENT					
Regular Programs- Instruction					
Salaries of Teachers					
Kindergarten	231,300	\$ 14,736	246,036	246,036	-
Grades 1-5	2,202,896	9,157	2,212,053	2,196,581	15,472
Grades 6-8	1,062,798	(883)	1,061,915	1,058,145	3,770
Grades 9-12	1,968,079	(37,759)	1,930,320	1,922,702	7,618
Regular Programs - Home Instruction					
Salaries of Teachers	18,000	299	18,299	11,710	6,589
Purchased Professional/Educational Services	8,000	-	8,000	-	8,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	50,500	10,163	60,663	60,428	235
Purchased Professional/Educational Services	12,825	1,934	14,759	14,025	734
Other Purchased Services	53,000	156,295	209,295	209,295	-
General Supplies	358,990	45,641	404,631	284,121	120,510
Textbooks	95,179	(57,251)	37,928	36,354	1,574
Other Objects	3,089	(2,177)	912	912	-
	<u>6,064,656</u>	<u>140,155</u>	<u>6,204,811</u>	<u>6,040,309</u>	<u>164,502</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	104,850	2,403	107,253	107,137	116
Other Salaries for Instruction	148,650	6,993	155,643	154,776	867
Other Purchased Services	50	(50)	-	-	-
General Supplies	5,000	(3,387)	1,613	1,118	495
Textbooks	50	(42)	8	-	8
	<u>258,600</u>	<u>5,917</u>	<u>264,517</u>	<u>263,031</u>	<u>1,486</u>
Total Learning and/or Language Disabilities	<u>258,600</u>	<u>5,917</u>	<u>264,517</u>	<u>263,031</u>	<u>1,486</u>

(Continued)

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 49,025	\$ 9,512	\$ 58,537	\$ 58,537	-
Other Salaries for Instruction	30,900	(813)	30,087	29,972	\$ 115
Other Purchased Services	100	-	100	100	-
General Supplies	3,150	(1,292)	1,858	1,657	201
Textbooks	50	-	50	-	50
	<u>83,225</u>	<u>7,407</u>	<u>90,632</u>	<u>90,266</u>	<u>366</u>
Resource Room/Resource Center					
Salaries of Teachers	1,051,377	(43,746)	1,007,631	1,004,773	2,858
Other Salaries for Instruction	296,689	(4,172)	292,517	289,430	3,087
Other Purchased Services	300	-	300	-	300
General Supplies	13,000	464	13,464	12,654	810
Textbooks	400	-	400	-	400
	<u>1,361,766</u>	<u>(47,454)</u>	<u>1,314,312</u>	<u>1,306,857</u>	<u>7,455</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	126,463	5,952	132,415	132,415	-
Other Salaries for Instruction	135,625	1,869	137,494	137,142	352
Other Purchased Services	50	-	50	-	50
General Supplies	4,550	(2,182)	2,368	2,103	265
	<u>266,688</u>	<u>5,639</u>	<u>272,327</u>	<u>271,660</u>	<u>667</u>
Home Instruction					
Purchased Professional-Educational Services	8,000	(2,462)	5,538	666	4,872
	<u>8,000</u>	<u>(2,462)</u>	<u>5,538</u>	<u>666</u>	<u>4,872</u>
	<u>1,978,279</u>	<u>(30,953)</u>	<u>1,947,326</u>	<u>1,932,480</u>	<u>14,846</u>
School Spons. Co-Curricular Activities-Instruction					
Salaries	80,000	3,531	83,531	78,482	5,049
Purchased Services	8,550	(3,144)	5,406	3,300	2,106
Supplies and Materials	12,850	35,963	48,813	11,296	37,517
Other Objects	1,500	-	1,500	1,455	45
	<u>102,900</u>	<u>36,350</u>	<u>139,250</u>	<u>94,533</u>	<u>44,717</u>
School Sponsored Athletics - Instruction					
Salaries	311,750	(1,404)	310,346	299,391	10,955
Purchased Services	48,800	7,159	55,959	50,269	5,690
Supplies and Materials	44,785	29,187	73,972	67,417	6,555
Other Objects	16,865	(4,500)	12,365	7,421	4,944
	<u>422,200</u>	<u>30,442</u>	<u>452,642</u>	<u>424,498</u>	<u>28,144</u>
	<u>8,568,035</u>	<u>175,994</u>	<u>8,744,029</u>	<u>8,491,820</u>	<u>252,209</u>

(Continued)

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	\$ 87,300	\$ (25,043)	\$ 62,257	\$ 61,110	\$ 1,147
Tuition to Other LEA's Within the State - Special	395,407	(184,925)	210,482	210,482	-
Tuition to Vocational School Districts- Regular	43,650	-	43,650	43,650	-
Tuition to Vocational School Districts- Special	14,688	(5,541)	9,147	-	9,147
Tuition to County Special Services School Districts and Regional Day Schools	317,620	101,726	419,346	415,427	3,919
Tuition to Private Schools for the Disabled Within the State	1,040,077	(62,514)	977,563	891,715	85,848
Total Undistributed Expenditures - Instruction	1,898,742	(176,297)	1,722,445	1,622,384	100,061
Health Services					
Salaries	219,830	14,806	234,636	233,766	870
Purchased Professional Educational Services	3,000	2,297	5,297	5,297	-
Supplies and Materials	5,500	(1,891)	3,609	3,608	1
Total Health Services	228,330	15,212	243,542	242,671	871
Other Support Services - Speech, OT, PT & Related Svcs					
Salaries	428,455	3,909	432,364	430,364	2,000
Purchased Professional/Educational Services	73,000	(73,000)	-	-	-
Supplies and Materials	7,000	3,408	10,408	9,199	1,209
Total Other Support Services - Speech, OT, PT & Related Svcs	508,455	(65,683)	442,772	439,563	3,209
Other Support Services - Extra. Serv.					
Purchased Professional/Education Services	141,500	67,109	208,609	182,753	25,856
Total Other Support Services - Extra. Serv.	141,500	67,109	208,609	182,753	25,856
Other Support Services - Guidance					
Salaries of Other Professional Staff	241,850	(270)	241,580	241,580	-
Salaries of Secretarial and Clerical Assistants	34,350	135	34,485	34,485	-
Other Purchased Professional and Technical Services	2,070	2,140	4,210	4,060	150
Supplies and Materials	2,950	2,291	5,241	5,219	22
Other Objects	11,840	(1,895)	9,945	9,750	195
Total Other Support Services - Guidance	293,060	2,401	295,461	295,094	367
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	357,935	14,665	372,600	372,600	-
Salaries of Secretarial and Clerical Assistants	35,060	(500)	34,560	34,560	-
Unused Vacation Payment to Terminated/Retired Staff		504	504	504	-
Purchased Professional/Educational Services	37,000	2,241	39,241	24,292	14,949
Other Purchased Professional and Tech. Services	12,500	(12,000)	500	450	50
Misc. Purchased Services	1,200	(110)	1,090	900	190
Supplies and Materials	20,450	(6,115)	14,335	14,124	211
Other Objects	4,500	(4,036)	464	407	57
Total Other Support Services - Child Study Teams	468,645	(5,351)	463,294	447,837	15,457

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 61,620	\$ 1,106	\$ 62,726	\$ 62,726	-
Salaries of Other Professional Staff	31,426	-	31,426	31,426	-
Salaries of Secretarial and Clerical Assistants	24,704	(1)	24,703	24,703	-
Other Salaries	22,200	450	22,650	22,150	\$ 500
Other Purchased Services	51,725	(20,324)	31,401	29,916	1,485
Supplies and Materials	6,000	(619)	5,381	5,041	340
Other Objects	900	(89)	811	502	309
	<u>198,575</u>	<u>(19,477)</u>	<u>179,098</u>	<u>176,464</u>	<u>2,634</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	141,226	(16,443)	124,783	122,884	1,899
Salaries of Technology Coordinators	185,090	14,920	200,010	200,010	-
Purchased Professional and Technical Services	7,720	(20)	7,700	7,700	-
Supplies and Materials	15,750	(283)	15,467	15,467	-
Other Objects	575	(266)	309	309	-
	<u>350,361</u>	<u>(2,092)</u>	<u>348,269</u>	<u>346,370</u>	<u>1,899</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	61,620	1,106	62,726	62,726	-
Salaries of Other Professional Staff	31,426	-	31,426	31,426	-
Other Salaries	24,703	-	24,703	24,703	-
Other Purchased Professional and Technical Serv.	15,000	(4,916)	10,084	10,084	-
Supplies and Materials	520	(147)	373	373	-
Other Objects	12,100	(2,767)	9,333	8,359	974
	<u>145,369</u>	<u>(6,724)</u>	<u>138,645</u>	<u>137,671</u>	<u>974</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	230,158	17,294	247,452	247,452	-
Legal Services	35,000	34,497	69,497	69,204	293
Audit Fees	23,000	615	23,615	23,615	-
Other Purchased Professional Services	6,000	(915)	5,085	5,085	-
Purchased Technical Services	4,500	(3,767)	733	733	-
Communications/Telephone	21,450	(8,839)	12,611	11,883	728
BOE Other Purchased Services	3,000	(233)	2,767	2,767	-
Misc. Purchased Services	15,600	3,720	19,320	19,319	1
General Supplies	6,450	101	6,551	6,359	192
BOE In-House Training/Meeting Supplies	500	(291)	209	209	-
Miscellaneous Expenditures	4,100	(169)	3,931	3,931	-
Board of Education Membership Dues and Fees	10,000	(565)	9,435	9,435	-
	<u>359,758</u>	<u>41,448</u>	<u>401,206</u>	<u>399,992</u>	<u>1,214</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	533,825	21,654	555,479	555,479	-
Salaries of Other Professional Staff	99,880	5,215	105,095	105,095	-
Salaries of Secretarial and Clerical Assistants	182,955	3,213	186,168	186,168	-
Unused Vacation Payment to Terminated/Retired Staff		504	504	504	-
Purchased Professional and Technical Services	6,000	(1,348)	4,652	4,502	150
Other Purchased Services	21,000	(8,706)	12,294	12,196	98
Supplies and Materials	13,000	46,066	59,066	49,135	9,931
Other Objects	8,500	(1,262)	7,238	7,232	6
	<u>865,160</u>	<u>65,336</u>	<u>930,496</u>	<u>920,311</u>	<u>10,185</u>
Total Support Services School Administration					

