

MOONACHIE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Moonachie, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
Moonachie Board of Education
Moonachie, New Jersey
For The Fiscal Year Ended June 30, 2016

Prepared by
Business Office

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INTRODUCTORY SECTION

Moonachie Public Schools

OFFICE OF THE SUPERINTENDENT

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

JONATHAN PONDS, Ed. D.
Superintendent/Principal

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

November 22, 2016

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

Dear Board Members:

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

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 304 students, which is an increase of 9 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its 9-12th grade students with the Wood-Ridge High School District. The following details the changes in the student enrollment of the Moonachie School District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016	304	3.05%
2015	295	2.43%
2014	288	4.35%
2013	276	(2.12)%
2012	282	(1.05)%
2011	285	3.64%
2010	275	(1.43)%
2009	279	3.33%
2008	270	1.13%
2007	267	(5.32)%

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

3) MAJOR INITIATIVES: The Moonachie School District implemented the following initiatives during the 2015-2016 school year:

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

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

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

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

3) MAJOR INITIATIVES: (Continued)

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

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

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

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

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

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

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

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

*Worked with the PTO on several initiatives, including the tricky tray fundraiser to support the class of 2016's trip to Washington, D.C.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

7) DEBT ADMINISTRATION: At June 30, 2016, the District's outstanding debt issues have been fully satisfied.

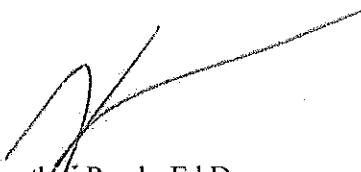
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions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

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

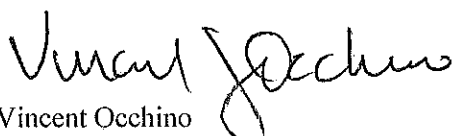
10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements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

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

Respectfully submitted,

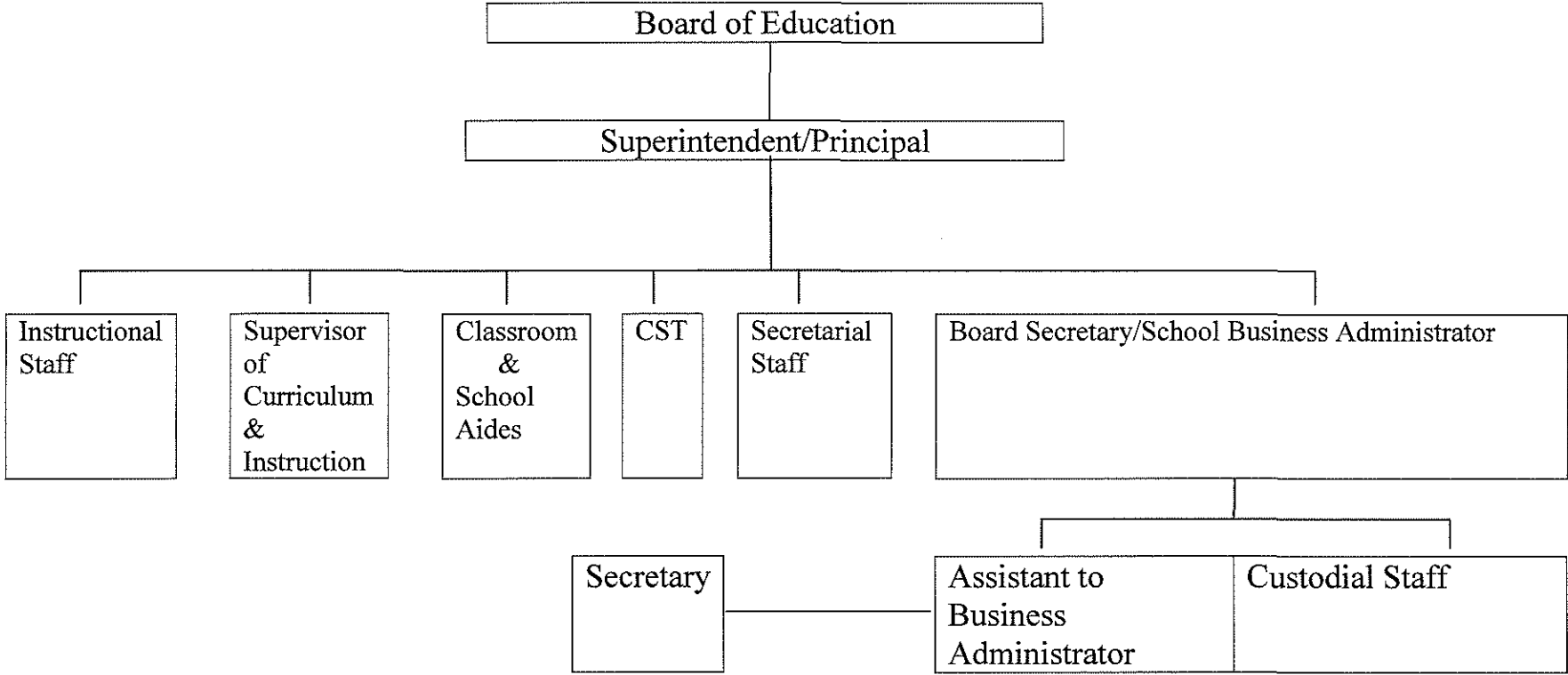


Jonathon Ponds, Ed.D.
Superintendent



Vincent Occhino
Interim School Business Administrator

**Moonachie School District
2015-2016 Organizational Chart**



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Vaccaro, President	2018
James Campbell, Vice President	2019
Sheila King	2018
Charles Pallas	2020
Melissa Rose	2019
<u>Other Officials</u>	
Jonathan Ponds, Ed.D. Superintendent	
Sue Anne Mather, Board Secretary/School Business Administrator (7/1/15-6/30/16)	
Anthony P. Sciarrillo, Board Attorney	

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

Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depository

Capital One Bank
710 Route 46
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER 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
Moonachie Board of Education
Moonachie, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moonachie Board of Education, as of and for the fiscal year ended June 30, 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 Moonachie 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 Moonachie Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Moonachie Board of Education.

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

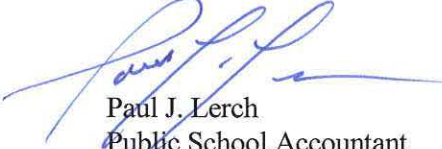
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2016 on our consideration of the Moonachie Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Moonachie Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

This discussion and analysis of the Moonachie School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- District-Wide Financials - Overall revenues were \$9,607,239. General revenues accounted for \$7,354,479 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,252,760 or 23 percent of total revenues of \$9,607,239.
- District-Wide Financials - The School District had \$10,119,879 in expenses; only \$2,252,760 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,354,479 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Moonachie Board of Education's governmental funds reported combined ending fund balances of \$1,546,698, a decrease of \$247,165 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, unassigned fund balance for the General Fund was \$231,654, an increase of \$8,190.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Moonachie Board of Education’s overall financial status.
- The remaining statements are fund financial statements that focus on individual funds of the Moonachie Board of Education, reporting the Moonachie Board of Education’s operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Moonachie Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Moonachie Board of Education’s financial statements, including the portion of the Moonachie Board of Education’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows, liabilities and deferred inflows information	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

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

The *statement of net position* presents information on all of the Moonachie Board of Education’s assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District’s property tax base and the condition of the school buildings and other facilities.

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

District-wide Statements (Continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Net position. The District's combined net position for 2016 and 2015 were \$4,505,357 and \$5,017,997, respectively. (See Table A-1).

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

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

Table A-1
Statement of Net Position
As of June 30, 2016 and 2015

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 1,585,585	\$ 2,418,232	\$ 46,304	\$ 33,259	\$ 1,631,889	\$ 2,451,491
Capital Assets	4,641,985	4,884,793	-	1,000	4,641,985	4,885,793
Total Assets	<u>6,227,570</u>	<u>7,303,025</u>	<u>46,304</u>	<u>34,259</u>	<u>6,273,874</u>	<u>7,337,284</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	219,041	46,663	-	-	219,041	46,663
Total Assets and Deferred Outflows of Resources	<u>6,446,611</u>	<u>7,349,688</u>	<u>46,304</u>	<u>34,259</u>	<u>6,492,915</u>	<u>7,383,947</u>
Liabilities						
Long-Term Liabilities	1,811,735	1,529,539	-	-	1,811,735	1,529,539
Other Liabilities	38,887	708,684	-	-	38,887	708,684
Total Liabilities	<u>1,850,622</u>	<u>2,238,223</u>	<u>-</u>	<u>-</u>	<u>1,850,622</u>	<u>2,238,223</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	136,936	127,727	-	-	136,936	127,727
Total Inflows and Deferred Inflows of Resources	<u>1,987,558</u>	<u>2,365,950</u>	<u>-</u>	<u>-</u>	<u>1,987,558</u>	<u>2,365,950</u>
Net Position:						
Net Investment in Capital Assets	4,561,781	4,836,231	-	1,000	4,561,781	4,837,231
Restricted	746,175	428,978	-	-	746,175	428,978
Unrestricted	(848,903)	(281,471)	46,304	33,259	(802,599)	(248,212)
Total Net Position	<u>\$ 4,459,053</u>	<u>\$ 4,983,738</u>	<u>\$ 46,304</u>	<u>\$ 34,259</u>	<u>\$ 4,505,357</u>	<u>\$ 5,017,997</u>

Governmental activities. Governmental activities decreased the District's net position for 2016 by \$524,685 and in 2015 increased the District's net position by \$308,568. Key elements of this decrease/increase are as follows: (See Table A-2)

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

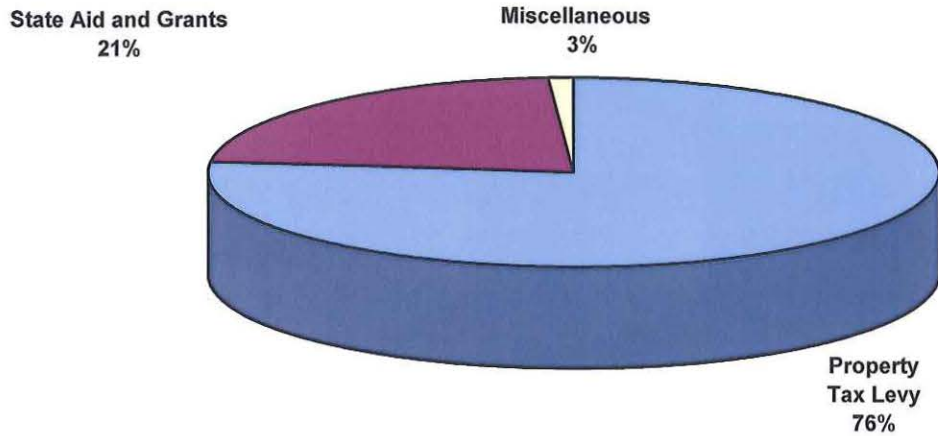
**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 110,042	\$ 246,086	\$ 40,446	\$ 33,844	\$ 150,488	\$ 279,930
Operating Grants and Contributions	2,003,655	2,023,150	98,617	78,448	2,102,272	2,101,598
General Revenues						
Property Taxes	7,200,734	7,059,543			7,200,734	7,059,543
Other	153,696	126,672	49	117	153,745	126,789
Total Revenues	<u>9,468,127</u>	<u>9,455,451</u>	<u>139,112</u>	<u>112,409</u>	<u>9,607,239</u>	<u>9,567,860</u>
Expenses						
Instruction						
Regular	4,349,160	4,369,620			4,349,160	4,369,620
Special Education	1,831,291	1,394,625			1,831,291	1,394,625
Other Instruction	367,119	263,058			367,119	263,058
School Sponsored Activities and Ath.	31,983	35,439			31,983	35,439
Support Services						
Student and Instruction Related Serv.	1,265,087	1,158,132			1,265,087	1,158,132
General Administrative Services	301,344	273,770			301,344	273,770
School Administrative Services	191,144	180,874			191,144	180,874
Plant Operations and Maintenance	934,258	897,860			934,258	897,860
Pupil Transportation	489,688	318,019			489,688	318,019
Central Services	198,000	226,485			198,000	226,485
Food Service			155,041	139,635	155,041	139,635
Interest on Long-Term Debt	5,764	2,263	-	-	5,764	2,263
Total Expenses	<u>9,964,838</u>	<u>9,120,145</u>	<u>155,041</u>	<u>139,635</u>	<u>10,119,879</u>	<u>9,259,780</u>
Increase (Decrease) in Net Position Before Transfers	(496,711)	335,306	(15,929)	(27,226)	(512,640)	308,080
Transfers	(27,974)	(26,738)	27,974	26,738	-	-
Change in Net Position	(524,685)	308,568	12,045	(488)	(512,640)	308,080
Net Position, Beginning of Year	4,983,738	4,675,170	34,259	34,747	5,017,997	4,709,917
Net Position, End of Year	<u>\$ 4,459,053</u>	<u>\$ 4,983,738</u>	<u>\$ 46,304</u>	<u>\$ 34,259</u>	<u>\$ 4,505,357</u>	<u>\$ 5,017,997</u>

