

MOUNTAINSIDE SCHOOL DISTRICT

***BOROUGH OF MOUNTAINSIDE
BOARD OF EDUCATION***

***COUNTY OF UNION
MOUNTAINSIDE, NEW JERSEY***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2017***

**MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2016**

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INTRODUCTORY SECTION



Mountainside School District

Beechwood School
1497 Woodacres Drive
Mountainside, NJ 07092

Phone: (908) 301-9104 Fax: (908) 301-1249

Deerfield School
302 Central Avenue
Mountainside, NJ 07092

Phone: (908) 232-8828 Fax: (908) 232-7338

Eric Larson

<http://www.mountainsideschools.org>

School Business Administrator/Board Secretary

November 16, 2017

Honorable President and
Members of the Board of Education
Mountainside Public Schools
1497 Woodacres Drive
Mountainside, New Jersey 07092

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (C.A.F.R.) of the Mountainside Public School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The C.A.F.R. is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements, management's discussion and analysis, and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act, as amended, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Mountainside Public School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Mountainside 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.

These services include general as well as special education (grades Pre-K through 8) programs. The District completed the 2015-2015 fiscal year with an in district enrollment of 761 students, which is 14 students (1.9%) above the previous year's enrollment. The following details the changes in the student enrollment of the District over a five-year period. These figures do not include those students sent out of district for special education placements.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2016-17	718	-2.8
2015-2016	734	-3.7
2014-2015	761	+1.9
2013-2014	747	-3.9
2012-2013	778	-3.9

2. ECONOMIC CONDITION AND OUTLOOK:

The district's financial condition is sound. Assessed property values are slightly ahead of where they were a year ago, and estimated true values also increased. The district anticipates steady enrollment.

3. MAJOR INITIATIVES CURRENTLY UNDERWAY:

- The district is nearing completion of the facilities projects funded by the \$19 million bond referendum passed on March 11, 2014. The remaining projects as of June 30 were mechanical upgrades to Deerfield and district site improvements. These projects were completed by the Fall of 2017. There are minimal funds remaining which will likely be utilized in the 17-18 school year. The district is very satisfied with the completed projects and due to costs coming in under budget, was able to do additional improvements including lockers, lighting, classroom doors, insulation, internal window blinds, the media center rear vestibule and district wide paving including drainage improvement.
- Further expansion of the Pre-K program. In 2017-18 we expanded the pre-school program from one full day section to two full day sections. WE also included 31/2 year olds in order to support special needs students with interventions as early as possible.
- Changing our school website to School Wires. This has enabled us to provide more information better communicate about the school district with Mountainside families and with the greater community
- In 2017-18 the district changed the administrative structure to better streamline oversight and to provide leadership opportunities to teachers. We have one less administrator, but we better used these funds to create stipend positions to improve horizontal and vertical communication with the faculty.
- In anticipation of the new state Science Assessment in Spring, 2018 we developed a new science curriculum K-8 that addresses the Next Generation Science Standards and better prepares our students for the next assessment.
- In 2017-18 we moved from leasing Power School services from Berkeley Heights, to purchasing our own Power School network. This will greatly improve student data management, including report card and grade information, emergency information, and scheduling.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). An 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 single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS:

A District's accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note I.

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2017, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenue	2016-17 Amount	Percent of Total	Increase (Decrease) From 2015-16	Percent of Increase (Decrease)
Local Sources	16,858,822.91	86.4%	622,475.53	3.8%
State Sources	2,406,786.84	12.3%	46,585.43	2.0%
Federal Sources	<u>244,513.39</u>	<u>1.3%</u>	<u>(29,553.45)</u>	<u>-10.8%</u>
Totals	<u>\$19,510,123.14</u>	<u>100.00%</u>	<u>\$639,507.51</u>	<u>3.3%</u>

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increase/ (decrease) in relation to the prior year.