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 367,755	\$ 3,511	\$ 371,266	\$ 371,266	-
Purchased Professional Services	600	973	1,573	1,573	-
Purchased Technical Services	6,600	25,116	31,716	27,622	\$ 4,094
Miscellaneous Purchased Services	1,500	118	1,618	1,618	-
Supplies and Materials	3,000	(25)	2,975	2,975	-
Interest on Current Loans	1,750	(174)	1,576	1,576	-
Miscellaneous Expenditures	2,240	(850)	1,390	1,390	-
Total Central Services	<u>383,445</u>	<u>28,669</u>	<u>412,114</u>	<u>408,020</u>	<u>4,094</u>
Admin. Information Technology					
Salaries	27,785	-	27,785	27,785	-
Purchased Professional Services	5,000	1,828	6,828	6,828	-
Purchased Technical Services	24,000	8,797	32,797	32,797	-
Other Purchased Services	73,353	842	74,195	74,195	-
Supplies and Materials	1,000	19,790	20,790	20,747	43
Other Objects	1,000	(948)	52	52	-
Total Admin. Information Technology	<u>132,138</u>	<u>30,309</u>	<u>162,447</u>	<u>162,404</u>	<u>43</u>
Required Maintenance for School Facilities					
Salaries	208,817	5,191	214,008	210,119	3,889
Cleaning, Repair and Maintenance Services	90,000	345,807	435,807	216,326	219,481
General Supplies	30,000	29,030	59,030	51,875	7,155
Total Required Maintenance for School Facilities	<u>328,817</u>	<u>380,028</u>	<u>708,845</u>	<u>478,320</u>	<u>230,525</u>
Custodial Services					
Salaries	442,385	3,847	446,232	407,054	39,178
Salaries of Non-Instructional Aides	120,000	(5,795)	114,205	114,205	-
Unused Vacation Payment to Terminated/Retired Staff		743	743	743	-
Purchased Professional and Technical Services	38,850	(962)	37,888	34,753	3,135
Cleaning, Repair and Maintenance Services	99,400	(48,671)	50,729	45,535	5,194
Other Purchased Property Services	17,000	1,288	18,288	17,812	476
Insurance	103,000	(5,739)	97,261	97,261	-
General Supplies	37,000	11,340	48,340	48,219	121
Energy (Natural Gas)	135,000	(43,977)	91,023	57,984	33,039
Energy (Electricity)	200,000	13,451	213,451	203,714	9,737
Other Objects	350	-	350	320	30
Total Custodial Services	<u>1,192,985</u>	<u>(74,475)</u>	<u>1,118,510</u>	<u>1,027,600</u>	<u>90,910</u>
Security					
Purchased Professional and Technical Services	15,000	216,465	231,465	16,065	215,400
General Supplies	-	17,341	17,341	-	17,341
Total Security	<u>15,000</u>	<u>233,806</u>	<u>248,806</u>	<u>16,065</u>	<u>232,741</u>

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 60,000	\$ 47,915	\$ 107,915	\$ 105,443	\$ 2,472
Salaries for Pupil Transportation (Between Home and School)-Special Education	121,500	53,003	174,503	164,488	10,015
Cleaning, Repair and Maintenance Services	7,500	5,975	13,475	13,355	120
Lease Purchase Payments - School Buses	35,000	(243)	34,757	34,757	-
Contracted Services (Other than Between Home and School) - Vendors	39,350	(22,172)	17,178	15,765	1,413
Contracted Services (Between Home and School) - Joint Agreements	50,000	(9,649)	40,351	40,351	-
Contracted Services (Special Education Students) - Joint Agreements	250,000	(104,367)	145,633	101,951	43,682
Transportation Supplies	5,000	(2,596)	2,404	2,311	93
Other Objects	28,500	(8,707)	19,793	19,741	52
Total Student Transportation Services	596,850	(40,841)	556,009	498,162	57,847
Unallocated Benefits					
Group Insurance	430	5,625	6,055	5,631	424
Social Security Contributions	236,570	6,228	242,798	242,798	-
Other Retirement Contributions - PERS	291,240	(3,859)	287,381	240,192	47,189
Other Retirement Contributions - Regular	2,000	1,105	3,105	3,105	-
Unemployment Compensation	30,000	-	30,000	-	30,000
Workmen's Compensation	130,000	-	130,000	127,542	2,458
Health Benefits	3,135,961	(395,449)	2,740,512	2,679,902	60,610
Tuition Reimbursement	35,000	2,372	37,372	28,692	8,680
Other Employee Benefits	18,000	1,491	19,491	7,336	12,155
Unused Sick Payment to Terminated/Retired Staff	-	11,658	11,658	11,658	-
Total Unallocated Benefits	3,879,201	(370,829)	3,508,372	3,346,856	161,516
On-Behalf TPAF Normal & Accrued Liab. Contribution (Non-Budgeted)				603,574	(603,574)
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)				30,066	(30,066)
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				754,491	(754,491)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	643,385	(643,385)
Total On-Behalf Payments	-	-	-	2,031,516	(2,031,516)
Total Undistributed Expenditures	11,986,391	102,549	12,088,940	13,180,053	(1,091,113)
Total Expenditures-Current Expense	20,554,426	278,543	20,832,969	21,671,873	(838,904)

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
Equipment					
Grades 1-5		\$ 32,990	32,990	\$ 13,930	19,060
Grades 9-12		8,599	8,599	8,599	-
School Sponsored and Other Instructional Programs		91,881	91,881	37,140	54,741
Undistributed Expend. Support Services- Related Services		8,045	8,045	8,045	-
Undistributed Expend. Support Services- Students- Special		22,644	22,644	22,644	-
Undistributed Expenditures-School Admin		11,908	11,908	11,852	56
Undistributed Expenditures-Admin Info Tech	-	25,946	25,946	25,709	237
Undistributed Expenditures- Required Maintenance		145,047	145,047	45,952	99,095
Undistributed Expend- Security	-	15,350	15,350	15,346	4
Total Equipment	-	362,410	362,410	189,217	173,193
Facilities Acq. And Construction Services					
Legal Services	5,000	-	5,000		5,000
Architectural/Engineering Services	35,000	25,028	60,028	47,328	12,700
Other Purchased Professional and Technical Services	10,000	-	10,000		10,000
Construction Services	605,000	(25,028)	579,972	34,549	545,423
Other Objects-Debt Service Assessment	22,775	-	22,775	22,775	-
Total Facilities Acq. And Contr. Services	677,775	-	677,775	104,652	573,123
Total Capital Outlay	678,275	362,410	1,040,685	293,869	746,816
SPECIAL SCHOOLS					
Adult Education - Local - Instruction					
Salaries of Teachers	113,000	-	113,000	85,072	27,928
Purchased Professional and Technical Services	137,100	-	137,100	116,594	20,506
Other Purchased Services	250,500	-	250,500	211,151	39,349
General Supplies	8,000	-	8,000	2,922	5,078
Textbooks	3,500	-	3,500	2,024	1,476
Other Objects	100	-	100	54	46
Total Adult Education - Local - Instruction	512,200	-	512,200	417,817	94,383
Adult Education - Local - Support Services					
Salaries	146,940	9,557	156,497	146,005	10,492
Personal Services-Employee Benefits	97,000	731	97,731	86,776	10,955
Total Adult Education - Local - Support Services	243,940	10,288	254,228	232,781	21,447
Total Special Schools	756,140	10,288	766,428	650,598	115,830
Total Expenditures	21,988,841	651,241	22,640,082	22,616,340	23,742
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,241,348)	(651,241)	(1,892,589)	426,958	2,319,547

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditure and Other Financing Uses	\$ (1,241,348)	\$ (651,241)	\$ (1,892,589)	\$ 426,958	\$ 2,319,547
Fund Balances, Beginning of Year	<u>3,154,546</u>	<u>-</u>	<u>3,154,546</u>	<u>3,154,546</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,913,198</u>	<u>\$ (651,241)</u>	<u>\$ 1,261,957</u>	<u>\$ 3,581,504</u>	<u>\$ 2,319,547</u>
<u>Recapitulation of Fund Balance</u>					
Restricted Fund Balance					
Capital Reserve				\$ 733,599	
Adult Education Programs				34,911	
Adult Education Program - Designated for Subsequent Year's Budget (2016/17 Budget)				18,476	
Excess Surplus - Designated for Subsequent Year's Budget (2016/17 Budget)				375,000	
Excess Surplus				400,000	
Committed Fund Balance					
Year-End Encumbrances				1,099,894	
Assigned Fund Balance					
Year-End Encumbrances				239,122	
Unassigned Fund Balance				<u>680,502</u>	
				3,581,504	
Reconciliation to Governmental Fund Statement (GAAP)					
State Aid Payments Not Recognized on GAAP Basis				(30,111)	
Extraordinary Aid Payment Not Recognized on GAAP Basis				<u>(268,806)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,282,587</u>	