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

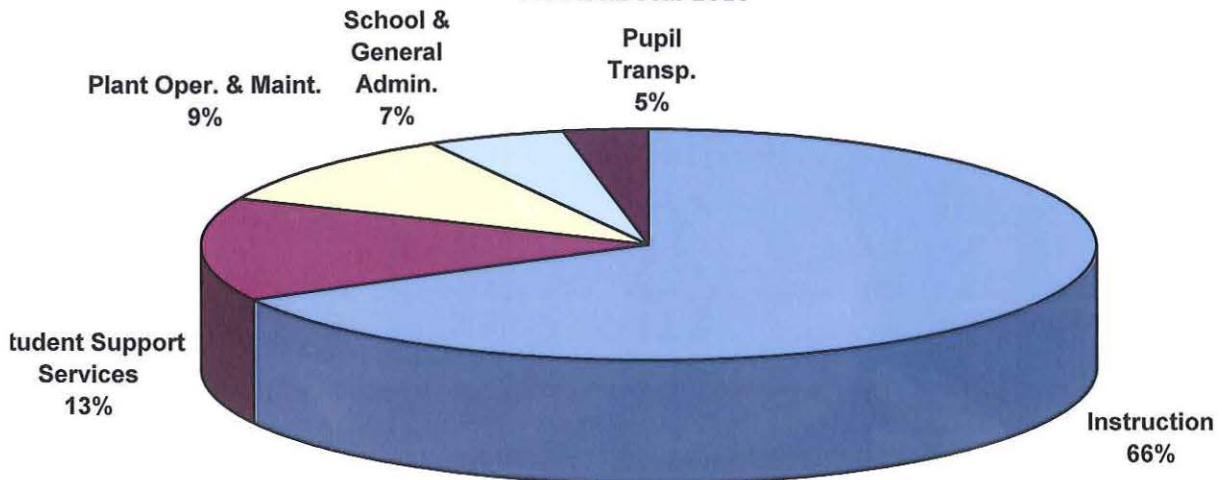
Governmental activities. The District's total governmental revenues were \$9,468,127. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$7,354,430 or 78% of total revenues. Funding from state and federal sources, donations and tuition and amounted to \$2,113,697 or 22%.

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2016



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$6,579,553 (66%), support services totaled \$3,379,521 (34%) and interest on long-term debt total \$5,764.

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2016



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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF
EDUCATION AS A WHOLE (Continued)**

**Table A-5
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>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	4,349,160	\$ 4,369,620	\$ 3,538,539	\$ 3,664,994
Special Education	1,831,291	1,394,625	1,154,173	641,492
Other Instruction	367,119	263,058	208,609	183,840
School Sponsored Activities and Athletics	31,983	35,439	22,789	26,616
Support Services				
Student and Instruction Related Svcs.	1,265,087	1,158,132	1,085,664	1,052,844
General Administrative Services	301,344	273,770	236,604	238,646
School Administrative Services	191,144	180,874	141,264	145,380
Plant Operations and Maintenance	934,258	897,860	861,434	492,630
Pupil Transportation	489,688	318,019	398,301	228,866
Central Services	198,000	226,485	198,000	173,338
Interest on Long-Term Debt	5,764	2,263	5,764	2,263
	\$ 9,964,838	\$ 9,120,145	\$ 7,851,141	\$ 6,850,909

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$155,041. These costs were funded by operating grants, charges for services, investment earnings and transfers from governmental activities (Detailed on Table A-2). The operations resulted in an increase in net position of \$12,045 after transfers.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,546,698. In 2014-2015 the fund balance was \$1,793,863.

The District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$8,654,563 and expenditures were \$8,925,724.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2016 and 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 7,449,632	\$ 7,413,267	\$ 36,365	0.49%
State Sources	1,007,350	946,985	60,365	6.37%
Federal Sources	<u>197,581</u>	<u>192,492</u>	<u>5,089</u>	2.64%
Total Revenues	<u>\$ 8,654,563</u>	<u>\$ 8,552,744</u>	<u>\$ 101,819</u>	1.19%

The following schedule represents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal years ended June 30, 2016 and 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 5,894,288	\$ 5,568,132	\$ 326,156	5.86%
Undistributed	2,943,780	2,543,848	399,932	15.72%
Capital Outlay	57,230	22,411	34,819	155.37%
Debt Service				
Principal	20,328	15,215	5,113	33.60%
Interest	<u>10,098</u>	<u>3,085</u>	<u>7,013</u>	227.33%
Total Expenditures	<u>\$ 8,925,724</u>	<u>\$ 8,152,691</u>	<u>\$ 773,033</u>	9.48%

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

General and Special Revenue Fund

Budgetary Highlights

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

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

Capital Assets and Debt Administration. The Moonachie Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2016 and 2015 amounts to \$4,641,985 and \$4,885,793 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 381,056	\$ 381,056			\$ 381,056	\$ 381,056
Land Improvements	257,224	257,224			257,224	257,224
Buildings and Building Improvem	7,320,480	7,320,480			7,320,480	7,320,480
Machinery and Equipment	425,116	367,886	\$ 11,351	\$ 11,351	436,467	379,237
Total	8,383,876	8,326,646	11,351	11,351	8,395,227	8,337,997
Less: Accumulated Depreciation	<u>3,741,891</u>	<u>3,441,853</u>	<u>11,351</u>	<u>10,351</u>	<u>3,753,242</u>	<u>3,452,204</u>
Total	<u>\$ 4,641,985</u>	<u>\$ 4,884,793</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 4,641,985</u>	<u>\$ 4,885,793</u>

Additional information on Moonachie Board of Education's capital assets can be found in Note 3 of this report.

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

Debt Administration. As of June 30, 2016 and 2015 the school district had long-term debt and outstanding long-term liabilities in the amount of \$1,811,735 and \$1,609,520 as stated in Table A-7.

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

	<u>2016</u>	<u>2015</u>
Capital Leases	\$ 80,204	\$ 48,562
Compensated Absences Payable	62,628	77,035
Net Pension Liability	<u>1,668,903</u>	<u>1,483,923</u>
 Total	 <u>\$ 1,811,735</u>	 <u>\$ 1,609,520</u>

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

FACTORS BEARING ON THE DISTRICT’S ECONOMIC FUTURE

The board and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following examples may have an impact and affect the financial operation in the future:

1. The slow economic recovery in our state has generated concern in the educational community for public school funding.
2. Future challenges for the financial planning to address facility improvements and upgrades to the Robert L. Craig School to meet enrollment and curriculum demands.

SLOW ECONOMIC RECOVERY

Schools around the country were impacted by the worst recession in decades. The response was to impose such measures as larger class sizes, job cuts and textbook budgets, reduced school bus service, and fewer resources for state education departments. New Jersey did not have to implement such severe steps. However, Governor Christie did implement a number of changes in order to help communities address future budget deficit. The changes have had an effect on suburban public school districts recognized for providing innovative and cutting edge programs to their students to by placing a hold on expanding their academic offerings. The Moonachie Public School District, which is mostly residential, is concerned that if the state continues to cut aid to education, municipalities will experience even more dramatic increases in property taxes.

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

FACTORS BEARING ON THE DISTRICT'S ECONOMIC FUTURE (Continued)

It is reasonable to say that many public school districts across the country are, or will be, facing fiscal difficulties and will need to raise additional revenue or limit expenditures. Prior to 2003, school districts in New Jersey were allowed to maintain a maximum unreserved general fund balance equal to 6% of the districts' total general fund expenditure. Adding to the financial stress was the passage of S1701. Adopted by the State of New Jersey on June 17, 2004, this law forced school districts to decrease their allowable undesignated general fund balance and to either give it back to the local taxpayers, or apply the excess surplus to fund the subsequent fiscal year budget.

Undesignated general fund balance can best be described as a "rainy-day" savings account. The funds would be available for any unplanned emergency, such as repairs to an aging boiler, or implementing the individual educational plan of a special needs student arriving in the district mid-year. This new legislation required districts to decrease their allowable surplus from six percent to three percent by the end of the 2003-04 school year. The following year districts had to cut even further. Beginning in 2004-05 school year districts could only maintain an undesignated general fund balance of two percent.

Proponents of education vigorously opposed S1701, not only because it made districts vulnerable in the event of costly emergencies, but also placed restrictions on adjusting a financial plan that was created 12 months prior to its implementation. Specifically, the law places limits on the district's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts on the ability to maintain and improve facilities.

The Moonachie Public School District is aware of the signs of fiscal stress and has taken the necessary action to ensure fiscal stability. Some of the steps taken are as follows:

- ✓ carefully develop balanced budgets for revenues and expenditures for all fund groups.
- ✓ ensure expenditures are within the budgeted amounts.
- ✓ monitor the budgets on an ongoing basis and ensure that appropriations are not overspent.
- ✓ develop a long-term (five-year) fiscal plan and update it annually.

Finally, the discussion about the constant increases in local property taxes in the media has polarized many communities, and in the center of this discontent is the cost of education. The Trustees of the Moonachie Public School District are aware that future successful budgets will be reliant on continuing to maintain a positive relationship with the municipal government and the local taxpayers.

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

FUTURE CHALLENGES FOR FINANCIAL PLANNING

Over the last several years, a number of building maintenance projects were set aside to address educational program requirements such as the hiring of staff, mandated changes to the curriculum, maintaining contractual entitlements and a number of other increasing fixed costs. A comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects and funding for these projects is included in the annual budget. However, an annual program of preventive maintenance cannot adequately address some of the desired infrastructure upgrades, which have been identified as being needed.

The Board began discussions on the need to hire an architect of record to prepare a survey of the many needed upgrades. Projects were selected on the basis of providing maximum safety to the students and staff. The following is a brief listing of the selected improvements:

- ✓ Signage – locations, type and size.
- ✓ Additional installation of surveillance cameras
- ✓ Replacement of eight, roof-top HVAC units.
- ✓ Technology upgrades.
- ✓ Purchase of computers
- ✓ 1 to 1 laptop program

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's 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 Board of Education Office, Robert L. Craig School, Moonachie, New Jersey 07074.