Expenditures	2016-2017 Amount	Percent of Total	Increase (Decrease) From 2014-15	Percent of Increase (Decrease)
Current Expense	17,731,068.29	89.8%	892,840.71	6.6%
Capital Outlays	21,469.00	0.1%	0.00	0.0%
Special Revenues	282,232.02	1.4%	(80,136.33)	-22.1%
Debt Service	<u>1,716,933.78</u>	<u>8.7%</u>	<u>58,565.43</u>	<u>3.5%</u>
Totals	<u>\$19,751,703.09</u>	<u>100.0%</u>	<u>\$871,269.81</u>	<u>4.6%</u>

8. DEBT ADMINISTRATION:

The Board was paying an interest rate of 4.625% on a principal balance of \$3,463,000 remaining on bonds issued in July of 2001. Market conditions dictated that refunding of this outstanding balance was in order. On February 24, 2011, this remaining balance was refinanced at an annual interest savings of \$21,803. At June 30, 2017, the District had \$1,810,000 of these school bonds issued and outstanding. As previously mentioned, the District sold \$19.484 million in bonds on July 8, 2014 at rates that were far below historical norms. The Board began making annual principal payments on this issue during 2015-16, and an outstanding balance of \$18.055 million remained at June 30, 2017.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect 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.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to, general liability and comprehensive collision, hazard and theft insurance on property and contents, and fidelity bonds. Exhibit J-20 provides a summary of the coverage amounts and deductibles.

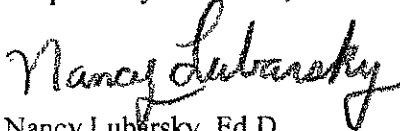
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, P.A. 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 and the related New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

I would like to express my appreciation to the members of the Mountainside Board of Education for taking initiative to provide fiscal accountability to the taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff members.