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 1,259	\$ 1,259	\$ 1,259	-
State	\$ 155,260	30,455	185,715	171,797	\$ (13,918)
Federal	208,335	174,571	382,906	359,526	(23,380)
Total Revenues	<u>363,595</u>	<u>206,285</u>	<u>569,880</u>	<u>532,582</u>	<u>(37,298)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		17,941	17,941	17,941	-
Purchased Prof. and Technical Services		10,976	10,976	179	10,797
Other Purchased Services	-	222,878	222,878	222,878	-
General Supplies	17,780	18,278	36,058	33,787	2,271
Textbooks	12,690	(3,440)	9,250	8,927	323
Total Instruction	<u>30,470</u>	<u>266,633</u>	<u>297,103</u>	<u>283,712</u>	<u>13,391</u>
Support Services					
Employee Benefits		4,474	4,474	4,474	-
Purchased Professional/Technical Svcs.	-	89,516	89,516	85,001	4,515
Purchased Professional/Educational Svcs.	142,570	25,508	168,078	153,548	14,530
Other Purchased Services	190,555	(185,155)	5,400	2,234	3,166
General Supplies	-	5,309	5,309	3,613	1,696
Total Support Services	<u>333,125</u>	<u>(60,348)</u>	<u>272,777</u>	<u>248,870</u>	<u>23,907</u>
Facilities Acquisitions and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisitions and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>363,595</u>	<u>206,285</u>	<u>569,880</u>	<u>532,582</u>	<u>37,298</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MIDLAND PARK BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 23,043,298	\$ 532,582
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2015		1,900
Encumbrances, June 30, 2016		(1,676)
Extraordinary aid payments recognized for GAAP purpose not recognized for budgetary statements (2014/2015 State aid)	171,217	
State aid and Extraordinary aid payments recognized for budgetary purpose not recognized for GAAP statements (2015/2016 State aid)	<u>(298,917)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 22,915,598</u>	<u>\$ 532,806</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 22,616,340	\$ 532,582
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the orders is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2015		1,900
Encumbrances, June 30, 2016	<u>-</u>	<u>(1,676)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 22,616,340</u>	<u>\$ 532,806</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02722%	0.02596%	0.02324%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$6,109,692</u>	<u>\$ 4,861,274</u>	<u>\$ 4,442,294</u>
District's Covered-Employee Payroll	<u>\$1,860,340</u>	<u>\$ 1,791,926</u>	<u>\$ 1,695,648</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	328%	271%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

MIDLAND PARK BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 233,994	\$ 214,048	\$ 175,135
Contributions in Relation to the Contractually Required Contribution	<u>233,994</u>	<u>214,048</u>	<u>175,135</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,860,340</u>	<u>\$ 1,791,926</u>	<u>\$ 1,695,648</u>
Contributions as a Percentage of Covered-Employee Payroll	12.58%	11.95%	10.33%

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 52,884,457</u>	<u>\$ 43,394,304</u>	<u>\$ 41,140,249</u>
Total	<u>\$ 52,884,457</u>	<u>\$ 43,394,304</u>	<u>\$ 41,140,249</u>
District's Covered-Employee Payroll	<u>\$ 8,106,217</u>	<u>\$ 8,146,793</u>	<u>\$ 8,201,607</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**MIDLAND PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>I.D.E.A. Part B Preschool</u>	<u>I.D.E.A. Part B Basic</u>	<u>Total Exhibit E-1A</u>	<u>Total Exhibit E-1B</u>	<u>Total 2015/16</u>
REVENUES							
Intergovernmental							
Local						\$ 1,259	\$ 1,259
State	\$ 8,927	\$ 15,030		-	\$ 142,730	5,110	171,797
Federal	-	-	\$ 20,794	\$ 253,491	43,079	42,162	359,526
Total Revenues	<u>\$ 8,927</u>	<u>\$ 15,030</u>	<u>\$ 20,794</u>	<u>\$ 253,491</u>	<u>\$ 185,809</u>	<u>\$ 48,531</u>	<u>\$ 532,582</u>
EXPENDITURES							
Instruction							
Salaries of Teachers					\$ 17,941		\$ 17,941
Purchased Prof. and Technical Services						\$ 179	179
Other Purchased Services			\$ 17,825	\$ 205,053		-	222,878
General Supplies					18,159	15,628	33,787
Textbooks	\$ 8,927	-	-	-	-	-	8,927
Total Instruction	<u>8,927</u>	<u>-</u>	<u>17,825</u>	<u>205,053</u>	<u>36,100</u>	<u>15,807</u>	<u>283,712</u>
Support Services							
Employee Benefits					4,474	-	4,474
Purchased Prof. And Technical Svcs.			2,969	48,438	6,717	\$ 26,877	85,001
Purchased Prof. - Educational Svc		\$ 15,030			138,518	-	153,548
Other Purchased Services						2,234	2,234
General Supplies	-	-	-	-	-	3,613	3,613
Total Support Services	<u>-</u>	<u>15,030</u>	<u>2,969</u>	<u>48,438</u>	<u>149,709</u>	<u>32,724</u>	<u>248,870</u>
Facilities Acquisitions and Construction							
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisitions and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 8,927</u>	<u>\$ 15,030</u>	<u>\$ 20,794</u>	<u>\$ 253,491</u>	<u>\$ 185,809</u>	<u>\$ 48,531</u>	<u>\$ 532,582</u>

MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Chapter 192 Auxiliary Services</u>			<u>Chapter 193 Handicapped Services</u>			<u>Nonpublic Technology</u>	<u>Title I</u>	<u>Total</u>
	<u>Nonpublic Comp. Ed.</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Suppl. Inst.</u>	<u>Nonpublic Exam. and Class</u>	<u>Nonpublic Speech Corr.</u>			
REVENUES									
Intergovernmental									
State	\$ 50,508	\$ 4,314	\$ 13,175	\$ 10,916	\$ 21,982	\$ 37,623	\$ 4,212		\$ 142,730
Federal	-	-	-	-	-	-	-	\$ 43,079	43,079
Total Revenues	<u>\$ 50,508</u>	<u>\$ 4,314</u>	<u>\$ 13,175</u>	<u>\$ 10,916</u>	<u>\$ 21,982</u>	<u>\$ 37,623</u>	<u>\$ 4,212</u>	<u>\$ 43,079</u>	<u>\$ 185,809</u>
EXPENDITURES									
Instruction									
Salaries of Teachers								\$ 17,941	\$ 17,941
General Supplies	-	-	-	-	-	-	\$ 4,212	13,947	18,159
Total Instruction	-	-	-	-	-	-	4,212	31,888	36,100
Support Services									
Employee Benefits								4,474	4,474
Purchased Prof. - Educational Svc	\$ 50,508	\$ 4,314	\$ 13,175	\$ 10,916	\$ 21,982	\$ 37,623			138,518
Purchased Prof. and Technical Svcs.								6,717	6,717
General Supplies	-	-	-	-	-	-	-	-	-
Total Support Services	<u>50,508</u>	<u>4,314</u>	<u>13,175</u>	<u>10,916</u>	<u>21,982</u>	<u>37,623</u>	<u>-</u>	<u>11,191</u>	<u>149,709</u>
Facilities Acquisition and Construction									
Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 50,508</u>	<u>\$ 4,314</u>	<u>\$ 13,175</u>	<u>\$ 10,916</u>	<u>\$ 21,982</u>	<u>\$ 37,623</u>	<u>\$ 4,212</u>	<u>\$ 43,079</u>	<u>\$ 185,809</u>

MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title IIA</u>	<u>Nonpublic Security Aid</u>	<u>Bullying Prevention</u>	<u>Local Grant</u>	<u>Total</u>
REVENUES					
Intergovernmental					
Local				\$ 1,259	\$ 1,259
State		\$ 4,175	\$ 935		5,110
Federal	\$ 42,162	-	-	-	42,162
Total Revenues	<u>\$ 42,162</u>	<u>\$ 4,175</u>	<u>\$ 935</u>	<u>\$ 1,259</u>	<u>\$ 48,531</u>
EXPENDITURES					
Instruction					
Purchased Prof. and Technical Services	-		\$ 179		\$ 179
Other Purchased Services	-				-
General Supplies	\$ 10,783	\$ 4,175	411	\$ 259	15,628
Other Objects	-	-	-	-	-
Total Instruction	<u>10,783</u>	<u>4,175</u>	<u>590</u>	<u>259</u>	<u>15,807</u>
Support Services					
Purchased Prof. and Technical Svcs.	26,532		345		26,877
Purchased Prof. - Educational Svc		-	-		-
Other Purchased Services	2,234				2,234
General Supplies	2,613	-	-	1,000	3,613
Total Support Services	<u>31,379</u>	<u>-</u>	<u>345</u>	<u>1,000</u>	<u>32,724</u>
Total Expenditures	<u>\$ 42,162</u>	<u>\$ 4,175</u>	<u>\$ 935</u>	<u>\$ 1,259</u>	<u>\$ 48,531</u>