FINANCIAL STATEMENTS

**MOONACHIE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,572,766	\$ 39,067	\$ 1,611,833
Receivables, net			
Receivables from Other Governments	12,494	6,153	18,647
Other	325	1,084	1,409
Capital Assets			
Not Being Depreciated	381,056		381,056
Being Depreciated, Net	<u>4,260,929</u>	<u>-</u>	<u>4,260,929</u>
Total Assets	<u>6,227,570</u>	<u>46,304</u>	<u>6,273,874</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>219,041</u>	<u>-</u>	<u>219,041</u>
Total Assets and Deferred Outflows of Resources	<u>6,446,611</u>	<u>46,304</u>	<u>6,492,915</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	38,887	-	38,887
Noncurrent Liabilities			
Due Within One Year	41,585		41,585
Due Beyond One Year	<u>1,770,150</u>	<u>-</u>	<u>1,770,150</u>
Total Liabilities	<u>1,850,622</u>	<u>-</u>	<u>1,850,622</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>136,936</u>	<u>-</u>	<u>136,936</u>
Total Deferred Inflows of Resources	<u>136,936</u>	<u>-</u>	<u>136,936</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,987,558</u>	<u>-</u>	<u>1,987,558</u>
NET POSITION			
Net Investment in Capital Assets	4,561,781	-	4,561,781
Restricted for Capital Projects	428,978		428,978
Other Purposes	317,197		317,197
Unrestricted	<u>(848,903)</u>	<u>46,304</u>	<u>(802,599)</u>
Total Net Position	<u>\$ 4,459,053</u>	<u>\$ 46,304</u>	<u>\$ 4,505,357</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 4,349,160		\$ 810,621		\$ (3,538,539)		\$ (3,538,539)
Special Education	1,831,291	\$ 110,042	567,076		(1,154,173)		(1,154,173)
Other Instruction	367,119		158,510		(208,609)		(208,609)
School Sponsored Activities and Athletics	31,983		9,194		(22,789)		(22,789)
Support Services					-		
Student and Instruction Related Services	1,265,087		179,423		(1,085,664)		(1,085,664)
General Administrative Services	301,344		64,740		(236,604)		(236,604)
School Administrative Services	191,144		49,880		(141,264)		(141,264)
Plant Operations and Maintenance	934,258		72,824		(861,434)		(861,434)
Pupil Transportation	489,688		91,387		(398,301)		(398,301)
Central Services	198,000		-		(198,000)		(198,000)
Interest on Debt	5,764	-	-	-	(5,764)	-	(5,764)
Total Governmental Activities	9,964,838	110,042	2,003,655	-	(7,851,141)	-	(7,851,141)
Business-Type Activities							
Food Service	155,041	40,446	98,617	-	-	\$ (15,978)	(15,978)
Total Business-Type Activities	155,041	40,446	98,617	-	-	(15,978)	(15,978)
Total Primary Government	\$ 10,119,879	\$ 150,488	\$ 2,102,272	\$ -	(7,851,141)	(15,978)	(7,867,119)
General Revenues							
Property Taxes					7,200,734		7,200,734
Miscellaneous Income					129,476		129,476
Interest						49	49
Unrestricted State Aid					24,220		24,220
Transfers					(27,974)	27,974	-
Total General Revenues and Transfers					7,326,456	28,023	7,354,479
Change in Net Position					(524,685)	12,045	(512,640)
Net Position, Beginning of Year					4,983,738	34,259	5,017,997
Net Position, End of Year					\$ 4,459,053	\$ 46,304	\$ 4,505,357

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,571,751	\$ 1,015	\$ 1,572,766
Receivables From Other Governments	12,494		12,494
Other Receivables	<u>-</u>	<u>325</u>	<u>325</u>
 Total Assets	 <u>\$ 1,584,245</u>	 <u>\$ 1,340</u>	 <u>\$ 1,585,585</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 37,547	\$ 800	\$ 38,347
Intergovernmental Payable	<u>-</u>	<u>540</u>	<u>540</u>
 Total Liabilities	 <u>37,547</u>	 <u>1,340</u>	 <u>38,887</u>
Fund Balances			
Restricted Fund Balance:			
Excess Surplus	63,072		63,072
Excess Surplus-Designated for Subsequent Year			
Expenditures	459,075		459,075
Capital Reserve	428,978		428,978
Maintenance Reserve	317,197		317,197
Assigned Fund Balance:			
Year-end Encumbrances	33,720		33,720
Unreserved- Designated for Subsequent Year			
Expenditures	13,002		13,002
Unassigned Fund Balance			
General Fund	<u>231,654</u>	<u>-</u>	<u>231,654</u>
 Total Fund Balances	 <u>1,546,698</u>	 <u>-</u>	 <u>1,546,698</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,584,245</u>	 <u>\$ 1,340</u>	 <u>\$ 1,585,585</u>

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

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

Total Fund Balances (Exhibit B-1) \$ 1,546,698

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,383,876 and the accumulated depreciation is \$3,741,891.

4,641,985

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

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 219,041
(136,936)

82,105

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

Compensated Absences
Leases Payable
Net Pension Liability

(62,628)
(80,204)
(1,668,903)

(1,811,735)

Net Position of Governmental Activities (Exhibit A-1)

\$ 4,459,053

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

**MOONACHIE 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>Total Governmental Funds</u>
REVENUES			
Local Sources			
Local Tax Levy	\$ 7,200,734		\$ 7,200,734
Tuition	110,042		110,042
Miscellaneous	129,476	\$ 9,380	138,856
Total - Local Sources	<u>7,440,252</u>	<u>9,380</u>	<u>7,449,632</u>
State Sources	1,007,350		1,007,350
Federal Sources	-	197,581	197,581
Total Revenues	<u>8,447,602</u>	<u>206,961</u>	<u>8,654,563</u>
EXPENDITURES			
Current			
Regular Instruction	3,861,054	-	3,861,054
Special Education Instruction	1,594,381	91,182	1,685,563
Other Instruction	241,561	79,487	321,048
School Sponsored Activities and Athletics	26,623		26,623
Support Services and Undistributed Costs			
Student and Instruction Related Services	1,143,786	36,292	1,180,078
General Administrative Services	263,600		263,600
School Administrative Services	145,325		145,325
Plant Operations and Maintenance	667,471		667,471
Pupil Transportation	489,657		489,657
Central Services	197,649		197,649
Debt Service			
Principal	20,328		20,328
Interest and Other Charges	10,098		10,098
Capital Outlay	57,230	-	57,230
Total Expenditures	<u>8,718,763</u>	<u>206,961</u>	<u>8,925,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(271,161)</u>	<u>-</u>	<u>(271,161)</u>
OTHER FINANCING SOURCES (USES)			
Capital Assets Acquired Under Capital Lease	51,970		51,970
Transfers Out	(27,974)	-	(27,974)
Total Other Financing Sources and Uses	<u>23,996</u>	<u>-</u>	<u>23,996</u>
Net Change in Fund Balances	(247,165)	-	(247,165)
Fund Balance, Beginning of Year	<u>1,793,863</u>	<u>-</u>	<u>1,793,863</u>
Fund Balance, End of Year	<u>\$ 1,546,698</u>	<u>\$ -</u>	<u>\$ 1,546,698</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (247,165)**

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

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

Capital Outlay	\$ 57,230	
Depreciation Expense	<u>(300,038)</u>	
		(242,808)

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

Compensated Absences		14,407
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In the statement of activities, certain operating expenses - pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Pension Expense		(21,811)
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Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease Issue	(51,970)	-
Capital Lease Principal Payments	<u>20,328</u>	
		(31,642)

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

Decrease in Accrued Interest		<u>4,334</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ (524,685)**

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

**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash	\$	39,067
Other Receivable		1,084
Intergovernmental Receivable		
Federal		6,066
State		<u>87</u>
Total Current Assets		<u>46,304</u>
Noncurrent Assets		
Equipment		11,351
Less: Accumulated Depreciation		<u>(11,351)</u>
Total Noncurrent Assets		<u>-</u>
Total Assets		<u>46,304</u>
NET POSITION		
Unrestricted		<u>46,304</u>
Total Net Position	\$	<u>46,304</u>

**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN 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	\$ 40,446
Total Operating Revenues	<u>40,446</u>
OPERATING EXPENSES	
Cost of Sales	124,193
Salaries and Wages	27,974
Miscellaneous	1,874
Depreciation	<u>1,000</u>
Total Operating Expenses	<u>155,041</u>
Operating Loss	<u>(114,595)</u>
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	261
National School Breakfast Program	24,629
National School Lunch Program	72,198
State Sources	
School Lunch Program	1,529
Interest and Investment Revenue	<u>49</u>
Total Nonoperating Revenues	<u>98,666</u>
Net Loss Before Transfers	(15,929)
Transfers In from General Fund	<u>27,974</u>
Total Other Financing Sources	<u>27,974</u>
Change in Net Position	12,045
Net Position, Beginning of Year	<u>34,259</u>
Net Position, End of Year	<u>\$ 46,304</u>

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

**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 40,446
Cash Payments for Employee Salaries and Wages	(27,974)
Cash Payments to Suppliers for Goods and Services	<u>(126,032)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(113,560)</u>
Cash Flows from Noncapital Financing Activities	
Board Subsidy Payment from General Fund	27,974
Cash Received from State and Federal Subsidy Reimbursements	<u>98,311</u>
Net Cash Provided by Noncapital Financing Activities	<u>126,285</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>49</u>
Net Cash Provided by Investing Activities	<u>49</u>
Net Increase in Cash and Cash Equivalents	12,774
Cash and Cash Equivalents, Beginning of Year	<u>26,293</u>
Cash and Cash Equivalents, End of Year	<u>\$ 39,067</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	<u>\$ (114,595)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,000
Change in Assets and Liabilities (Increase)/Decrease in Accounts Receivable	<u>35</u>
Total Adjustments	<u>1,035</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (113,560)</u>

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

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

	Edward Terragni Memorial <u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>1,382</u>	\$ <u>23,104</u>
Total Assets	\$ <u>1,382</u>	\$ <u>23,104</u>
LIABILITIES		
Due to Student Groups		\$ 13,355
Payroll Deductions and Withholdings		6,223
Flex Spending Benefit	<u>-</u>	<u>3,526</u>
Total Liabilities	<u>-</u>	\$ <u>23,104</u>
NET POSITION		
Held in Trust for Edward Terragni Memorial Scholarship Fund	<u>\$ 1,382</u>	

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

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

	Edward Terragni Memorial <u>Scholarship Fund</u>
ADDITIONS	
Contributions	
Interest	-
	-
Total Additions	-
DEDUCTIONS	
Participant Awards	\$ 100
Total Deductions	100
	100
Change in Net Position	(100)
Net Position, Beginning of Year	1,482
	1,482
Net Position, End of Year	\$ 1,382
	1,382

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 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.

**MOONACHIE 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.

**MOONACHIE 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)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**MOONACHIE 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)

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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.

**MOONACHIE 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. *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.

**MOONACHIE 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)

3. *Capital Assets (Continued)*

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

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

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

4. *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 one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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 one type item which arises only under the accrual basis of accounting. Accordingly the one 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

5. *Compensated Absences*

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

MOONACHIE 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. *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.

7. *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.

8. *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.

MOONACHIE 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)

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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.

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.

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

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

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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, investment earnings and miscellaneous revenues.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 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.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general and 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. The annual budget is voted upon at the annual school election on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$110,463. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Interest on Current Loans	\$0	\$4,728	\$(4,728)

The above variance was caused by an audit adjustment and was offset with other available resources.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

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

Balance, July 1, 2015	<u>\$ 428,978</u>
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Balance, June 30, 2016	<u>\$ 428,978</u>
------------------------	-------------------

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Balance, July 1, 2015	<u>\$ 317,917</u>
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Balance, June 30, 2016	<u>\$ 317,917</u>
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The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$317,197.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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 \$522,147. Of this amount, \$459,075 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$63,072 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.