Respectfully Submitted,



Nancy Lubarsky, Ed.D.
Chief School Administrator



Eric Larson
School Business Administrator

BOROUGH OF MOUNTAINSIDE BOARD OF EDUCATION
UNION COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2017

Members of the Board of Education

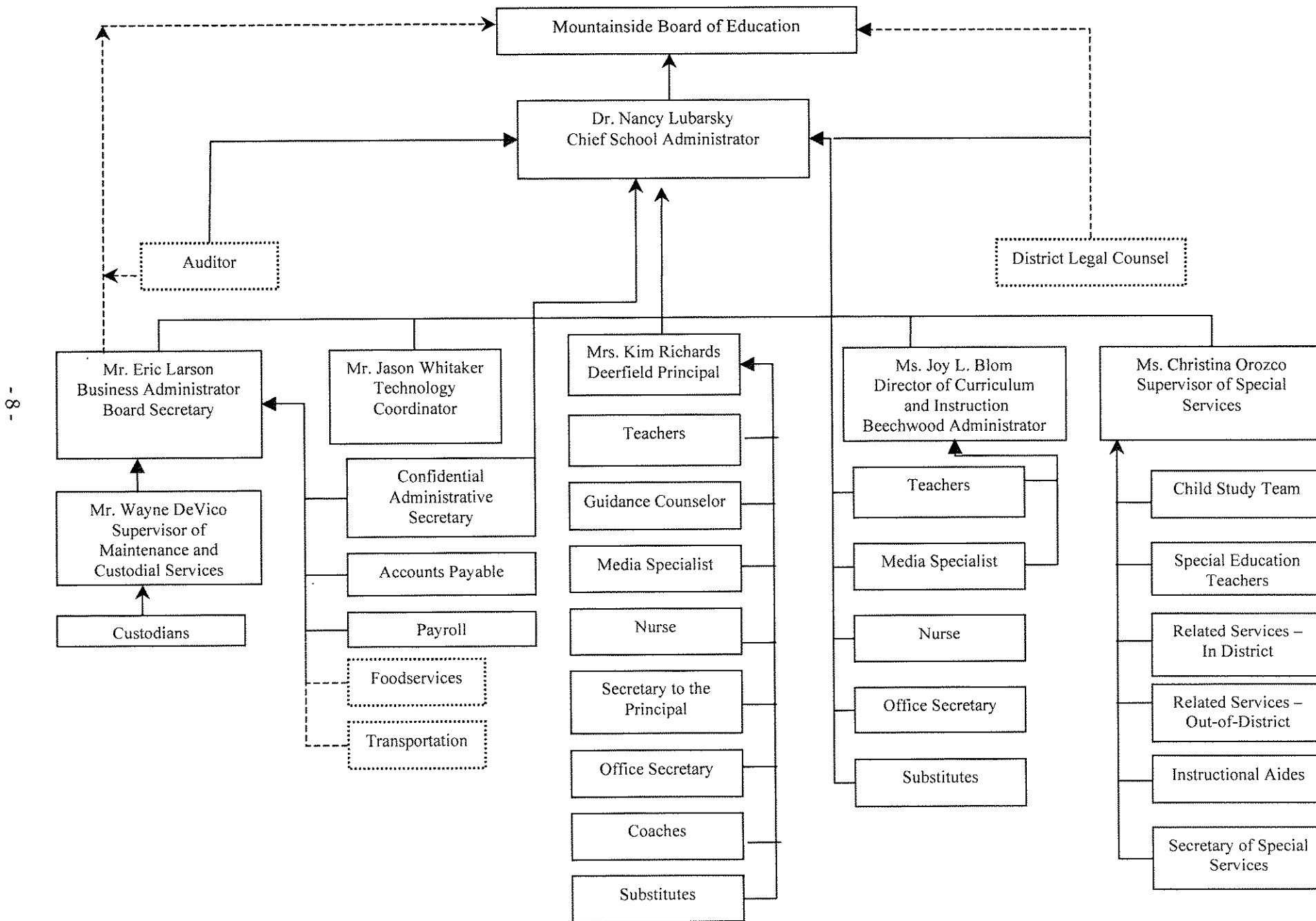
Term Expires

James Ruban, Jr., President	2019
Christopher Minks, Vice President	2019
Dante Gioia	2017
Cathy Jakositz	2017
Kate Motz	2018
Jeane Parker	2018
Carmin Venes	2019

Other Officials

Dr. Nancy Lubarsky, Chief School Administrator
Eric Larson, Board Secretary/School Business Administrator
Isabel Machado, Esq., Board Attorney

**Mountainside School District
Organizational Chart
2016-2017**



**MOUNTAINSIDE BOARD OF EDUCATION
Consultants and Advisors**

Attorney

Machado Law Group
Clark Parkway Plaza
136 Central Avenue
Clark, NJ 07066

Bond Counsel

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, NJ

Audit Firm

Hodulik & Morrison, P.A.
1102 Raritan Avenue
P.O. Box 1450
Highland Park, NJ 08904

Financial Advisor

Acacia Financial Group, Inc.
Marlton, NJ

Official Depository

Valley National Bank
882 Mountain Ave.
Mountainside, NJ 07092

InvestorsBank
101 Wood Avenue South
Iselin, NJ 08830

FINANCIAL SECTION

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
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ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Mountainside School District
County of Union, New Jersey

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 these 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 our 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, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of June 30, 2017 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity 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, including the Notes thereto, and pension plan information, including the Notes thereto, as listed in the table of contents 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 Borough of Mountainside School District's basic financial statements as a whole. The accompanying other supplementary information, consisting of the combining and individual fund financial statements, and long-term debt schedules, as listed in the table of contents, the schedules of federal and state financial assistance, required by New Jersey OMB Circular 15-08, and the other information, including the introductory section and the statistical section are presented for purpose of additional analysis and are not a required part of the financial statements.