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Federal Reimbursement Grant</u>	<u>Expenditures to Date Prior Years</u>	<u>Expenditures</u>	<u>Balance June 30, 2016</u>
Various Improvements and Renovations to Midland Park High School and Highland/Godwin School	\$ 11,509,807	\$ 60,000	\$ 1,107,737	\$ 3,802,949	\$ 6,659,121
	<u>\$ 11,509,807</u>	<u>\$ 60,000</u>	<u>\$ 1,107,737</u>	<u>\$ 3,802,949</u>	<u>\$ 6,659,121</u>
					Project Balance \$ 6,659,121
					Less:
					Unrealized SDA Grant Revenue (1,481,499)
					<u>Fund Balance - June 30, 2016 (GAAP) \$ 5,177,622</u>
					 <u>Reconciliation of Fund Balance</u>
					Restricted
					Year-End Encumbrances \$ 4,238,096
					Available for Capital Projects <u>939,526</u>
					Total Fund Balance- Restricted for Capital Projects <u>\$ 5,177,622</u>

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

Federal Grant - FEMA - Hazard Mitigation	\$ 60,000
Interest Earnings on Deposits	<u>2,105</u>
 Total Revenues and Other Financing Sources	 <u>62,105</u>

Expenditures and Other Financing Uses

Purchased Professional Services	410,081
Constructions Services	3,392,868
Transfers Out - Debt Service Fund	<u>2,105</u>
 Total Expenditures and Other Financing Uses	 <u>3,805,054</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,742,949)
--	-------------

Fund Balance- Beginning of Year	<u>10,402,070</u>
---------------------------------	-------------------

Fund Balance - End of Year	<u>\$ 6,659,121</u>
----------------------------	---------------------

Fund Balance (Budgetary Basis)	\$ 6,659,121
--------------------------------	--------------

Reconciliation to Governmental Fund Statements (GAAP):

Less: Unrealized SDA Grant Revenue Not Recognized on GAAP Basis	<u>(1,481,499)</u>
---	--------------------

Fund Balance - Per Governmental Funds (GAAP)	<u>\$ 5,177,622</u>
--	---------------------

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS TO THE MIDLAND PARK
HIGH SCHOOL AND THE HIGHLAND AVENUE.GODWIN ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Period</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 8,500,000	-	\$ 8,500,000	\$ 8,500,000
State Sources- SDA Grant	2,859,807	-	2,859,807	2,859,807
Federal Sources		\$ 60,000	60,000	
Transfers from Capital Reserve	150,000	-	150,000	150,000
	<u>11,509,807</u>	<u>60,000</u>	<u>11,569,807</u>	<u>11,509,807</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	564,274	410,081	974,355	974,355
Construction Services	543,463	3,392,868	3,936,331	10,535,452
	<u>1,107,737</u>	<u>3,802,949</u>	<u>4,910,686</u>	<u>11,509,807</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	<u>\$ 10,402,070</u>	<u>\$ (3,742,949)</u>	<u>\$ 6,659,121</u>	<u>\$ -</u>
Additional Project Information:				
Project Numbers	3170-050-14-1001-G04 3170-050-14-1002-G04 3170-070-14-1003-G04			
Grant Date	2/24/2014			
Bond Authorization Date	1/15/2015			
Proceeds Issued	\$ 8,500,000			
Original Authorized Cost	\$ 11,509,807			
Percentage Increase Over Original Authorized Cost				
	0%			
Percentage Completion				
	43%			
Original Target Completion Date				
	2015/2016			
Revised Target Completion Date				
	2016/2017			

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 148,048	\$ 92,260	\$ 240,308
Total Assets	<u>\$ 148,048</u>	<u>\$ 92,260</u>	<u>\$ 240,308</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 73,825	\$ 73,825
Accrued Salaries and Wages		498	498
Reserve for Flexible Spending (Sect. 125) Plan		17,937	17,937
Due to Student Groups	<u>\$ 148,048</u>	<u>-</u>	<u>148,048</u>
Total Liabilities	<u>\$ 148,048</u>	<u>\$ 92,260</u>	<u>\$ 240,308</u>

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MIDLAND PARK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS				
Student activity	\$ 6,303	\$ 22,027	\$ 19,356	\$ 8,974
HIGH SCHOOL				
Student activity	<u>158,688</u>	<u>277,939</u>	<u>297,553</u>	<u>139,074</u>
	<u>\$ 164,991</u>	<u>\$ 299,966</u>	<u>\$ 316,909</u>	<u>\$ 148,048</u>

**MIDLAND PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 158,453	\$ 13,544,802	\$ 13,610,995	\$ 92,260
Total Assets	<u>\$ 158,453</u>	<u>\$ 13,544,802</u>	<u>\$ 13,610,995</u>	<u>\$ 92,260</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 140,285	\$ 5,770,506	\$ 5,836,966	\$ 73,825
Accrued Salaries and Wages	73	7,729,754	7,729,329	498
Reserve for Flexible Spending (Sect. 125) Plan	<u>18,095</u>	<u>44,542</u>	<u>44,700</u>	<u>17,937</u>
Total Liabilities	<u>\$ 158,453</u>	<u>\$ 13,544,802</u>	<u>\$ 13,610,995</u>	<u>\$ 92,260</u>

LONG-TERM DEBT

**MIDLAND PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Wireless Network	3.65%	\$ 180,000	\$ 19,499	\$ 19,499	-
Copiers	5.40%	25,500	9,012	4,904	\$ 4,108
Lease Purchase-Buses and Vehicles	1.74%	176,145	70,120	34,757	35,363
Technology Equipment	0.00%	114,759	<u>76,506</u>	<u>38,253</u>	<u>38,253</u>
			<u>\$ 175,137</u>	<u>\$ 97,413</u>	<u>\$ 77,724</u>
				<u>\$ 97,413</u>	
			Paid by Budget Appropriation	<u>\$ 97,413</u>	