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 \$1,636,319 and bank and brokerage firm balances of the Board's deposits amounted to \$1,945,108. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 1,945,108</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 balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts		\$ 325	\$ 1,084	\$ 1,409
Intergovernmental	\$ 12,494	-	6,153	18,647
Total Receivables	<u>\$ 12,494</u>	<u>\$ 325</u>	<u>\$ 7,237</u>	<u>\$ 20,056</u>

C. 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>Adjustments</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 381,056	-	-	\$ 381,056
Total capital assets, not being depreciated	<u>381,056</u>	<u>-</u>	<u>-</u>	<u>381,056</u>
Capital assets, being depreciated:				
Land Improvements	257,224			257,224
Buildings and Building Improvements	7,320,480			7,320,480
Machinery and Equipment	367,886	\$ 57,230	-	425,116
Total capital assets being depreciated	<u>7,945,590</u>	<u>57,230</u>	<u>-</u>	<u>8,002,820</u>
Less accumulated depreciation for:				
Land Improvements	(157,500)	(10,425)		(167,925)
Buildings and Building Improvements	(3,092,971)	(255,806)	\$ 78,795	(3,269,982)
Machinery and Equipment	(191,382)	(33,807)	(78,795)	(303,984)
Total accumulated depreciation	<u>(3,441,853)</u>	<u>(300,038)</u>	<u>-</u>	<u>(3,741,891)</u>
Total capital assets, being depreciated, net	<u>4,503,737</u>	<u>(242,808)</u>	<u>-</u>	<u>4,260,929</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,884,793</u>	<u>\$ (242,808)</u>	<u>\$ -</u>	<u>\$ 4,641,985</u>

**MOONACHIE 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. Capital Assets (Continued)

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 11,351	-	-	\$ 11,351
Total capital assets being depreciated	<u>11,351</u>	<u>-</u>	<u>-</u>	<u>11,351</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(10,351)</u>	\$ (1,000)	-	<u>(11,351)</u>
Total accumulated depreciation	<u>(10,351)</u>	<u>(1,000)</u>	<u>-</u>	<u>(11,351)</u>
Total capital assets, being depreciated, net	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,000</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 15,506
Total Instruction	<u>15,506</u>
Support Services	
Student and Instruction Related Services	1,562
School Administrative Services	16,739
Plant Operations and Maintenance	<u>266,231</u>
Total Support Services	<u>284,532</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 300,038</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,000</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,000</u>

**MOONACHIE 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. Interfund Receivables, Payables, and Transfers

Interfund transfers

	<u>Transfer In:</u>
	Enterprise Food <u>Service Fund</u>
Transfer Out:	
General Fund	<u>\$ 27,947</u>

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

E. Leases

Capital Leases

The District is leasing copiers totaling \$131,921 under capital leases. The leases are for terms of 5 years.

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 30,368
2018	26,328
2019	13,756
2020	12,046
2021	<u>5,895</u>
Total minimum lease payments	88,393
Less: amount representing interest	<u>8,189</u>
Present value of minimum lease payments	<u>\$ 80,204</u>

**MOONACHIE 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. Long-Term Debt

General Obligation Bonds

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

As of June 30, 2016, the District has no outstanding bond debt.

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 25,895,233
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 25,895,233</u>

G. 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</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Capital Leases	\$ 48,562	\$ 51,970	\$ 20,328	\$ 80,204	\$ 26,585
Compensated Absences	77,035	2,118	16,525	62,628	15,000
Net Pension Liability	<u>1,483,923</u>	<u>261,791</u>	<u>76,811</u>	<u>1,668,903</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 1,609,520</u>	<u>\$ 315,879</u>	<u>\$ 113,664</u>	<u>\$ 1,811,735</u>	<u>\$ 41,585</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2016 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issued Bond Anticipation Notes ("Project Notes") to interim finance the clean-up and reconstruction resulting from Super Storm-Hurricane Sandy. The Board's short-term debt activity for the fiscal year ended June 30, 2016 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2015</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2016</u>
Hurricane Sandy	0.79	7/24/2015	\$ 600,000	\$ -	\$ 600,000	\$ -
			<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the South Bergen Regional VII Insurance Group (SBRVII). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

There has been no significant reduction in insurance coverage from the previous year due to Hurricane Sandy, which occurred on October 29, 2012; the District incurred damages in excess of \$7,500,000. These costs (settlements) are in excess of insurance coverages the district currently has \$600,000 deductible. The Deductible has been funded by current year expenditures.

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 had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

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

**MOONACHIE 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

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.

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.

**MOONACHIE 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)

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 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 47.93 percent and \$22.4 billion, respectively.

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

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.

**MOONACHIE 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)

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.

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>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 76,811	\$ 190,685	\$ 1,904
2015	63,508	140,686	2,985
2014	61,708	104,295	1,522

For fiscal years 2015/2016 and 2014/2015, the state contributed \$190,685 and \$140,686, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$104,295 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the 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 \$175,244 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.

**MOONACHIE 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)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$1,668,903 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 .00743 percent, which was a decrease of .00049 percent from its proportionate share measured as of June 30, 2014 of .00792 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$98,622 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	\$ 39,814	
Changes of Assumptions	179,227	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 26,833
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	110,103
Total	<u>\$ 219,041</u>	<u>\$ 136,936</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	\$ 10,925
2018	10,925
2019	10,925
2020	33,034
2021	<u>16,296</u>
	<u>\$ 82,105</u>

**MOONACHIE 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.

**MOONACHIE 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%

**MOONACHIE 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>\$ 2,074,242</u>	<u>\$ 1,668,903</u>	<u>\$ 1,329,070</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.

**MOONACHIE 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 \$1,004,249 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 \$16,447,196. 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 .02602 percent, which was a decrease of .00137 percent from its proportionate share measured as of June 30, 2014 of .02465 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.

**MOONACHIE 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%

**MOONACHIE 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 (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 19,546,878</u>	<u>\$ 16,447,196</u>	<u>\$ 13,776,635</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.

**MOONACHIE 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 reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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

**MOONACHIE 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 \$227,054, \$223,247 and \$171,005, 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

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 7,200,734		\$ 7,200,734	\$ 7,200,734	
Tuition	252,314		252,314	110,042	\$(142,272)
Miscellaneous	98,375	-	98,375	129,476	31,101
Total Local Sources	<u>7,551,423</u>	<u>-</u>	<u>7,551,423</u>	<u>7,440,252</u>	<u>(111,171)</u>
State Sources					
Special Education Aid	212,409		212,409	212,409	
Transportation Aid	85,776		85,776	85,776	
Security Aid	71,280		71,280	71,280	
Adjustment Aid	16,590		16,590	16,590	
PARCC Readiness Aid	3,560		3,560	3,560	
Per Pupil Growth Aid	3,560		3,560	3,560	
Extraordinary Aid				22,546	22,546
Additional Nonpublic Transportation Aid				3,828	3,828
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				181,637	181,637
NCGI Premium (Non-Budget)				9,048	9,048
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				227,054	227,054
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	175,244	175,244
Total State Sources	<u>393,175</u>	<u>-</u>	<u>393,175</u>	<u>1,012,532</u>	<u>619,357</u>
Total Revenues	<u>7,944,598</u>	<u>-</u>	<u>7,944,598</u>	<u>8,452,784</u>	<u>508,186</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	68,204	\$ (36,516)	31,688	31,340	348
Kindergarten	144,440	32,756	177,196	176,747	449
Grades 1-5	947,686	(63,932)	883,754	878,748	5,006
Grades 6-8	462,858	1,555	464,413	462,139	2,274
Regular Program - Home Instruction					
Salaries of Teachers		5,073	5,073	5,073	-
Purchased Professional-Educational Services		3,762	3,762	3,762	-
Regular Programs - Undistributed Instruction					
Other Purchased Services	5,720	(720)	5,000	5,000	-
General Supplies	54,033	22,290	76,323	67,610	8,713
Other Objects	26,262	3,528	29,790	29,727	63
Total Regular Programs	<u>1,709,203</u>	<u>(32,204)</u>	<u>1,676,999</u>	<u>1,660,146</u>	<u>16,853</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	79,045	908	79,953	79,953	-
Other Salaries for Instruction	6,303	11,922	18,225	17,463	762
General Supplies	2,000	(1,638)	362	362	-
Total Learning and/or Language Disabilities	<u>87,348</u>	<u>11,192</u>	<u>98,540</u>	<u>97,778</u>	<u>762</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL 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 To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 62,490	\$ 1,513	\$ 64,003	\$ 64,003	-
Other Salaries for Instruction	29,572	15,757	45,329	45,329	-
General Supplies	2,000	(1,931)	69	69	-
Total Multiple Disabilities	<u>94,062</u>	<u>15,339</u>	<u>109,401</u>	<u>109,401</u>	<u>-</u>
Resource Room					
Salaries of Teachers	117,405	(4,532)	112,873	112,873	-
Other Salaries for Instruction	57,723	(19,896)	37,827	37,827	-
General Supplies	2,000	(1,939)	61	61	-
Total Resource Room	<u>177,128</u>	<u>(26,367)</u>	<u>150,761</u>	<u>150,761</u>	<u>-</u>
Preschool Disabilities-Full Time					
Salaries of Teachers	88,424	(2,668)	85,756	84,264	\$ 1,492
Other Salaries for Instruction	35,595	3,454	39,049	37,484	1,565
General Supplies	1,500	(1,500)	-	-	-
Total Preschool Disabilities-Full Time	<u>125,519</u>	<u>(714)</u>	<u>124,805</u>	<u>121,748</u>	<u>3,057</u>
Total Special Education	<u>484,057</u>	<u>(550)</u>	<u>483,507</u>	<u>479,688</u>	<u>3,819</u>
Home Instruction					
Purchased Professional-Educational Services	-	7,685	7,685	6,499	1,186
Total Home Instruction	<u>-</u>	<u>7,685</u>	<u>7,685</u>	<u>6,499</u>	<u>1,186</u>
Basic Skills/Remedial					
Salaries of Teachers	107,145	(3,255)	103,890	103,252	638
General Supplies	2,000	3,797	5,797	5,797	-
Total Bilingual Education	<u>109,145</u>	<u>542</u>	<u>109,687</u>	<u>109,049</u>	<u>638</u>
Bilingual Education					
Salaries of Teachers	48,518	362	48,880	48,242	638
General Supplies	-	437	437	437	-
Total Bilingual Education	<u>48,518</u>	<u>799</u>	<u>49,317</u>	<u>48,679</u>	<u>638</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	23,246	-	23,246	17,626	5,620
Total School Sponsored Co/Extra Curricular Act.	<u>23,246</u>	<u>-</u>	<u>23,246</u>	<u>17,626</u>	<u>5,620</u>
Total Instruction	<u>2,374,169</u>	<u>(23,728)</u>	<u>2,350,441</u>	<u>2,321,687</u>	<u>28,754</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL 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 To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State- Regular	\$ 1,655,964	\$ (231,667)	\$ 1,424,297	\$ 1,415,764	\$ 8,533
Tuition to Other LEAs Within State- Special	193,875	65,473	259,348	249,841	9,507
Tuition to County Vocational- Regular	26,190	12,804	38,994	34,920	4,074
Tuition to County Vocational- Special	118,704	47,992	166,696	149,280	17,416
Tuition to CSSD & Reg. Day Schools	60,640	143,741	204,381	204,381	-
Tuition to Priv. Sch. for the Disabled					
Within the State	303,244	(81,213)	222,031	222,031	-
Tuition - Other	-	9,900	9,900	9,625	275
	<u>2,358,617</u>	<u>(32,970)</u>	<u>2,325,647</u>	<u>2,285,842</u>	<u>39,805</u>
Total Undistributed Expenditures - Instruction					
Attendance and Social Work Services					
Salaries	12,848	10	12,858	12,858	-
Other Purchased Services	620	-	620	620	-
	<u>13,468</u>	<u>10</u>	<u>13,478</u>	<u>13,478</u>	<u>-</u>
Total Attendance and Social Work Services					
Health Services					
Salaries	97,180	328	97,508	97,508	-
Other Purchased Services	500	(294)	206	206	-
Supplies and Materials	7,500	(1,438)	6,062	1,530	4,532
	<u>105,180</u>	<u>(1,404)</u>	<u>103,776</u>	<u>99,244</u>	<u>4,532</u>
Total Health Services					
Speech, OT, PT & Related Svcs.					
Purchased Professional - Educational Services	345,622	(19,899)	325,723	323,011	2,712
Supplies and Materials	1,500	(1,387)	113	113	-
	<u>347,122</u>	<u>(21,286)</u>	<u>325,836</u>	<u>323,124</u>	<u>2,712</u>
Total Speech, OT, PT & Related Svcs.					
Other Supp Serv Std - Extra Serv					
Purchased Professional-Educational Services	-	6,000	6,000	4,598	1,402
	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>4,598</u>	<u>1,402</u>
Total Other Supp Serv Std - Extra Serv					
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	31,145	1,303	32,448	32,448	-
Purchased Professional-Educational Svcs.	296,035	(49,156)	246,879	246,879	-
Supplies and Materials	3,500	(912)	2,588	2,588	-
Other Objects	5,220	(330)	4,890	4,758	132
	<u>335,900</u>	<u>(49,095)</u>	<u>286,805</u>	<u>286,673</u>	<u>132</u>
Total Other Support Services - Students - Special Services					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	80,067	1,833	81,900	81,900	-
Salaries of Other Professional Staff		4,284	4,284	4,284	-
Salaries of Secretarial and Clerical Assistants	37,225	210	37,435	37,435	-
Supplies and Materials	3,500	(3,114)	386	386	-
Other Objects	970	49	1,019	1,019	-
	<u>121,762</u>	<u>3,262</u>	<u>125,024</u>	<u>125,024</u>	<u>-</u>
Total Improvement of Instructional Services					