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

The introductory section 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 16, 2017 on our consideration of the Borough of Mountainside School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Borough of Mountainside School District's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Robert S. Morrison

Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
November 16, 2017

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

MOUNTAINSIDE SCHOOL DISTRICT
Mountainside, New Jersey
Union County

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
June 30, 2017

The Mountainside Public Schools (the “District”) discussion and analysis is designed to provide an overview of the District’s financial activities for the year ended June 30, 2017, identify changes in the District’s financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the District’s Financial Statements.

Financial Highlights

In May, 2016, the Board approved its 2016-17 budget. The budget represented a 5.2% increase in appropriations and required an increase of 4.5% in the tax levy. The series of recommendations initiated by the Board in July, 2010 to insure the short and long term stability of the District’s budget appears to have been successful. The largest cost driver in the 2015-16 budget was once again tuition for our high school age students, which increased by over 15%, or \$802,527. Absent an increase in the tuition budget, the 2016-17 budget would show decreases in both planned spending and the tax levy required to fund District operations.

ENTERPRISE FUNDS

The District continues to benefit financially from Board actions taken in response to findings in the 2009-2010 audit. That report revealed that both of the District’s enterprise operations; Food Service, and Before/After Care Programs were running deficits. Enterprise operations are expected to run at a break-even point. Enterprise fund deficits must be covered through the transfer of tax levy dollars from the General Fund Budget. To mitigate this possibility, the Board approved a recommendation to join the National School Lunch Program. Federal subsidies from the program have increased Food Service revenues \$1,000-\$1,300/month. Additional subsidies in the form of food commodities have also been secured. Food Service RFP’s were solicited and awarded requiring a minimum \$1,000 profit guarantee. The Food Service Program has operated at a profit in each of the last two fiscal years, and the Food Service Program has been able to absorb some of the costs of cafeteria maintenance and supervision, which were previously financed through the operating budget.

The Board has also acted upon a recommendation to privatize the District’s Before/After Care and Summer Camp programs contracting with the Y of Westfield to provide these services. This action eliminates the risk of incurring future deficits and provides an annual revenue stream of \$14,400.

LONG TERM DEBT

In March of 2014, the voters approved a \$19,484,000 bond referendum authorizing major facilities improvements to the District's schools. On July, 8, 2014, the Board sold school bonds to finance these projects. The bonds will mature in annual installments on August 15 in each year through 2034, and bear interest at annual rates that range from 3.00% to 3.70%. The timely approval of the referendum by the voters and the following sale allowed the District to benefit from the historically low interest rate environment that existed at the time the bonds were sold. During the 2016-17 school year, \$1,035,000 of outstanding bonds came due and were redeemed, leaving a balance of \$19,865,000 outstanding on June 30, 2017.

GRANTS/SPECIAL REVENUE FUND

The District receives Federal funding under NCLB and IDEA entitlement programs. These funds are utilized to offset special education tuition costs and provide needed funding for staff development and training. During the 2016-2017 school year, the District received several local grants and expended \$37,719 of these funds, primarily for technology upgrades and environmental education.

TUITION-SENDING/RECEIVING RELATIONSHIP

The District has made great strides in eliminating the unfunded tuition liabilities relating to its costs for tuition owed to the Berkeley Heights Board of Education for high school tuition costs. In July, 2015, the fifth and final \$66,000 payment was made from the 2015-16 budget to clear a tuition liability that dated back to the 2009-10 school year. However, a tuition liability of \$469,596 was established for the 2013-14 school year based upon the underestimation of both the number of students that would be sent and the final tuition rate as certified by the State. An agreement with the Berkeley Heights Board of Education was negotiated to permit the repayment of this tuition over a two-year period, commencing with the 2015-16 budget cycle. During the 2015-16 school year and the certification of the 2014-15 tuition rate, an additional tuition liability was established in the amount of \$558,768. Once again, the Berkeley Heights Board of Education has permitted our District to repay this amount over a three-year period commencing with the 2016-17 school budget. In addition, based upon the actual high school student counts for the 2015-16 school year and an estimated tuition rate which applies a 2% inflation factor to the certified 2014-15 rate, an estimated liability for the current school year in the amount of \$170,000 was established in the entity-wide financial statements. The certification of the rate for 2015-16 yielded a liability of \$128,837, a decrease of \$41,163 from the estimate. Tuition adjustments are funded by law through the annual budget process and, on the fund level, liabilities for tuition adjustments are not reported unless payable from currently available financial resources. Procedures have also been put into place to assure that the District provides Berkeley Heights with the most precise enrollment projections possible to minimize costly prior year tuition adjustments. As a result of these procedures, the preliminary estimate of the ultimate settlement of 2016-17 high school tuition costs indicates that a refund will likely be due to our District.