**MIDLAND PARK BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 910,587	-	\$ 910,587	\$ 910,587	-
Total Revenues	<u>910,587</u>	<u>-</u>	<u>910,587</u>	<u>910,587</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal on Bonds	600,000		600,000	600,000	
Interest on Bonds	310,587	-	310,587	310,587	-
Total Expenditures	<u>910,587</u>	<u>-</u>	<u>910,587</u>	<u>910,587</u>	<u>-</u>
∞ Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES					
Transfer In	-	-	-	2,105	\$ 2,105
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,105</u>	<u>2,105</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,105</u>	<u>2,105</u>
Fund Balances, Beginning of Year	4,439	-	4,439	4,439	-
Fund Balances, End of Year	<u>\$ 4,439</u>	<u>\$ -</u>	<u>\$ 4,439</u>	<u>\$ 6,544</u>	<u>\$ 2,105</u>
Recapitulation of fund Balance:					
				Designated for Subsequent Year's Expenditures (2016/17 Budget)	\$ 4,439
				Restricted for Debt Service - Available for Future Use	<u>2,105</u>
					<u>\$ 6,544</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2007	2008	2009	2010	Fiscal Year Ending June 30,		2013	2014	2015	2016
					2011	2012 (Restated)				
Governmental Activities										
Net Investment in Capital Assets	\$ 2,937,499	\$ 2,922,055	\$ 2,871,852	\$ 2,958,287	\$ 2,890,629	\$ 3,734,127	\$ 3,978,371	\$ 5,850,681	\$ 5,436,490	\$ 6,957,794
Restricted	271,301	174,145	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161	943,530
Unrestricted	104,366	213,499	276,821	580,254	1,284,612	1,276,874	1,594,958	(2,983,237)	(2,925,558)	(2,736,476)
Total governmental activities net position	<u>\$ 3,313,166</u>	<u>\$ 3,309,699</u>	<u>\$ 3,389,674</u>	<u>\$ 3,741,688</u>	<u>\$ 4,527,116</u>	<u>\$ 5,977,861</u>	<u>\$ 6,603,384</u>	<u>\$ 3,993,204</u>	<u>\$ 4,029,093</u>	<u>\$ 5,164,848</u>
Business-Type Activities										
Investment in Capital Assets	\$ 5,833	\$ 15,777	\$ 13,782	\$ 11,787	\$ 9,793	\$ 61,733	\$ 53,102	\$ 50,501	\$ 39,561	\$ 42,166
Restricted										
Unrestricted	30,059	36,780	37,914	51,303	66,196	78,731	79,357	75,320	74,201	69,014
Total Business-Type Activities Net Position	<u>\$ 35,892</u>	<u>\$ 52,557</u>	<u>\$ 51,696</u>	<u>\$ 63,090</u>	<u>\$ 75,989</u>	<u>\$ 140,464</u>	<u>\$ 132,459</u>	<u>\$ 125,821</u>	<u>\$ 113,762</u>	<u>\$ 111,180</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,943,332	\$ 2,937,832	\$ 2,885,634	\$ 2,970,074	\$ 2,900,422	\$ 3,795,860	\$ 4,031,473	\$ 5,901,182	\$ 5,476,051	\$ 6,999,960
Restricted	271,301	174,145	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161	943,530
Unrestricted	134,425	250,279	314,735	631,557	1,350,808	1,355,605	1,674,315	(2,907,917)	(2,851,357)	(2,667,462)
Total District Net Position	<u>\$ 3,349,058</u>	<u>\$ 3,362,256</u>	<u>\$ 3,441,370</u>	<u>\$ 3,804,778</u>	<u>\$ 4,603,105</u>	<u>\$ 6,118,325</u>	<u>\$ 6,735,843</u>	<u>\$ 4,119,025</u>	<u>\$ 4,142,855</u>	<u>\$ 5,276,028</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	2007	2008	2009	2010	Fiscal Year Ending June 30,		2013	2014	2015	2016
					2011	2012				
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,010,924	\$ 7,941,650	\$ 7,735,674	\$ 7,464,207	\$ 6,901,491	\$ 7,688,003	\$ 8,084,461	\$ 7,938,421	\$ 9,804,531	\$ 10,844,538
Special education	3,588,433	3,709,021	3,920,717	4,393,254	4,774,144	4,419,116	4,587,358	4,501,769	5,193,170	5,290,136
Other instruction			621							
School Sponsored Activities and Athletics	651,198	702,354	688,805	646,706	538,492	584,681	670,894	669,528	759,684	839,587
Other	458,843	459,542	420,414	433,849	337,381	726,031	633,752	671,286	886,952	858,751
Support Services:										
Student & instruction related services	3,110,037	3,160,077	3,005,599	3,270,124	2,838,277	2,894,049	2,823,942	2,887,818	3,310,290	3,554,681
General and Business Admin/Contral Svcs.	961,140	1,048,697	1,024,063	1,061,754	1,162,374	1,230,311	1,209,666	1,194,263	1,323,919	1,178,620
School Administration services	886,575	924,819	1,058,664	1,062,906	1,000,521	1,074,035	1,195,229	1,167,881	1,386,281	1,535,558
Plant operations and maintenance	1,340,455	1,515,169	1,529,510	1,649,030	1,521,540	1,672,952	1,724,253	1,895,075	1,834,810	1,901,845
Pupil transportation	504,319	558,479	517,610	601,594	565,859	545,018	560,515	545,022	539,909	589,466
Interest on long-term debt	232,576	224,672	211,268	201,294	198,631	154,502	122,852	107,932	194,909	388,045
Total governmental activities expenses	19,744,500	20,244,680	20,112,945	20,784,718	19,838,710	20,988,698	21,612,922	21,578,995	25,234,455	26,981,227
Business-type activities:										
Food service	331,966	338,634	333,321	322,503	305,068	340,708	339,638	332,467	326,525	372,199
Total business-type activities expense	331,966	338,634	333,321	322,503	305,068	340,708	339,638	332,467	326,525	372,199
Total district expenses	\$ 20,076,466	\$ 20,583,314	\$ 20,446,266	\$ 21,107,221	\$ 20,143,778	\$ 21,329,406	\$ 21,952,560	\$ 21,911,462	\$ 25,560,980	\$ 27,353,426
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 63,395	\$ 49,798	\$ 42,241	\$ 2,624		\$ 27,700	\$ 26,482	\$ 25,644	\$ 31,195	\$ 29,875
Adult education	644,694	589,875	645,601	626,761	\$ 561,131	631,163	553,341	529,773	708,635	672,598
Operating grants and contributions	3,153,267	3,180,401	2,532,761	2,974,870	1,891,083	2,554,206	2,889,511	2,654,539	4,834,961	5,875,726
Capital grants and contributions	-	-	-	-	-	-	-	-	278,254	1,160,454
Total governmental activities program revenues	3,861,356	3,820,074	3,220,603	3,604,255	2,452,214	3,213,069	3,469,334	3,209,956	5,853,045	7,738,653
Business-type activities:										
Charges for services:										
Food service	267,880	296,015	284,316	280,468	259,182	277,845	255,620	247,855	239,912	283,963
Operating grants and contributions	43,028	39,536	46,666	52,809	58,513	70,470	75,845	77,687	74,471	85,579
Total business type activities program revenues	310,908	335,551	330,982	333,277	317,695	348,315	331,465	325,542	314,383	369,542
Total district program revenues	\$ 4,172,264	\$ 4,155,625	\$ 3,551,585	\$ 3,937,532	\$ 2,769,909	\$ 3,561,384	\$ 3,800,799	\$ 3,535,498	\$ 6,167,428	\$ 8,108,195
Net (Expense)/Revenue										
Governmental activities	\$ (15,883,144)	\$ (16,424,606)	\$ (16,892,342)	\$ (17,180,463)	\$ (17,386,496)	\$ (17,775,629)	\$ (18,143,588)	\$ (18,369,039)	\$ (19,381,410)	\$ (19,242,574)
Business-type activities	(21,058)	(3,083)	(2,339)	10,774	12,627	7,607	(8,173)	(6,925)	(12,142)	(2,657)
Total district-wide net expense	\$ (15,904,202)	\$ (16,427,689)	\$ (16,894,681)	\$ (17,169,689)	\$ (17,373,869)	\$ (17,768,022)	\$ (18,151,761)	\$ (18,375,964)	\$ (19,393,552)	\$ (19,245,231)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 14,448,910	\$ 15,017,682	\$ 15,538,133	\$ 16,171,595	\$ 16,818,459	\$ 17,154,828	\$ 17,497,925	\$ 18,802,959	\$ 18,204,842	\$ 18,705,258
Property Taxes levied for debt service	450,590	451,309	451,615	451,509	450,990	450,059	423,524	423,472	415,162	910,587
Unrestricted grants and contributions	155,155	190,076	169,274	136,320	77,936		30,576	34,660	34,980	35,320
Investment earnings	119,445	81,826	26,001	40,282	14,723	8,397	8,256	3,511	7,234	4,712
Miscellaneous income	756,385	727,595	787,294	732,671	809,816	799,462	808,830	936,551	755,081	722,452
Loss on Disposal of Capital Assets	(4,584)	(30,481)								
Transfers	(2,000)	(16,868)								
Total governmental activities	15,923,901	16,421,139	16,972,317	17,532,377	18,171,924	18,412,746	18,769,111	20,201,153	19,417,299	20,378,329
Business-type activities:										
Investment Earnings	4,156	2,880	1,478	620	272	179	168	287	83	75
Transfers	2,000	16,868								
Total business-type activities	6,156	19,748	1,478	620	272	179	168	287	83	75
Total district-wide	\$ 15,930,057	\$ 16,440,887	\$ 16,973,795	\$ 17,532,997	\$ 18,172,196	\$ 18,412,925	\$ 18,769,279	\$ 20,201,440	\$ 19,417,382	\$ 20,378,404
Change in Net Position										
Governmental activities	\$ 40,757	\$ (3,467)	\$ 79,975	\$ 351,914	\$ 785,428	\$ 637,117	\$ 625,523	\$ 1,832,114	\$ 35,889	\$ 1,135,755
Business-type activities	(14,902)	16,665	(861)	11,394	12,899	7,786	(8,005)	(6,638)	(12,059)	(2,582)
Total district	\$ 25,855	\$ 13,198	\$ 79,114	\$ 363,308	\$ 798,327	\$ 644,903	\$ 617,518	\$ 1,825,476	\$ 23,830	\$ 1,133,173

Source: District financial statements

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

	2007	2008	2009	2010	Fiscal Year Ending June 30,		2013	2014	2015	2016
					2011	2012				
General Fund										
Reserved	\$ 420,358	\$ 431,873	\$ 755,309	\$ 889,847						
Unreserved	449,698	463,249	203,045	364,406						
Nonspendable					\$ 39,783	\$ 36,057	\$ 40,349			
Restricted					1,051,968	1,560,054	1,518,044	\$ 1,797,257	\$ 1,860,868	\$ 1,561,986
Committed					214,375	267,345	493,776	267,213	-	1,099,894
Assigned					278,788	332,789	138,120	255,094	750,726	239,122
Unassigned					376,893	357,065	371,248	390,357	371,735	381,585
Total general fund	<u>\$ 870,056</u>	<u>\$ 895,122</u>	<u>\$ 958,354</u>	<u>\$ 1,254,253</u>	<u>\$ 1,961,807</u>	<u>\$ 2,553,310</u>	<u>\$ 2,561,537</u>	<u>\$ 2,709,921</u>	<u>\$ 2,983,329</u>	<u>\$ 3,282,587</u>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 5,017	\$ 5,017	\$ 197	\$ 197						
Nonspendable										
Restricted					\$ 197	\$ 197	\$ 185,233	\$ 9,088	\$ 7,824,556	\$ 5,184,166
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 5,017</u>	<u>\$ 5,017</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 185,233</u>	<u>\$ 9,088</u>	<u>\$ 7,824,556</u>	<u>\$ 5,184,166</u>