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 8,254	\$ 727	\$ 8,981	\$ 7,786	\$ 1,195
Salaries of Technology Coordinators		180	180	180	-
Purchased Professional and Technical Services	140,000	(11,668)	128,332	127,839	493
Supplies and Materials	30,000	(11,619)	18,381	17,346	1,035
Other Objects	-	825	825	825	-
Total Educational Media Serv./School Library	178,254	(21,555)	156,699	153,976	2,723
Instructional Staff Training Services					
Purchased Professional/Educational Services		2,874	2,874	2,874	-
Other Purchased Services	1,000	1,930	2,930	2,874	56
Total Instructional Staff Training Services	1,000	4,804	5,804	5,748	56
Support Services General Administration					
Salaries	129,310	19,215	148,525	106,503	42,022
Legal Services	15,000	10,000	25,000	14,912	10,088
Audit Fees	26,000	26,395	52,395	27,745	24,650
Other Purchased Professional Services	2,500	-	2,500	2,445	55
Purchased Technical Services	17,873	(445)	17,428	16,960	468
Communications/Telephone	14,945	14,205	29,150	13,462	15,688
General Supplies	500	544	1,044	1,044	-
BOE Other Purchased Services	4,865	(2,502)	2,363	2,363	-
Miscellaneous Purchased Services	8,500	(182)	8,318	7,243	1,075
Miscellaneous Expenditures	3,205	847	4,052	3,192	860
BOE Membership Dues and Fees	4,400	-	4,400	4,375	25
Total Support Services General Administration	227,098	68,077	295,175	200,244	94,931
Support Services School Administration					
Salaries of Principal/Asst. Principals	67,500	5,662	73,162	55,857	17,305
Salaries of Secretarial and Clerical Assistants	37,225	5,000	42,225	39,768	2,457
Supplies and Materials	1,200		1,200	546	654
Other Objects	700	-	700	340	360
Total Support Services School Administration	106,625	10,662	117,287	96,511	20,776
Central Services					
Salaries	133,541	12,915	146,456	146,456	-
Purchased Technical Services	8,826	(32)	8,794	8,794	-
Miscellaneous Purchased Services	4,025	(759)	3,266	878	2,388
Interest on Current Loans				4,728	(4,728)
Supplies and Materials	5,000	(25)	4,975	1,281	3,694
Other Objects	6,235	3,664	9,899	5,837	4,062
Total Central Services	157,627	15,763	173,390	167,974	5,416

**MOONACHIE BOARD OF EDUCATION
GENERAL 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 To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 51,086	\$ 1,145	\$ 52,231	\$ 52,231	-
Cleaning, Repair and Maint. Svc.	67,000	84,764	151,764	151,764	-
Total Required Maintenance for School Facilities	<u>118,086</u>	<u>85,909</u>	<u>203,995</u>	<u>203,995</u>	<u>-</u>
Custodial Services					
Salaries	119,591	11,187	130,778	130,096	\$ 682
Salaries of Non-Instructional Aides	53,676	(7,651)	46,025	46,025	-
Purchased Prof. and Technical Serv.	4,950	2,214	7,164	6,164	1,000
Cleaning, Repair and Maint. Serv.	17,000	(3,957)	13,043	12,623	420
Insurance	51,433	(3,450)	47,983	47,496	487
Other Purchased Property Services	4,600	(311)	4,289	4,289	-
General Supplies	35,000	(15,776)	19,224	19,165	59
Energy (Natural Gas)	30,000	(866)	29,134	27,085	2,049
Energy (Electricity)	110,000	(5,944)	104,056	98,032	6,024
Other Objects	1,866	-	1,866	1,400	466
Total Custodial Services	<u>428,116</u>	<u>(24,554)</u>	<u>403,562</u>	<u>392,375</u>	<u>11,187</u>
Care and Upkeep of Grounds					
Salaries	7,000	-	7,000	3,681	3,319
Total Care and Upkeep of Grounds	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>3,681</u>	<u>3,319</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) -Regular	12,930		12,930	12,930	-
Contracted Serv.(Bet. Home & Sch)-Vendors	86,940		86,940	86,940	-
Contracted Serv.(Other Bet. Home & Sch)-Vendors		2,065	2,065	2,065	-
Contracted Serv.(Reg. Students)-ESCs&CTSAs	37,922	(4,894)	33,028	33,028	-
Contracted Services (Spl. Ed. Students)- ESCs & CTSAs	211,087	122,833	333,920	333,920	-
Contracted Serv.-Aid in Lieu of Payments - Non-Public Schools	17,680	(663)	17,017	17,017	-
Total Student Transportation Services	<u>366,559</u>	<u>119,341</u>	<u>485,900</u>	<u>485,900</u>	<u>-</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	60,000	2,527	62,527	60,869	1,658
Other Retirement Contributions-PERS	70,000	6,811	76,811	76,811	-
Other Retirement Contributions-DCRP	2,000	3,300	5,300	1,904	3,396
Unemployment Insurance	12,000		12,000	11,787	213
Workmen's Compensation	30,000	(1,911)	28,089	25,937	2,152
Health Benefits	743,842	(67,149)	676,693	676,257	436
Tuition Reimbursement	20,000	(2,082)	17,918	17,918	-
Other Employee Benefits	15,326	(5,248)	10,078	9,223	855
Unused Sick Payment to Terminated/Retired Staff	-	17,000	17,000	16,525	475
Total Unallocated Benefits - Employee Benefits	<u>953,168</u>	<u>(46,752)</u>	<u>906,416</u>	<u>897,231</u>	<u>9,185</u>

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

EXPENDITURES	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
On-behalf TPAF Pension Payments Pension Contribution (Non-Budget)				\$ 181,637	\$ (181,637)
NCGI Premium (Non-Budget)				9,048	(9,048)
On-behalf TPAF Pension Payments Post Retirement Medical Contribution (Non-Budget)				227,054	(227,054)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	175,244	(175,244)
Total Undistributed Expenditures	\$ 5,825,582	\$ 116,212	\$ 5,941,794	6,338,601	(396,807)
Total Current Expenditures	8,199,751	92,484	8,292,235	8,660,288	(368,053)
CAPITAL OUTLAY					
Undistributed Expenditures					
Security	-	5,260	5,260	5,260	-
Total Equipment	-	5,260	5,260	5,260	-
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	1,245	126	1,371	1,245	126
Total Facilities Acquis. and Const. Services	1,245	126	1,371	1,245	126
Capital Assets Acquired under					
Capital Lease (non-Budget)	-	-	-	51,970	(51,970)
Total Capital Outlay Expenditures	1,245	5,386	6,631	58,475	(51,844)
Total Expenditures	8,200,996	97,870	8,298,866	8,718,763	(419,897)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(256,398)	(97,870)	(354,268)	(265,979)	88,289
Other Financing Sources (Uses)					
Capital Assets Acquired under Capital Lease (Non-Budget)				51,970	51,970
Transfers Out to Food Service Fund	(28,166)	-	(28,166)	(27,974)	192
Total Other Financing Sources/(Uses)	(28,166)	-	(28,166)	23,996	52,162
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures and Other Financing Sources	(284,564)	(97,870)	(382,434)	(241,983)	140,451
Fund Balance, Beginning of Year	1,833,401	-	1,833,401	1,833,401	-
Fund Balance, End of Year	\$ 1,548,837	\$ (97,870)	\$ 1,450,967	\$ 1,591,418	\$ 140,451

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

Recapitulation of Fund Balance

Restricted Fund Balance:	
Reserved Excess Surplus	\$ 63,072
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures	459,075
Capital Reserve	428,978
Maintenance Reserve	317,197
Assigned Fund Balance:	
Year-end Encumbrances	33,720
Unreserved-Designated for Subsequent Year's Expenditures	13,002
Unassigned Fund Balance	<u>276,374</u>
Reconciliation to Governmental Funds Statements (GAAP):	1,591,418
Less: Final State Aid and Extraordinary Aid Payments Not Recognized on GAAP Basis	<u>(44,720)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,546,698</u>

**MOONACHIE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 190,773	\$ 6,808	\$ 197,581	\$ 197,581	
Local	-	5,785	5,785	5,785	\$ -
	<u>190,773</u>	<u>12,593</u>	<u>203,366</u>	<u>203,366</u>	<u>-</u>
Total Revenues	<u>190,773</u>	<u>12,593</u>	<u>203,366</u>	<u>203,366</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	72,000	3,000	75,000	75,000	
Other Purchased Services	87,556	3,626	91,182	91,182	
General Supplies	4,822	(335)	4,487	4,487	-
	<u>164,378</u>	<u>6,291</u>	<u>170,669</u>	<u>170,669</u>	<u>-</u>
Total Instruction	<u>164,378</u>	<u>6,291</u>	<u>170,669</u>	<u>170,669</u>	<u>-</u>
Support Services					
Personal Services-Employee Benefits	18,720	780	19,500	19,500	
Purchased Professional/Technical Services	7,675	(263)	7,412	7,412	
Transportation	-	5,785	5,785	5,785	-
	<u>26,395</u>	<u>6,302</u>	<u>32,697</u>	<u>32,697</u>	<u>-</u>
Total Support Services	<u>26,395</u>	<u>6,302</u>	<u>32,697</u>	<u>32,697</u>	<u>-</u>
Total Expenditures	<u>190,773</u>	<u>12,593</u>	<u>203,366</u>	<u>203,366</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MOONACHIE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 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.

	General Fund	Special Revenue Fund	
Sources/Inflows of Resources			
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 8,452,784	\$ 203,366	
Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		3,595	
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2014/2015 State Aid)	39,538		
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)	(44,720)	-	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 8,447,602</u>	<u>\$ 206,961</u>	
Uses/Outflows of Resources (Exhibit B-2)			
Actual amounts (budgetary basis) total outflows from the Budgetary Comparison Schedule	\$ 8,718,763	\$ 203,366	
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes	-	3,595	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 8,718,763</u>	<u>\$ 206,961</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00743 %	0.00792 %	0.00817 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,668,903	\$ 1,483,923	\$ 1,561,290
District's Covered-Employee Payroll	\$ 503,178	\$ 497,994	\$ 528,600
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331.7%	298.0% %	295.0% %
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.

**MOONACHIE 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	\$ 76,811	\$ 63,508	\$ 61,708
Contributions in Relation to the Contractually Required Contribution	<u>76,811</u>	<u>63,508</u>	<u>61,708</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 503,178	\$ 497,994	\$ 528,600
Contributions as a Percentage of Covered-Employee Payroll	15.3%	12.8%	11.7%

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	-	-	-
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 16,447,196	\$ 13,176,585	\$ 12,885,122
Total	<u>\$ 16,447,196</u>	<u>\$ 13,176,585</u>	<u>\$ 12,885,122</u>
District's Covered-Employee Payroll	\$ 2,393,474	\$ 2,581,290	\$ 2,334,892
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	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.