ENERGY

The Mountainside School District is a participating member of the ACES Cooperative Pricing System and began a district wide recycling program during the school year. Once completed, the facilities upgrades will result in reduced energy consumption.

ADMINISTRATION

The Board has implemented a recommendation to restructure the Business Office. All three of the existing positions have been restructured resulting in substantial salary and benefit savings.

These changes will continue to lower the District's projected Administrative Cost Per Pupil. The District continues to operate well below the State average and State median for K-8 Operating Type.

LABOR/NEGOTIATIONS

The Board negotiated a new collective bargaining agreement for the period July 1, 2016 through June 30, 2019 without the need for prolonged, costly negotiations.

Understanding the Annual Report

New Jersey state law and administrative code require that school districts follow Generally Accepted Accounting Principles (GAAP.) The existing GAAP structure requires a format for presentation of the General Purpose Financial Statements (GPFS) that focuses on the District as a whole (government-wide financial statements) and refocuses the fund financial statements on major funds. Major funds are defined as those in which total assets and liabilities or revenues and expenditures/expenses are 10% or more of the total assets and liabilities or revenues and expenditures/expenses of all funds of that type (governmental, proprietary, etc.) and at least 5% of the assets and liabilities or revenues and expenditures/expenses for all governmental and enterprise funds combined.

Government-Wide Financial Statements

The government-wide financial statements (see financial statements A-1 and A-2) are designed to be corporate-like in that all government and business-type activities are consolidated into columns, which add to a total for the District. The focus of the Statement of Net Position is designed to be similar to a bottom line for the District and its governmental and business type activities. This statement for the first-time combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the government's general tax and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business type activities.

Fund Financial Statements

Under existing GAAP, the focus of the fund financial statements is on major funds (as defined previously), rather than fund types. The Governmental Major Fund presentation is on a “sources and uses of liquid resources” basis. This is referred to as the flow of current financial resources method of measuring the inflow and outflow of resources, which affect an entity. This is the manner in which the District’s financial plan (budget) is typically developed. The flow and availability of current financial resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements provide a presentation of sources and uses current financial resources and associated budgetary compliance.

The Total column on the Business-type Fund Financial Statements is the same as the Business-type column on the Government-Wide Financial Statement. The Governmental Major funds Total Column requires a reconciliation, which is reflected on the page following each statement, because of the different measurement focus (current financial resources versus total economic resources). The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

The District as a Whole

Table I reflects the condensed Statement of Net Position and provides a calculation of the increase or (decrease) from June 30, 2016 amounts as a percentage. In this statement the District is divided into two kinds of activities:

Governmental Activities-These activities consist of instruction and those services, which support instruction such as maintenance, transportation and administration.

Business-Type Activities - These activities consist of the District’s cafeteria operations. The cafeteria operations charge fees for the services provided that are intended to cover most or all of the cost of the services provided, net of federal and state program subsidies. The District previously provided a childcare program, summer camp program and summer enrichment program, and accounted for them as business-type activities. These programs were discontinued prior to the 2012-2013 school year.