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

Source: District financial statements

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Tax levy	\$ 14,899,500	\$ 15,468,991	\$ 15,989,748	\$ 16,623,104	\$ 17,269,449	\$ 17,604,887	\$ 17,921,449	\$ 19,226,431	\$ 18,620,004	\$ 19,615,845
Tuition charges	63,395	49,798	42,241	2,624					31,195	29,875
Miscellaneous	1,520,524	1,399,296	1,458,896	1,452,435	1,402,226	1,509,910	1,404,173	1,496,862	1,470,950	1,401,021
State sources	2,941,100	3,035,078	2,386,727	2,487,932	1,540,475	2,142,303	2,574,234	2,375,839	2,975,866	4,055,059
Federal sources	367,322	335,399	315,308	570,537	411,988	368,715	338,589	311,977	289,671	419,750
Total revenue	<u>19,791,841</u>	<u>20,288,562</u>	<u>20,192,920</u>	<u>21,136,632</u>	<u>20,624,138</u>	<u>21,625,815</u>	<u>22,238,445</u>	<u>23,411,109</u>	<u>23,387,686</u>	<u>25,521,550</u>
Expenditures										
Instruction										
Regular Instruction	8,343,517	8,151,264	7,983,918	7,680,945	7,153,897	7,479,148	7,884,907	7,742,389	8,086,962	8,694,063
Special education instruction	3,548,709	3,668,062	3,881,499	4,351,749	4,730,555	4,373,319	4,526,493	4,464,400	4,644,281	4,596,055
Other instruction			621			708,818	658,391	658,817	831,109	758,385
School sponsored activities and athletics	641,686	689,849	675,498	634,001	524,949	572,551	777,943	657,398	643,844	695,288
Support Services:										
Student & inst. related services	3,035,256	3,131,462	2,949,599	3,206,329	2,798,410	2,824,804	2,629,669	2,818,165	3,051,762	3,207,911
General Administration Services	492,042	572,323	491,657	470,720	518,720	497,309	509,185	536,758	501,429	510,788
School Administrative services	917,523	904,127	1,052,965	1,042,408	979,136	1,046,950	1,165,179	1,143,805	1,192,378	1,283,252
Business / Central Services	452,595	474,062	524,244	574,047	624,925	614,018	676,271	635,392	616,081	692,515
Plant operations and maintenance	1,325,372	1,495,091	1,532,899	1,628,801	1,500,746	1,654,691	1,699,994	1,870,816	1,757,337	1,782,408
Pupil transportation	502,322	555,732	515,441	598,848	562,851	540,975	556,472	540,979	522,680	558,202
Unallocated Employee benefits										
Capital outlay	226,378	129,444	156,042	183,282	213,455	234,690	614,394	1,923,905	1,446,206	4,074,043
Debt service:										
Principal	239,672	250,509	240,000	267,741	291,301	323,066	406,690	447,234	401,725	697,413
Interest and other charges	232,298	224,703	211,615	201,862	197,639	189,473	115,739	113,571	103,994	312,359
Cost of Issuance on Refunding Bonds						78,110				
Cost of Issuance Bonds									133,459	-
Payment to Refunding Escrow Agent						216,625				
Total expenditures	<u>19,957,370</u>	<u>20,246,628</u>	<u>20,215,998</u>	<u>20,840,733</u>	<u>20,096,584</u>	<u>21,354,547</u>	<u>22,221,327</u>	<u>23,553,629</u>	<u>23,933,247</u>	<u>27,862,682</u>
Excess (Deficiency) of revenues over (under) expenditures	(165,529)	41,934	(23,078)	295,899	527,554	271,268	17,118	(142,520)	(545,561)	(2,341,132)
Other Financing sources (uses)										
Serial bonds issued						3,695,000			8,500,000	-
Payments to Refunding Escrow Agent						(3,623,000)				
Premium on Issuance of Bonds			81,490			222,735			134,437	-
Capital Lease issued					180,000	25,500		114,759	-	-
Lease Purchase Proceeds							176,145	-	-	-
Transfers in	51			21,440	3,150		197	211	154,439	2,105
Transfers out	(2,051)	(16,868)		(21,440)	(3,150)		(197)	(211)	(154,439)	(2,105)
Total other financing sources (uses)	<u>(2,000)</u>	<u>(16,868)</u>	<u>81,490</u>	<u>-</u>	<u>180,000</u>	<u>320,235</u>	<u>176,145</u>	<u>114,759</u>	<u>8,634,437</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (167,529)</u>	<u>\$ 25,066</u>	<u>\$ 58,412</u>	<u>\$ 295,899</u>	<u>\$ 707,554</u>	<u>\$ 591,503</u>	<u>\$ 193,263</u>	<u>\$ (27,761)</u>	<u>\$ 8,088,876</u>	<u>\$ (2,341,132)</u>
Debt service as a percentage of noncapital expenditures	2.39%	2.36%	2.25%	2.27%	2.46%	2.43%	2.42%	2.59%	2.84%	4.24%
Source: District financial statements										

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Facility Charge	Tuition	Interest on Investments	Continuing Education Program Fees	Refunds	Rentals	Miscellaneous	Total
2007	\$ 669,161	\$ 63,395	\$ 119,394	\$ 644,694		\$ 33,895	\$ 53,329	\$ 1,583,868
2008	674,262	49,798	81,826	589,875	\$ 30,884	21,505	944	1,449,094
2009	709,361	42,241	26,001	645,601	41,317	23,440	13,176	1,501,137
2010	688,772	2,624	18,842	626,761	142	26,330	17,427	1,380,898
2011	794,654		11,574	534,074	2,289	26,485	13,443	1,382,519
2012	774,605	27,700	8,397	596,165	1,220	34,998	23,637	1,466,722
2013	775,000	26,482	8,256	553,341	1,511	20,917	2,511	1,388,018
2014	889,192	25,644	3,497	529,773	2,953	6,750	37,656	1,495,465
2015	675,229	31,195	4,173	696,975	4,000	-	87,512	1,499,084
2016	690,619	29,875	4,712	672,598	8,111	700	20,917	1,427,532

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 6,433,100	\$ 685,923,900	\$ 115,631,300	\$ 42,033,700	\$ 11,582,500	\$ 861,604,500	\$ 965,929	\$ 862,570,429	\$ 1,317,907,455	\$ 1.79
2008	5,958,000	690,356,700	114,694,800	42,287,800	11,675,000	864,972,300	1,020,958	865,993,258	1,335,865,146	1.85
2009	6,401,700	692,690,200	111,611,600	41,638,900	11,974,800	864,317,200	1,140,767	865,457,967	1,331,434,940	1.92
2010	6,401,700	694,016,400	112,029,300	40,861,500	9,474,800	862,783,700	1,143,758	863,927,458	1,312,973,700	2.00
2011	6,401,700	695,491,500	110,107,300	40,861,500	9,474,800	862,336,800	1,342,664	863,679,464	1,322,372,357	2.04
* 2012	8,447,400	860,521,700	130,551,300	47,833,500	14,160,100	1,061,514,000	1,298,959	1,062,812,959	1,172,997,775	1.69
2013	7,242,400	860,794,000	129,396,241	47,833,500	14,160,100	1,059,426,241	1,298,959	1,060,725,200	1,195,418,944	1.81
2014	7,538,700	862,904,800	138,901,400	37,931,400	14,160,100	1,061,436,400	-	1,061,436,400	1,130,631,018	1.76
2015	6,663,100	863,292,200	140,382,600	37,931,400	14,160,100	1,062,429,400	-	1,062,429,400	1,152,684,604	1.85
2016	Not Available					-	-	1,065,306,100	1,186,573,959	N/A

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Source: County Abstract of Ratables

N/A - Not Available

a Tax rates are per \$100

* The Borough underwent a revaluation of real property which became effective in 2012

MIDLAND PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2007	\$ 1.79	\$ 0.72	\$ 0.28	\$ 2.79
2008	1.85	0.72	0.29	2.86
2009	1.92	0.74	0.30	2.96
2010	2.00	0.75	0.30	3.05
2011	2.04	0.78	0.32	3.14
2012 *	1.69	0.63	0.25	2.57
2013	1.81	0.65	0.26	2.72
2014	1.76	0.69	0.25	2.69
2015	1.85	0.70	0.26	2.81
2016	Not Available			

Source: County Abstract of Ratables

* The Borough underwent a revaluation of real property which was effective in 2012

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mid Park, Hyde Partners			\$ 16,178,400	1.88%
UB Midland Park LLC	\$ 20,372,400	2.36%		0.00%
MW Midpark Grocery, LLC	9,849,500	1.14%	9,500,000	1.10%
Marlow Park LLC	8,681,600	1.01%	10,313,800	1.20%
Mature Environment	7,169,800	0.83%	7,177,400	0.83%
Henpal Realty Co	4,780,000	0.55%	4,921,900	0.57%
Individual Taxpayer			4,038,100	0.47%
Vander Sterre Bros.	4,672,700	0.54%	3,750,000	0.43%
Vander Sterre Bros.	3,856,600	0.45%	3,300,000	0.38%
Texel Apartments, L.P.	3,306,900	0.38%	3,075,000	0.36%
Tenastic, Inc.,	3,090,600	0.36%		
ARV at Midland Park, LLC	2,875,000	0.33%		
44 Godwin Associates			3,380,200	0.39%
	<u>\$ 68,655,100</u>	<u>7.95%</u>	<u>\$ 65,634,800</u>	<u>7.61%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 14,899,500	\$ 14,899,500	100.00%	
2008	15,468,991	15,468,991	100.00%	
2009	15,989,748	15,989,748	100.00%	
2010	16,623,104	16,623,104	100.00%	
2011	17,269,449	17,269,449	100.00%	
2012	17,604,887	17,604,887	100.00%	
2013	17,921,449	17,921,449	100.00%	
2014	19,226,431	19,226,431	100.00%	
2015	18,620,004	18,620,004	100.00%	
2016	19,615,845	19,615,845	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase	Grant Anticipation Notes (GANs)			
2007	\$ 5,443,000	\$ 20,509	\$ 499,345	\$ 5,962,854	6,767	\$ 881
2008	5,213,000	-	499,345	5,712,345	6,755	846
2009	4,973,000	81,490	499,345	5,553,835	6,743	824
2010	3,950,000	269,337	499,345	4,718,682	6,759	698
2011	4,463,000	212,448	315,055	4,990,503	7,138	699
2012	4,265,000	184,882		4,449,882	7,185	619
2013	3,950,000	269,337		4,219,337	7,251	582
2014	3,635,000	251,862		3,886,862	7,286	533
2015	11,810,000	175,137		11,985,137	7,305	1,641
2016	11,210,000	77,724		11,287,724	7,329	1,540