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

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Part B Basic	IDEA Part B Preschool	NCLB Title I	NCLB Title II	NCLB Title III	Local Better Education	Total
REVENUES							
Intergovernmental							
Federal	\$ 86,006	\$ 5,176	\$ 95,451	\$ 7,412	\$ 3,536		\$ 197,581
Local	-	-	-	-	-	\$ 5,785	5,785
Total Revenues	<u>\$ 86,006</u>	<u>\$ 5,176</u>	<u>\$ 95,451</u>	<u>\$ 7,412</u>	<u>\$ 3,536</u>	<u>\$ 5,785</u>	<u>\$ 203,366</u>
EXPENDITURES							
Instruction							
Salaries of Teachers			\$ 75,000				\$ 75,000
Other Purchased Services	\$ 86,006	\$ 5,176					91,182
General Supplies	-	-	951	-	\$ 3,536	-	4,487
Total Instruction	<u>86,006</u>	<u>5,176</u>	<u>75,951</u>	<u>-</u>	<u>3,536</u>	<u>-</u>	<u>170,669</u>
Support Services							
Purchased Professional - Technical Services				\$ 7,412			7,412
Personal Services - Employee Benefits			19,500				19,500
Transportation	-	-	-	-	-	\$ 5,785	5,785
Total Support Services	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>7,412</u>	<u>-</u>	<u>5,785</u>	<u>32,697</u>
Total Expenditures	<u>\$ 86,006</u>	<u>\$ 5,176</u>	<u>\$ 95,451</u>	<u>\$ 7,412</u>	<u>\$ 3,536</u>	<u>\$ 5,785</u>	<u>\$ 203,366</u>

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

SCHEDULE F-1

**MOONACHIE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

SCHEDULE F-2

**SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**MOONACHIE BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 13,355	\$ 9,749	\$ 23,104
Total Assets	<u>\$ 13,355</u>	<u>\$ 9,749</u>	<u>\$ 23,104</u>
LIABILITIES			
Due to Student Groups	\$ 13,355		\$ 13,355
Payroll Deductions and Withholdings		\$ 6,223	6,223
Flex Spending Benefit	<u>-</u>	<u>3,526</u>	<u>3,526</u>
Total Liabilities	<u>\$ 13,355</u>	<u>\$ 9,749</u>	<u>\$ 23,104</u>

EXHIBIT H-2

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

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

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary School				
Robert L.Craig School	\$ 17,585	\$ 28,900	\$ 33,130	\$ 13,355
Due to Other Funds	<u>104</u>	<u>26</u>	<u>130</u>	<u>-</u>
 Total All Schools	 <u>\$ 17,689</u>	 <u>\$ 28,926</u>	 <u>\$ 33,260</u>	 <u>\$ 13,355</u>

PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 6,163	\$ 1,626,201	\$ 1,626,141	\$ 6,223
Accrued Salaries and Wages	-	1,839,189	1,839,189	-
Flex Spending Benefit	3,336	8,250	8,060	3,526
Due to Other Funds	<u>368</u>	<u>109</u>	<u>477</u>	<u>-</u>
 Total	 <u>\$ 9,867</u>	 <u>\$ 3,473,749</u>	 <u>\$ 3,473,867</u>	 <u>\$ 9,749</u>

LONG-TERM DEBT

**MOONACHIE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
2013 Savin Copier	\$ 34,951	\$ 18,704		\$ 7,167	\$ 11,537
2014 Savin Copier	45,000	29,858		8,897	20,961
2016 Savin Copier	51,970	-	\$ 51,970	4,264	47,706
		<u>\$ 48,562</u>	<u>\$ 51,970</u>	<u>\$ 20,328</u>	<u>\$ 80,204</u>

**MOONACHIE BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment In Capital Assets	\$ 532,697	\$ 769,699	\$ 1,012,537	\$ 1,116,150	\$ 1,370,646	\$ 1,889,488	\$ 4,693,363	\$ 5,239,360	\$ 4,836,231	\$ 4,561,781
Restricted	64,740	54,685	206,672	510,283	555,256	564,270	-	933,000	428,978	746,175
Unrestricted	488,227	617,105	633,768	599,242	661,115	729,313	944,692	(1,497,190)	(281,471)	(848,903)
Total Governmental Activities Net Assets	<u>\$ 1,085,664</u>	<u>\$ 1,441,489</u>	<u>\$ 1,852,977</u>	<u>\$ 2,225,675</u>	<u>\$ 2,587,017</u>	<u>\$ 3,183,071</u>	<u>\$ 5,638,055</u>	<u>\$ 4,675,170</u>	<u>\$ 4,983,738</u>	<u>\$ 4,459,053</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 2,520	\$ 2,160	\$ 1,799	\$ 1,438	\$ 7,518	\$ 5,752	\$ 4,168	\$ 2,584	\$ 1,000	
Unrestricted	29,645	31,155	5,686	16,596	19,827	17,408	23,983	32,163	33,259	\$ 46,304
Total Business-Type Activities Net Assets	<u>\$ 32,165</u>	<u>\$ 33,315</u>	<u>\$ 7,485</u>	<u>\$ 18,034</u>	<u>\$ 27,345</u>	<u>\$ 23,160</u>	<u>\$ 28,151</u>	<u>\$ 34,747</u>	<u>\$ 34,259</u>	<u>\$ 46,304</u>
District-Wide										
Net Investment In Capital Assets	\$ 535,217	\$ 771,859	\$ 1,014,336	\$ 1,117,588	\$ 1,378,164	\$ 1,895,240	\$ 4,697,531	\$ 5,241,944	\$ 4,837,231	\$ 4,561,781
Restricted	64,740	54,685	206,672	510,283	555,256	564,270	-	933,000	428,978	746,175
Unrestricted	517,872	648,260	639,454	615,838	680,942	746,721	968,675	(1,465,027)	(248,212)	(802,599)
Total District Net Assets	<u>\$ 1,117,829</u>	<u>\$ 1,474,804</u>	<u>\$ 1,860,462</u>	<u>\$ 2,243,709</u>	<u>\$ 2,614,362</u>	<u>\$ 3,206,231</u>	<u>\$ 5,666,206</u>	<u>\$ 4,709,917</u>	<u>\$ 5,017,997</u>	<u>\$ 4,505,357</u>

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,471,410	\$ 3,643,999	\$ 3,649,987	\$ 3,794,209	\$ 3,610,256	\$ 4,033,870	\$ 4,102,304	\$ 3,976,487	\$ 4,369,620	\$ 4,349,160
Special Education	801,710	887,769	1,075,749	959,073	1,191,304	1,147,451	1,460,510	992,906	1,394,625	1,831,291
Other Instruction	140,848	153,318	178,280	264,168	294,914	94,128	159,149	218,034	263,058	367,119
School Sponsored Activities And Athletics	24,357	28,998	28,602	33,733	33,948	25,614	40,005	50,056	35,439	31,983
Support Services:										
Student & Instruction Related Services	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000	1,156,475	1,263,991	1,455,445	1,158,132	1,265,087
School Administrative Services	162,026	151,700	209,138	178,693	188,779	166,274	132,510	130,493	180,874	301,344
General Administration	214,139	229,005	160,441	226,251	237,135	202,490	267,294	232,767	273,770	191,144
Central Services	150,782	170,550	172,925	179,337	186,269	208,125	201,209	215,369	226,485	934,258
Plant Operations And Maintenance	552,370	840,626	569,163	734,217	726,926	679,151	2,779,061	1,865,058	897,860	489,688
Pupil Transportation	279,323	273,376	303,911	270,785	315,537	256,886	326,803	317,611	318,019	198,000
Other Support Services										
Interest On Long-Term Debt	98,983	87,971	76,492	64,568	53,135	39,650	24,982	30,100	2,263	5,764
Total Governmental Activities Expenses	<u>6,920,397</u>	<u>7,585,949</u>	<u>7,508,638</u>	<u>7,843,278</u>	<u>8,039,203</u>	<u>8,010,114</u>	<u>10,757,818</u>	<u>9,484,326</u>	<u>9,120,145</u>	<u>9,964,838</u>
Business-Type Activities:										
Food Service	101,048	122,321	160,018	101,122	112,432	106,993	99,167	105,528	139,635	155,041
Total Business-Type Activities Expense	<u>101,048</u>	<u>122,321</u>	<u>160,018</u>	<u>101,122</u>	<u>112,432</u>	<u>106,993</u>	<u>99,167</u>	<u>105,528</u>	<u>139,635</u>	<u>155,041</u>
Total District Expenses	<u>\$ 7,021,445</u>	<u>\$ 7,708,270</u>	<u>\$ 7,668,656</u>	<u>\$ 7,944,400</u>	<u>\$ 8,151,635</u>	<u>\$ 8,117,107</u>	<u>\$ 10,856,985</u>	<u>\$ 9,589,854</u>	<u>\$ 9,259,780</u>	<u>\$ 10,119,879</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 243,997	\$ 332,749	\$ 484,055	\$ 464,317	\$ 486,988	\$ 468,392	\$ 199,041	\$ 142,273	\$ 246,086	\$ 110,042
Operating Grants And Contributions	980,389	1,188,775	803,811	844,361	878,814	1,017,059	3,800,588	2,047,191	2,023,150	2,003,655
Capital Grants And Contributions	-	-	-	-	-	-	-	553,568	-	-
Total Governmental Activities Program Revenues	<u>1,224,386</u>	<u>1,521,524</u>	<u>1,287,866</u>	<u>1,308,678</u>	<u>1,365,802</u>	<u>1,485,451</u>	<u>3,999,629</u>	<u>2,743,032</u>	<u>2,269,236</u>	<u>2,113,697</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges For Services										
Food Service	\$ 27,414	\$ 26,762	\$ 31,092	\$ 29,558	\$ 25,634	\$ 17,208	\$ 12,135	\$ 18,947	\$ 33,844	\$ 40,446
Operating Grants And Contributions	35,213	38,199	47,145	56,998	65,901	66,404	63,012	60,322	78,448	98,617
Total Business Type Activities Program Revenues	62,627	64,961	78,237	86,556	91,535	83,612	75,147	79,269	112,292	139,063
Total District Program Revenues	\$ 1,287,013	\$ 1,586,485	\$ 1,366,103	\$ 1,395,234	\$ 1,457,337	\$ 1,569,063	\$ 4,074,776	\$ 2,822,301	\$ 2,381,528	\$ 2,252,760
Net (Expense)/Revenue										
Governmental Activities	\$ (5,696,011)	\$ (6,064,425)	\$ (6,220,772)	\$ (6,534,600)	\$ (6,673,401)	\$ (6,524,663)	\$ (6,758,189)	\$ (6,741,294)	\$ (6,850,909)	\$ (7,851,141)
Business-Type Activities	(38,421)	(57,360)	(81,781)	(14,566)	(20,897)	(23,381)	(24,020)	(26,259)	(27,343)	(15,978)
Total District-Wide Net Expense	\$ (5,734,432)	\$ (6,121,785)	\$ (6,302,553)	\$ (6,549,166)	\$ (6,694,298)	\$ (6,548,044)	\$ (6,782,209)	\$ (6,767,553)	\$ (6,878,252)	\$ (7,867,119)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543	\$ 7,200,734
Unrestricted Grants And Contributions	56,243	72,426	266,610	185,810	19,345	18,663	17,264	16,799	23,060	24,220
Loss On Disposal Of Capital Asset	-	(19,700)								
Gain on Impairment of Assets							1,866,964	-		
Investment Earnings	41,074									
Miscellaneous Income	107,211	297,516	110,242	141,964	152,974	101,735	204,683	110,946	103,612	129,476
Transfers	(45,792)	(57,464)	(55,652)	(25,017)	(30,038)	(19,150)	(28,914)	(32,730)	(26,738)	(27,974)
Total Governmental Activities	6,048,107	6,420,250	6,632,260	6,907,298	7,034,743	7,120,717	9,213,173	7,339,699	7,159,477	7,326,456
Business-Type Activities:										
Investment Earnings	1,106	1,046	299	98	170	46	97	125	117	49
Transfers	45,792	57,464	55,652	25,017	30,038	19,150	28,914	32,730	26,738	27,974
Total Business-Type Activities	46,898	58,510	55,951	25,115	30,208	19,196	29,011	32,855	26,855	28,023
Total District-Wide	\$ 6,095,005	\$ 6,478,760	\$ 6,688,211	\$ 6,932,413	\$ 7,064,951	\$ 7,139,913	\$ 9,242,184	\$ 7,372,554	\$ 7,186,332	\$ 7,354,479
Change In Net Position										
Governmental Activities	\$ 352,096	\$ 355,825	\$ 411,488	\$ 372,698	\$ 361,342	\$ 596,054	\$ 2,454,984	\$ 598,405	\$ 308,568	\$ (524,685)
Business-Type Activities	8,477	1,150	(25,830)	10,549	9,311	(4,185)	4,991	6,596	(488)	12,045
Total District	\$ 360,573	\$ 356,975	\$ 385,658	\$ 383,247	\$ 370,653	\$ 591,869	\$ 2,459,975	\$ 605,001	\$ 308,080	\$ (512,640)

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

	2007	2008	2009	2010	Fiscal Year Ended June 30,		2013	2014	2015	2016
					2011	2012				
General Fund										
Reserved	\$ 473,131	\$ 554,858	\$ 765,408	\$ 1,132,079						
Unreserved	425,289	393,861	328,515	187,456						
Restricted					\$ 620,773	\$ 931,200	\$ 744,217	\$ 1,203,000	\$ 1,475,250	\$ 1,268,322
Committed					157,355					
Assigned					3,101	245,609	835,754	164,484	95,149	46,722
Unassigned					237,200	216,042	100,272	226,031	223,464	231,654
Total General Fund	\$ 898,420	\$ 948,719	\$ 1,093,923	\$ 1,319,535	\$ 1,018,429	\$ 1,392,851	\$ 1,680,243	\$ 1,593,515	\$ 1,793,863	\$ 1,546,698
All Other Governmental Funds										
Reserved							\$ (663,306)	\$ (507,336)		
Unreserved	\$ (644)	\$ (2,370)								
Restricted					\$ 373,812					
Total All Other Governmental Funds	\$ (644)	\$ (2,370)	\$ -	\$ -	\$ 373,812	\$ -	\$ (663,306)	\$ (507,336)	\$ -	\$ -

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543	\$ 7,200,734
Tuition Charges	243,997	332,749	484,055	464,317	486,988	468,392	199,041	142,273	246,086	110,042
Interest Earnings	41,074									
Miscellaneous	107,211	297,516	110,242	141,965	152,974	101,735	204,683	280,325	107,638	138,856
State Sources	880,115	1,108,906	912,133	795,633	620,917	801,991	982,560	860,037	946,985	1,007,350
Federal Sources	156,517	152,295	158,288	234,538	277,242	233,731	198,633	204,197	192,492	197,581
Total Revenue	7,318,285	8,018,938	7,975,778	8,240,994	8,430,583	8,625,318	8,738,093	8,731,516	8,552,744	8,654,563
Expenditures										
Instruction										
Regular Instruction	3,454,256	3,672,686	3,634,507	3,801,188	3,599,480	4,026,463	4,096,595	3,949,939	4,016,718	3,861,054
Special Education Instruction	800,461	884,823	1,074,402	954,534	1,188,785	1,150,300	1,452,786	999,436	1,288,406	1,685,563
Other Instruction	140,848	153,318	177,865	264,072	296,057	89,288	174,769	217,808	232,086	321,048
School Sponsored Activities And Athletics	24,357	28,998	28,602	33,733	33,948	25,614	40,005	50,056	30,922	26,623
Support Services:										
Student & Inst. Related Services	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000	1,156,475	1,263,991	1,455,445	1,113,869	1,180,078
General Administration	206,644	220,973	201,059	214,963	225,845	191,855	267,294	232,767	251,735	263,600
School Administrative Services	142,294	137,536	140,161	149,054	159,371	134,271	132,190	130,173	148,359	145,325
Central Services	151,144	170,072	172,970	176,694	184,096	197,490	201,209	199,221	512,589	667,471
Plant Operations And Maintenance	469,923	751,997	479,986	610,108	602,751	562,057	2,668,026	1,697,034	318,019	489,657
Pupil Transportation	279,323	273,376	303,911	270,785	315,537	256,886	326,803	317,611	199,277	197,649
Other Support Services										
Capital Outlay	40,053	134,247	161,035	13,778	148,984	431,676	3,076,199	456,429	22,411	57,230
Debt Service:										
Principal	260,000	275,000	280,000	295,000	315,000	339,424	366,199	323,105	15,215	20,328
Interest And Other Charges	102,116	91,238	79,825	68,212	56,985	43,759	29,357	29,465	3,085	10,098
Total Expenditures	7,095,868	7,912,901	7,818,273	7,990,365	8,327,839	8,605,558	14,095,423	10,058,489	8,152,691	8,925,724
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	222,417	106,037	157,505	250,629	102,744	19,760	(5,357,330)	(1,326,973)	400,053	(271,161)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			45,721				34,951	45,000		51,970
Super Storm Sandy Insurance Recovery							4,975,379	1,383,945	334,369	-
Transfers In					483,750	18,032			507,336	-
Transfers Out	(45,792)	(57,464)	(55,652)	(25,017)	(513,788)	(37,182)	(28,914)	(32,730)	(534,074)	(27,974)
Total Other Financing Sources (Uses)	(45,792)	(57,464)	(9,931)	(25,017)	(30,038)	(19,150)	4,981,416	1,396,215	307,631	23,996
Net Change In Fund Balances	\$ 176,625	\$ 48,573	\$ 147,574	\$ 225,612	\$ 72,706	\$ 610	\$ (375,914)	\$ 69,242	\$ 707,684	\$ (247,165)
Debt Service As A Percentage Of										
Noncapital Expenditures	5.13%	4.71%	4.70%	4.55%	4.55%	4.69%	3.59%	3.67%	0.23%	0.34%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Miscellaneous</u>						<u>Total</u>
	<u>Tuition</u>	<u>Restricted Revenue</u>	<u>Interest on Investments</u>	<u>Rent</u>	<u>Donations</u>	<u>Refunds and Miscellaneous</u>	
2007	\$ 243,997		\$ 41,074	\$ 72,931		\$ 34,280	\$ 392,282
2008	332,749	\$ 181,610	41,213	76,578		(1,885)	630,265
2009	484,055		13,330	80,407		16,505	594,297
2010	464,317		15,913	84,427		41,625	606,282
2011	486,988		15,980	92,954		44,040	639,962
2012	468,392		3,614	89,999		8,122	570,127
2013	199,041		2,806	18,450	\$ 150,000	33,427	403,724
2014	142,273		3,892	94,555	16,773	(4,274)	253,219
2015	246,086		3,314	96,446		3,852	349,698
2016	110,042		4,308	99,275		25,893	239,518

Source: District Records

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 11,736,800	\$ 229,588,690			\$ 73,732,800	\$ 488,304,800		\$ 803,363,090	\$ 1,106,343	\$ 804,469,433	\$ 796,450,859	\$ 0.762
2008	10,872,600	231,640,090			66,137,200	488,537,500		797,187,390	1,119,290	798,306,680	836,887,180	0.791
2009	10,670,100	231,958,190			65,975,300	480,149,700		788,753,290	1,419,292	790,172,582	837,533,382	0.836
2010	7,446,500	231,896,290			65,975,300	479,436,500		784,754,590	1,546,129	786,300,719	806,265,956	0.876
2011	8,641,000	232,467,385			65,617,000	478,531,500		785,256,885	1,237,431	786,494,316	731,355,696	0.893
2012	8,641,000	232,620,485			65,617,000	475,238,400		782,116,885	1,131,513	783,248,398	842,731,657	0.913
2013	8,623,700	229,347,040			64,948,870	471,276,760		774,196,370	1,131,513	775,327,883	693,703,463	0.934
2014	7,681,800	226,470,145			64,511,470	474,327,140		772,990,555	1,040,609	774,031,164	863,948,156	0.912
2015	6,596,600	223,307,835			62,270,870	445,329,680		737,504,985	1,115,126	738,620,111	814,020,842	0.975
2016	4,552,700	194,844,500			68,466,400	441,416,700		709,280,300	1,015,396	710,295,696	805,902,045	1.034

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2007	\$1.520	\$.762	\$.580	\$.178
2008	1.641	.791	.659	.191
2009	1.712	.836	.673	.203
2010	1.805	.876	.730	.199
2011	1.837	.893	.751	.193
2012	1.930	.913	.780	.237
2013	1.943	.934	.803	.206
2014	2.001	.912	.830	.259
2015	2.111	.975	.904	.232
2016	2.379	1.034	1.07	0.275

(1) County Tax rate includes Open Space Tax.

Source: Tax Duplicate, Borough of Moonachie

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Forsgate Industries	\$ 59,892,700	8%		
TR Moonachie, LLC	17,063,900	2%		
Forsgate Ventures VII LLC	16,034,400	2%		
Cornerstone Patriot Holding	14,443,600	2%		
Dominick Associates, LLC	10,980,900	2%		
Flight Safety International	10,205,800	1%		
LPS Industries	10,076,500	1%		
Jeni LLC	9,696,000	1%		
SWS Moonachie Associates	9,224,700	1%		
AMB US Logistics	9,215,000	1%		
	\$ 166,833,500	23.49%	Not Available	
			\$ -	\$ -

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 5,889,371	\$ 5,889,371	100.00%	
2008	6,127,472	6,127,472	100.00%	
2009	6,311,060	6,311,060	100.00%	
2010	6,604,541	6,604,541	100.00%	
2011	6,892,462	6,892,462	100.00%	
2012	7,019,469	7,019,469	100.00%	
2013	7,153,176	7,153,176	100.00%	
2014	7,244,684	7,244,684	100.00%	
2015	7,059,543	7,059,543	100.00%	
2016	7,200,734	7,200,734	100.00%	

Source: District records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2007	\$ 2,140,000	\$ 41,985	\$ 2,181,985	2,758	\$ 791
2008	1,865,000	30,655	1,895,655	2,751	689
2009	1,585,000	64,197	1,649,197	2,753	599
2010	1,290,000	51,230	1,341,230	2,711	495
2011	975,000	37,554	1,012,554	2,725	372
2012	650,000	23,130	673,130	2,735	246
2013	310,000	31,882	341,882	2,757	124
2014		63,777	63,777	2,765	23
2015		48,562	48,562	2,788	17
2016		80,204	80,204	2,788 *	29

Source: District records

* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 2,140,000		\$ 2,140,000	0.27%	776
2008	1,865,000		1,865,000	0.23%	678
2009	1,585,000		1,585,000	0.20%	576
2010	1,290,000		1,290,000	0.16%	476
2011	975,000		975,000	0.12%	358
2012	650,000		650,000	0.08%	238
2013	310,000		310,000	0.04%	112
2014	-		-	0.00%	-
2015	-		-	0.00%	-
2016	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

MOONACHIE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Moonachie School District	-	-	
Borough of Moonachie	\$ 15,847,967	\$ 2,456,341	\$ 13,391,626
	<u>\$ 15,847,967</u>	<u>\$ 2,456,341</u>	<u>\$ 13,391,626</u>
Overlapping debt Apportioned to the Municipality:			
Bergen County			4,769,518
Bergen County Utilities Authority - Water Pollution (2)			<u>1,891,238</u>
			<u>6,660,756</u>
Total Direct and Overlapping Debt			<u>\$ 20,052,382</u>

Sources:

- (1) Borough of Moonachie Annual Debt Statement
- (2) BCUA 2015 Audit
- (3) Bergen County Debt Statement December 31, 2015