Source: District records

MIDLAND PARK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS
(Unaudited)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 5,443,000		\$ 5,443,000	0.63%	\$ 804
2008	5,213,000		5,213,000	0.60%	772
2009	4,973,000		4,973,000	0.57%	738
2010	3,950,000		3,950,000	0.46%	584
2011	4,463,000		4,463,000	0.52%	625
2012	4,265,000		4,265,000	0.40%	594
2013	3,950,000		3,950,000	0.37%	545
2014	3,635,000		3,635,000	0.34%	499
2015	11,810,000	\$ 4,439	11,805,561	1.11%	1,617
2016	11,210,000	6,544	11,203,456	1.05%	1,529

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**MIDLAND PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Midland Park Board of Education	\$ 11,210,000	\$ 11,210,000	
Borough of Midland Park	<u>363,778</u>	<u>-</u>	<u>\$ 363,778</u>
	<u>\$ 11,573,778</u>	<u>\$ 11,210,000</u>	<u>363,778</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			\$ 6,825,654
Northwest Bergen County Utilities Authority (B)			<u>1,960,762</u>
			<u>8,786,416</u>
Total Direct and Overlapping Debt			<u>\$ 9,150,194</u>

Source:

(1) Borough's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Midland Park by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

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

MIDLAND PARK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 1,183,369,793
2014	1,151,607,247
2013	1,129,873,455
	<u>\$ 3,464,850,495</u>
Average equalized valuation of taxable property	\$ 1,154,950,165
Debt limit (4% of average equalization value)	46,198,007
Total Net Debt Applicable to Limit	<u>11,810,000</u>
Legal debt margin	<u>\$ 34,388,007</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 46,747,651	\$ 50,748,562	\$ 52,998,876	\$ 52,483,634	\$ 52,395,585	\$ 51,536,771	\$ 49,965,865	\$ 47,566,471	\$ 46,201,991	\$ 46,198,007
Total net debt applicable to limit	<u>5,942,345</u>	<u>5,712,345</u>	<u>5,472,345</u>	<u>5,222,345</u>	<u>4,778,055</u>	<u>4,265,000</u>	<u>3,950,000</u>	<u>3,635,000</u>	<u>11,810,000</u>	<u>11,210,000</u>
Legal debt margin	<u>\$ 40,805,306</u>	<u>\$ 45,036,217</u>	<u>\$ 47,526,531</u>	<u>\$ 47,261,289</u>	<u>\$ 47,617,530</u>	<u>\$ 47,271,771</u>	<u>\$ 46,015,865</u>	<u>\$ 43,931,471</u>	<u>\$ 34,391,991</u>	<u>\$ 34,988,007</u>
Total net debt applicable to the limit as a percentage of debt limit	12.71%	11.26%	10.33%	9.95%	9.12%	8.28%	7.91%	7.64%	25.56%	24.27%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	6,767	\$ 58,785	1.40%
2008	6,755	63,814	1.90%
2009	6,743	68,147	3.40%
2010	6,759	68,548	3.50%
2011	7,138	64,571	3.50%
2012	7,185	65,275	3.50%
2013	7,251	68,244	4.50%
2014	7,286	71,380	4.90%
2015	7,305	70,498	4.60%
2016	7,329	73,536	N/A

(1) - Estimated

N/A - Not Available

Source: New Jersey State Department of Education

MIDLAND PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	79.1	73.2	74.6	75.4	71.4	73.0	78.0	98.0	96.0	94.0
Special education	41.9	38.3	35.9	34.5	33.0	34.5	40.6	35.5	20.0	16.0
Adult/Continuing Education Programs	2.5	2.5	2.5	2.5	2.5	2.5	3.7	4.0	4.0	4.0
Support Services:										
Student and instruction related services	25.3	25.2	24.8	26.4	25.1	25.3	11.0	11.0	10.0	10.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	9.5	9.5	9.5	9.5	9.5	8.5	9.8	9.0	4.0	4.0
Other Administrative Services	-				0.5	0.5	2.0	2.0	2.0	2.0
Central services	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	18.0	17.1	16.5	18.5	18.5	18.0	24.5	17.5	10.0	8.0
Pupil transportation	5.5	6.5	5.0	2.5	2.0	2.5	2.0	2.0	3.0	3.0
Food Service	-	-	-	-	-	-	-	-	-	12.0
Total	<u>188.3</u>	<u>178.8</u>	<u>175.3</u>	<u>175.8</u>	<u>168.5</u>	<u>170.8</u>	<u>177.6</u>	<u>185.0</u>	<u>155.0</u>	<u>159.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2007	1,165	\$ 19,261,022	\$ 16,533	6.70%	115	11.8:1	24:1	8.3:1	1,129	1,078	2.08%	95.48%
2008	1,164	19,641,945	16,875	2.06%	115	11.8:1	24:1	8.3:1	1,129	1,078	0.00%	95.48%
2009	1,126	19,608,341	17,414	3.20%	113	11.8:1	24:1	8.3:1	1,124	1,071	-0.43%	95.23%
2010	1,132	20,187,848	16,433	-5.63%	113	11.9:1	24:1	11.0:1	1,128	1,072	0.35%	95.04%
2011	1,111	19,394,189	15,993	-2.68%	116	11.9:1	24:1	11.0:1	1,083	1,029	-3.99%	95.01%
2012	1,102	20,312,583	16,679	4.29%	117	11.9:1	24:1	11.0:1	1,088	1,039	0.46%	95.50%
2013	1,055	21,084,504	17,931	7.51%	118	11.9:1	24:1	11.0:1	1,045	1,006	-3.95%	96.27%
2014	1,001	21,068,919	21,048	17.38%	119	11.8:1	24:1	11.0:1	996	956	-4.69%	95.98%
2015	1,076	21,847,863	20,305	-3.53%	121	11.8:1	24:1	11.0:1	987	948	-0.90%	96.07%
2016	1,069	22,778,867	21,309	4.94%	114	11.8:1	24:1	11.0:1	964	926	-2.37%	96.12%

Sources: District records

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>Godwin/Highland Elementary School</u>										
Square Feet	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment	631	619	620	637	595	582	548	511	593	577
 <u>Jr./Sr. High School</u>										
Square Feet	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776
Capacity (students)	586	586	586	586	586	586	586	586	586	586
Enrollment	499	514	506	491	507	508	528	490	518	492
 Number of Schools at June 30, 2015 Elementary = 1 Junior / Senior High School = 1										

Source: District Records

MIDLAND PARK BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
SCHOOL FACILITIES	PROJECT #										
Elementary- Godwin/Highland	N/A	\$ 134,689	\$ 149,424	\$ 134,398	\$ 140,281	\$ 107,779	\$ 188,358	\$ 138,858	\$ 182,258	\$ 165,580	\$ 109,525
Midland Park Jr/Sr High School	N/A	<u>178,386</u>	<u>203,741</u>	<u>201,598</u>	<u>210,422</u>	<u>135,372</u>	<u>252,158</u>	<u>160,343</u>	<u>255,873</u>	<u>276,925</u>	<u>368,795</u>
GRAND TOTAL		<u>\$ 313,075</u>	<u>\$ 353,165</u>	<u>\$ 335,996</u>	<u>\$ 350,703</u>	<u>\$ 243,151</u>	<u>\$ 440,516</u>	<u>\$ 299,201</u>	<u>\$ 438,131</u>	<u>\$ 442,505</u>	<u>\$ 478,320</u>

Source: District Records

**MIDLAND PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Insurance Property - Blanket Building & Contents	\$ 41,232,163	\$ 5,000
General Liability-NESBIG	2,000,000	1,000
Automobile - NESBIG Liability	1,000,000	1,000
Excess Liability - NESBIG Umbrella Policy	9,000,000	
Workers Compensation - Star Insurance Company Workers Compensation Policy Bodily Injury	1,000,000	
School Board Legal Liability - Darwin Insurance Company Directors and Officers Policy	1,000,000	5,000
Blanket Employee Dishonesty - Hartford Insurance Company	400,000 100,000	1,000 Per Loss/Per Employee

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Midland Park Board of Education’s basic financial statements and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Midland Park Board of Education’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Midland Park Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Midland Park Board of Education’s internal control.

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

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

Compliance and Other Matters

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

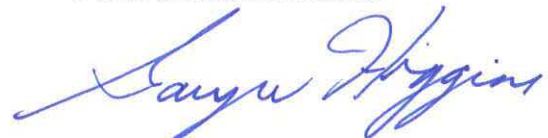
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Midland Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 21, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Midland Park Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Midland Park Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 21, 2016



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Midland Park Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Midland Park Board of Education's major state programs for the fiscal year ended June 30, 2016. The Midland Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Midland Park Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular 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 Midland Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Midland Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Midland Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Midland Park Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Midland Park Board of Education's internal control over compliance.

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

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

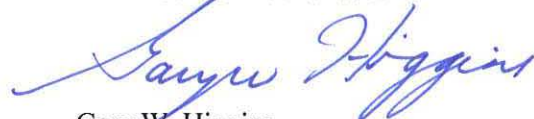
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 21, 2016

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2015		Carryover Amount	Adjust Receivable	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) June 30, 2016	Unearned Revenue June 30, 2016	Due to Grantor at June 30, 2016	MEMO GAAP Receivable
						(Account Receivable) Unearned Revenue/	Due to Grantor									
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund:																
National School Lunch Program																
National School Lunch Program-Cash	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 83,337				\$ 80,175	\$ 81,369			\$ (3,162)	\$ 1,968		\$ (3,162)
National School Lunch Program-Cash	10.555		N/A	7/1/14-6/30/15	70,956	\$ (2,708)			3,295	587			-			
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	457				438	457			(19)			(19)
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	311	(24)			24							
Total National School Lunch Program Cluster						(2,732)			83,932	82,413			(3,181)	1,968		(3,181)
Total Enterprise Fund						(2,732)			83,932	82,413			(3,181)	1,968		(3,181)
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA-3170-16	9/1/15-6/30/16	253,491		\$ 5,069	\$ (4,597)	212,143	253,491			(45,945)	5,069		(40,876)
I.D.E.A. Part B, Basic Regular	84.027		IDEA-3170-15	9/1/14-6/30/15	245,508	472	(5,069)	4,597								
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA-3170-16	9/1/14-6/30/15	20,796	\$ -	10,797	(10,797)		20,794			(31,593)	10,799		(20,794)
I.D.E.A. Part B, Preschool	84.173		IDEA-3170-14	9/1/15-6/30/14	20,695	-	(10,797)	10,797								
Total Special Education (IDEA) - Cluster						472	-	-	212,143	274,285			(77,538)	15,868		(61,670)
Title I	84.010A	S010A150030	NCLB-3170-16	9/1/15-6/30/16	34,559		8,528	(8,528)	42,403	43,079			(684)	8		(676)
Title I	84.010A		NCLB-3170-15	9/1/14-6/30/15	17,391	(390)	(8,528)	8,528	390							
Total Title I Cluster						(390)	-	-	42,793	43,079			(684)	8		(676)
Title II Part A	84.367A	S367A150029	NCLB-3170-16	9/1/15-6/30/16	32,911		18,988	(18,988)	28,771	42,162			(23,128)	9,737		(13,391)
Title II Part A	84.367A		NCLB-3170-15	9/1/14-6/30/15	33,109	(8,350)	(18,988)	18,988	8,350							
Total Title II Cluster						(8,350)	-	-	37,121	42,162			(23,128)	9,737		(13,391)
Total Special Revenue Fund						(8,268)	-	-	292,057	359,526			(101,350)	25,613		(75,737)
U.S. Department of Homeland Security																
Capital Projects																
Hazardous Mitigation	97.039		HMGP-DR-4086-NJ-0183-R	1/22/15-1/22/18	60,000				60,000	60,000						
Total FEMA - Hazardous Mitigation Cluster									60,000	60,000						
Total Capital Projects Fund									60,000	60,000						
Total Federal Awards						\$ (11,000)	\$ -	\$ -	\$ -	\$ 435,989	\$ 501,939	\$ -	\$ (104,531)	\$ 27,581	\$ -	\$ (78,918)

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Note A: FAIN numbers are only applicable to current year grant awards

Note: The District is not subject to a Federal Single Audit.

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2016		Due to Grantor June 30, 2016	MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Combined Total Expenditures
State Department of Education													
Equalization Aid	16-195-034-5120-078	7/1/15-6/30/16	\$ 35,213			\$ 33,475	\$ 35,213		\$ (1,738)				\$ 35,213
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	35,213	(1,845)		1,845							-
Security Aid	16-195-034-5120-084	7/1/15-6/30/16	16,031			15,240	16,031		(791)				16,031
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	16,031	(840)		840							-
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	519,994			494,334	519,994		(25,660)				519,994
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	519,994	(27,251)		27,251							-
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,520			9,050	9,520		(470)				9,520
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	9,520	(499)		499							-
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	9,520			9,050	9,520		(470)				9,520
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	9,520	(499)		499							-
Total State Aid Public Cluster				(30,934)	-	592,083	590,278	-	(29,129)	-	-	-	590,278
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	19,908			18,926	19,908		(982)				19,908
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	19,908	(1,043)		1,043							-
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	268,806				268,806		(268,806)				268,806
Extraordinary Aid	15-100-034-5120-044	7/1/14-6/30/15	139,240	(139,240)		139,240							-
On-Behalf TPAF Pension System Contributions (NCGI)	16-495-034-5094-004	7/1/15-6/30/16	30,066			30,066	30,066						30,066
On-Behalf TPAF Pension System Contributions (Normal and Accrued Liability)	16-495-034-5094-002	7/1/15-6/30/16	603,574			603,574	603,574						603,574
On-Behalf TPAF Post Retirement Medical Contr.	16-495-034-5094-001	7/1/15-6/30/16	754,491			754,491	754,491						754,491
Total On-Behalf TPAF Contributions Cluster				-	-	1,388,131	1,388,131	-	-	-	-	-	1,388,131
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	643,385			643,385	643,385						643,385
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	628,324	(44,222)		44,222							-
Total General Fund				(215,439)	-	2,827,030	2,910,508	-	(298,917)	-	-	-	2,910,508
New Jersey Nonpublic Aid													
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	\$ 9,250			9,250	8,927			\$ 323			8,927
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	9,712		\$ 319			\$ 319					-
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	15,030			15,030	15,030						15,030
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	15,366		1,383			1,383					-
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	4,212			4,212	4,212						4,212
Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	5,216		160			160					-
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	4,175			4,175	4,175						4,174
Auxiliary Services													
Transportation	16-100-034-5120-067	7/1/15-6/30/16	15,470			15,470	13,175			2,295			13,175
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	55,669			55,669	50,508			5,161			50,508
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	63,602		17,379			17,379					-
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	6,902			6,902	4,314			2,588			4,314
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	8,039		822			822					-
Total Nonpublic Auxiliary Services (Chap. 192) Cluster				-	18,201	78,041	67,997	18,201	-	-	10,044	-	67,997
Handicapped Services													
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	12,772			12,772	10,916			1,856			10,916
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	13,340		5,493			5,493					-
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	23,859			23,859	21,982			1,877			21,982
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	19,450		7,743			7,743					-
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	38,376			38,376	37,623			753			37,623
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	35,340		5,919			5,919					-
Total Nonpublic Handicapped Services (Chap. 193) Cluster				-	19,155	75,007	70,521	19,155	-	-	4,486	-	70,521
Bullying Prevention	N/A	7/1/13-6/30/14	935	935			935						935
Total Special Revenue Fund				935	39,218	185,715	171,797	39,218	-	-	14,853	-	171,796

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2016		Due to Grantor June 30, 2016	MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Combined Total Expenditures	
State of New Jersey Schools Development Authority														
High School Improvements	3170-050-14-1001		\$ 1,421,765	\$ (170,778)		-	\$ 413,034		\$ (1,421,765)	\$ 837,953		\$ (1,421,765)	\$ 413,034	
Elementary School Improvements	3170-050-14-1003		1,258,501	(96,116)		\$ 125,850	639,046		(1,132,651)	523,339		(1,132,651)	639,046	
High School Auditorium	3170-050-14-1002		179,541	(10,960)		17,954	48,374		(161,587)	120,207		(161,587)	48,374	
Total SDA Cluster				(277,854)		143,804	1,100,454		(2,716,003)	1,481,499		(2,716,003)	1,100,454	
Total Capital Projects Fund				(277,854)		143,804	1,100,454		(2,716,003)	1,481,499		(2,716,003)	1,100,454	
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	3,166			3,001	3,166		(165)			(165)	3,166	
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,805	(256)		256	-		-	-		-	-	
Total Food Service Fund				(256)		3,257	3,166		(165)			(165)	3,166	
Total State Financial Assistance Subject to Single Audit Determination				(492,614)	\$ 39,218	3,159,806	4,185,925	\$ 39,218	(3,015,085)	1,481,499	\$ 14,853	(2,716,168)	4,185,924	
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
Less: On-Behalf TPAF NCGI Premium	16-495-034-5095-007	7/1/15-6/30/16	30,066			30,066	30,066						30,066	
On-Behalf TPAF Pension	16-495-034-5095-006	7/1/15-6/30/16	603,574			603,574	603,574						603,574	
On-Behalf TPAF Post-Retirement Medical	16-495-034-5095-001	7/1/15-6/30/16	754,491			754,491	754,491						754,491	
Total State Financial Assistance Subject to Major Program Determination				\$ (492,614)	\$ 39,218	\$ 1,771,675	\$ 2,797,794	\$ 39,218	\$ (3,015,085)	\$ 1,481,499	\$ 14,853	\$ (2,716,168)	\$ 2,797,793	

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$127,700 for the general fund and an increase of \$224 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,782,808	\$ 2,782,808
Special Revenue Fund	\$ 359,750	171,797	531,547
Capital Projects Fund	60,000	1,100,454	1,100,454
Food Service Fund	<u>82,413</u>	<u>3,166</u>	<u>85,579</u>
Total Financial Assistance	<u>\$ 502,163</u>	<u>\$ 4,058,225</u>	<u>\$ 4,560,388</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$643,385 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$633,640 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$754,491 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MIDLAND PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

**MIDLAND PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

CURRENT YEAR STATE AWARDS

There are none.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**MIDLAND PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.