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 888,560,223
	2014 843,507,808
	2013 857,455,277
	<u>\$ 2,589,523,308</u>
Average equalized valuation of taxable property	\$ 863,174,436
Debt limit (3 %	25,895,233
Total Net Debt Applicable to Limit	<u>-</u>
	<u>\$ 25,895,233</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 21,676,841	\$ 23,486,283	\$ 24,520,609	\$ 24,659,395	\$ 23,569,186	\$ 23,588,121	\$ 22,504,875	\$ 23,865,283	\$ 23,924,288	\$ 25,895,233
Total net debt applicable to limit	<u>1,940,000</u>	<u>1,695,000</u>	<u>1,445,000</u>	<u>1,180,000</u>	<u>900,000</u>	<u>610,000</u>	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 19,736,841</u>	<u>\$ 21,791,283</u>	<u>\$ 23,075,609</u>	<u>\$ 23,479,395</u>	<u>\$ 22,669,186</u>	<u>\$ 22,978,121</u>	<u>\$ 22,194,875</u>	<u>\$ 23,865,283</u>	<u>\$ 23,924,288</u>	<u>\$ 25,895,233</u>
Total net debt applicable to the limit as a percentage of debt limit	8.95%	7.22%	5.89%	4.79%	3.82%	2.59%	1.38%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	2,758	\$ 67,394	2.50%
2008	2,751	68,227	3.30%
2009	2,753	63,198	6.00%
2010	2,711	65,486	6.10%
2011	2,725	65,486	6.00%
2012	2,734	66,096	6.10%
2013	2,757	69,919	9.20%
2014	2,765	73,536	7.90%
2015	2,788	73,536 *	6.90%
2016	2,788 *	73,536 *	N/A

Source: New Jersey State Department of Education

* Estimate

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

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

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	21.4	21.4	20.6	20.6	20.6	20.8	23.0	24.1	24.8	24.8
Special education	4.0	4.0	5.0	5.0	5.0	5.0	5.6	5.0	5.5	5.5
Other special education	0.8	0.8	0.8	0.8	0.8	-	-	-		
Other instruction	2.0	2.0	1.0	1.0	1.0	1.0	1.0	-		
Support Services:										
Student & instruction related services	14.0	13.5	15.0	15.0	15.0	12.5	11.0	9.0	10.0	10.0
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5
Other support services	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	<u>52.2</u>	<u>51.2</u>	<u>51.9</u>	<u>51.9</u>	<u>51.9</u>	<u>48.3</u>	<u>49.6</u>	<u>47.1</u>	<u>49.8</u>	<u>49.8</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Teacher/Pupil Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	383	\$ 6,693,699	\$ 17,477	5.96%	29	1:9	267	253	-5.32%	94.76%
2008	359	7,412,416	20,647	18.14%	29	1:9	270	255	1.12%	94.44%
2009	355	7,297,413	20,556	-0.44%	28	1:10	279	256	3.33%	91.76%
2010	353	7,613,374	21,568	4.92%	28	1:10	275	261	-1.43%	94.91%
2011	351	7,806,870	22,242	3.13%	28	1:10	285	269	3.64%	94.39%
2012	365	7,790,699	21,344	-4.03%	28	1:10	282	277	-1.05%	98.23%
2013	377	10,623,668 (1)	28,179	32.02%	30	1:10	276	260	-2.13%	94.20%
2014	353	9,249,490 (2)	26,203	-7.02%	29	1:10	288	273	4.35%	94.79%
2015	403	8,111,980	20,129	-28.57%	30	1:10	293	280	1.74%	95.56%
2016	401	8,838,068	22,040	-15.89%	30	1:10	289	304	-1.37%	105.19%

Sources: District records

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

(1) Includes \$2,096,487 of trailer rental costs related to Hurricane Sandy.

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

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

	<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>Elementary</u>										
Square Feet	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	274	275	275	275	275	287	276	288	295	304

Number of Schools at June 30, 2015
Elementary = 1

Source: District Records

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

	<u>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										
Robert L. Craig Elementary School	<u>\$ 114,242</u>	<u>\$ 109,712</u>	<u>\$ 83,436</u>	<u>\$ 88,472</u>	<u>\$ 86,808</u>	<u>\$ 76,715</u>	<u>\$ 78,026</u>	<u>\$ 108,975</u>	<u>\$ 80,715</u>	<u>\$ 203,995</u>
Grand Total	<u>\$ 114,242</u>	<u>\$ 109,712</u>	<u>\$ 83,436</u>	<u>\$ 88,472</u>	<u>\$ 86,808</u>	<u>\$ 76,715</u>	<u>\$ 78,026</u>	<u>\$ 108,975</u>	<u>\$ 80,715</u>	<u>\$ 203,995</u>

Source: School District's Financial Statements

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

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

Source: School District's Records

(1) Pooled coverage

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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
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ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
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
Moonachie Board of Education
Moonachie, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moonachie Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Moonachie Board of Education's basic financial statements and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Moonachie Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 22, 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 Moonachie Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Moonachie Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 Moonachie 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 November 22, 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2016

**MOONACHIE 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 July 1, 2015	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2016			MEMO * GAAP * Receivable
										Unearned Revenue	(Account Receivable)	Due to Grantor	
U.S. Department of Education													
Passed-through State Department of Education													
National School Lunch Program	10.555	1616NJ304N1099	N/A	9/1/15-6/30/16	\$ 72,198		\$ 67,935	\$ 72,198			\$ (4,263)		* \$ (4,263)
National School Lunch Program	10.555		N/A	9/1/14-6/30/15	58,268	\$ (4,095)	4,095						*
National School Breakfast Program	10.553	1616NJ304N1099	N/A	9/1/15-6/30/16	24,629		22,848	24,629			(1,781)		* (1,781)
National School Breakfast Program	10.553		N/A	9/1/14-6/30/15	18,664	(1,653)	1,653						*
Special Milk Program for Children	10.556	1616NJ304N1099	N/A	9/1/15-6/30/16	261		239	261			(22)		* (22)
Special Milk Program for Children	10.556		N/A	9/1/14-6/30/15	223	(12)	12						*
<i>Total U.S. Department of Agriculture- Child Nutrition Cluster</i>						<u>(5,760)</u>	<u>96,782</u>	<u>97,088</u>	<u>-</u>	<u>-</u>	<u>(6,066)</u>	<u>-</u>	* <u>(6,066)</u>
U.S. Department of Education													
Passed-through State Department of Education													
NCLB Consolidated													
Title I	84.010A	S010A150030	NCLB306011	7/1/15-6/30/16	95,451		95,451	95,451					*
Title II	84.281A	S367A150029	NCLB306011	7/1/15-6/30/16	7,412		7,412	7,412					*
Title III	84.365	S365A150030	NCLB306011	7/1/15-6/30/16	3,536		3,536	3,536					*
IDEIA Part B, Basic	84.027A	H027A150100	IDEA306011	7/1/15-6/30/16	86,006		86,006	86,006					*
IDEIA Part B, Preschool	84.173	H173A150114	IDEA306011	7/1/15-6/30/16	5,176	-	5,176	5,176					*
<i>IDEIA Cluster</i>								<u>91,182</u>					*
<i>Total U.S. Department of Education</i>						<u>-</u>	<u>197,581</u>	<u>197,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	* <u>-</u>
U.S. Department of Education													
Passed-through State Department of Education													
FEMA-Disaster Grant													
Hurricane Sandy	97.036		N/A		1,719	540	-	-				\$ 540	* -
<i>Total U.S. Department of Homeland Security</i>						<u>540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540</u>	* <u>-</u>
<i>Total Federal Financial Assistance</i>						<u>\$ (5,220)</u>	<u>\$ 294,363</u>	<u>\$ 294,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,066)</u>	<u>\$ 540</u>	* <u>\$ (6,066)</u>

Note - This schedule was not subject to an audit in accordance with the U.S. Uniform Guidance
Note- Fain numbers are only applicable to the current year grant award.

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Jul 1, 2015	Cash Received	Budgetary Expenditures	Cancelled Prior Years Balances	Balance, June 30, 2016			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
<i>General Fund</i>												
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 212,409		\$ 200,435	\$ 212,409		\$ (11,974)				\$ 212,409
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	212,409	\$ (16,494)	16,494							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	71,280		67,289	71,280		(3,991)				71,280
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	71,280	(5,535)	5,535							
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	16,590		15,703	16,590		(887)				16,590
Adjustment Aid	15-495-034-5120-085	7/1/13-6/30/14	16,590	(1,288)	1,288							
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,560		3,338	3,560		(222)				3,560
PARCC Readiness Aid	15-495-034-5120-098	7/1/15-6/30/15	3,560	(277)	277							-
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,560		3,338	3,560		(222)				3,560
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,560	(276)	276							-
<i>State Aid Public Cluster</i>						<u>307,399</u>						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	85,776		80,898	85,776		(4,878)				\$ 85,776
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	85,776	(6,661)	6,661							
Additional Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	3,828		-	3,828		(3,828)			\$ (3,828)	3,828
Additional Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	3,882	(3,882)	3,882							-
<i>Transportation Aid Cluster</i>						<u>89,604</u>						
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	22,546		-	22,546		(22,546)				22,546
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	9,120	(9,007)	9,007							
<i>On-Behalf Payments</i>												
TPAF Pension Contributions	16-495-034-5094-002	7/1/15-6/30/16	181,637		181,637	181,637						181,637
TPAF Pension - NCGI Premium	16-100-034-5094-004	7/1/15-6/30/16	9,048		9,048	9,048						9,048
TPAF Pension-Post Retirement Medical	16-100-034-5094-001	7/1/15-6/30/16	227,054		227,054	227,054						227,054
TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	175,244		166,578	175,244		(8,666)			(8,666)	175,244
TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	177,787	(8,667)	8,667							-
<i>On-Behalf Payments Cluster</i>						<u>592,983</u>						
Total General Fund				<u>(52,087)</u>	<u>1,007,405</u>	<u>1,012,532</u>	<u>-</u>	<u>-</u>	<u>(57,214)</u>	<u>-</u>	<u>(12,494)</u>	<u>1,012,532</u>
State Department of Agriculture												
<i>Enterprise Fund</i>												
National School Lunch Program	16-100-034-3350-023	9/1/15-6/30/16	1,529		1,442	1,529		(87)			(87)	1,529
National School Lunch Program	15-100-034-3350-023	9/1/14-6/30/15	1,293	(86)	86							-
Total Enterprise Fund				<u>(86)</u>	<u>1,528</u>	<u>1,529</u>	<u>-</u>	<u>-</u>	<u>(87)</u>	<u>-</u>	<u>(87)</u>	<u>1,529</u>
Total State Financial Assistance Subject to a Single Audit Determination				<u>\$ (52,173)</u>	<u>\$ 1,008,933</u>	<u>1,014,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,301)</u>	<u>\$ -</u>	<u>\$ (12,581)</u>	<u>\$ 1,014,061</u>
Less On-Behalf Pension and Annuity Aid												
On-Behalf TPAF Pension Contributions						181,637						
On-Behalf TPAF Pension - NCGI Premiums						9,048						
On-Behalf TPAF Post Retirement Medical Contributions						227,054						
Total State Financial Assistance Subject to Major Program Determination						<u>\$ 596,322</u>						

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

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Moonachie Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the 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 \$5,182 for the general fund and an increase of \$3,595 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		\$ 1,007,350	\$ 1,007,350
Special Revenue Fund	\$ 197,581	-	197,581
Food Service Fund	<u>97,088</u>	<u>1,529</u>	<u>98,617</u>
Total Financial Assistance	<u>\$ 294,669</u>	<u>\$ 1,008,879</u>	<u>\$ 1,303,548</u>

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

TPAF Social Security contributions in the amount of \$175,244 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 \$190,685 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$227,054 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 elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

MOONACHIE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

State Awards

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

Internal Control over major programs:

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

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

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

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursable Social Security
_____	_____
_____	_____
_____	_____
_____	_____

**MOONACHIE BOARD OF EDUCATION
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.

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

Part 3 – Schedule of State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

There are none.

**MOONACHIE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 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* and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.