The condensed Statement of Net Position reflects assets, deferred outflows, liabilities and deferred inflows of the District on an accrual basis of accounting. This statement is one means of measuring the District’s financial position. The amount reported as “Net Position” means that if the District were forced to liquidate on June 30, 2017 and sell all its assets at book value, after paying all known bills and liabilities, including long-term bonds and lease obligations, the District would have a total of \$4,632,600 remaining. This constitutes an increase in the District’s overall wealth of \$396,085 since June 30, 2016.

The District's Net Position at both June 30, 2017 and 2016 reflects the implementation of GASB Statement No. 68, which required financial statement recognition of the District's proportionate share of the unfunded pension liability and associated deferred inflows and deferred outflows of financial resources of the Public Employees Retirement System.

Governmental Activities:	Table 1 Net Position		Percentage Increase (Decrease)
	6/30/16	6/30/17	
Assets:			
Current & Other Assets	\$11,181,571	\$ 6,142,638	-45.06%
Capital Assets	18,219,605	22,934,314	25.88%
Total Assets	\$29,401,177	\$29,076,952	-1.10%
Deferred Outflows:			
Change in Pension Assumptions	\$321,224	\$919,221	186.16%
Subsequent Pension Payment	133,107	111,355	-16.34%
Change in Pension Proportions	191,030	420,803	120.28%
Difference in Pension Earnings	0	169,207	N/A
Difference in Pension Experience	71,358	82,525	15.6%
Deferred Amount on Refunding	40,423	33,732	-16.6%
Total Deferred Outflows	\$757,142	\$1,736,843	129.39%
Liabilities:			
Long-Term Liabilities	\$25,101,601	\$25,212,910	0.01%
Other Liabilities	747,966	957,079	27.96%
Total Liabilities	\$25,849,567	\$26,169,989	1.24%
Deferred Inflows:			
Difference in Pension Earnings	48,092	0	100.00%
Change in Pension Proportion	70,290	54,459	-22.52%
Total Deferred Inflows	118,382	54,459	-60.00%
Net Position:			
Invested in capital assets, net of related debt	(2,757,658)	3,022,572	209.61%
Restricted	10,654,724	5,495,272	-48.42%
Unrestricted	(3,706,696)	(3,928,497)	-5.98%
Total Net Position	4,190,370	4,589,347	9.52%
Business-type Activities:			
Current & Other Assets	\$93,574	\$119,963	28.20%
Capital Assets	16,281	10,193	-37.39%
Total Assets	\$109,855	\$130,156	18.48%
Long-Term Liabilities	\$0	\$0	N/A
Other Liabilities	63,710	86,903	36.40%
Total liabilities	\$63,710	\$86,903	36.40%

Net Position:

Invested in capital assets, net of related debt	\$16,281	\$10,193	-37.39%
Unrestricted	<u>29,864</u>	<u>33,060</u>	10.70%
Total Net Position	\$46,145	\$43,253	-6.27%

The results of this year's operations of the District's Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Table 2, below, takes the information from that financial statement, rounds off the numbers, and rearranges them slightly so you can see the District's total revenues and expenses for the year.

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2017

	<u>2016</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Governmental Activities:			
Revenues:			
Program Revenues:			
Operating Grants	\$2,695,410	\$2,614,767	-2.99%
General Revenues:			
Property Taxes	16,005,251	16,668,558	4.14%
Other	<u>197,628</u>	<u>325,251</u>	64.58%
Total Revenues & Special Items	\$18,898,289	\$19,608,576	3.75%
Expenses:			
Program Expenses			
Instruction:			
Regular	\$3,841,919	\$3,869,638	0.72%
Special	754,465	833,168	10.43%
Other	84,298	105,096	24.67%
Support Services:			
Tuition	5,822,983	6,479,704	11.28%
Student & Instruction Staff	1,233,119	1,161,265	-5.82%
General & Business Administration	513,930	501,208	-2.48%
School Administration	373,708	389,048	4.10%
Maintenance	898,776	933,888	3.91%
Transportation	612,067	706,245	15.39%
Unallocated Benefits	2,960,817	3,397,100	14.74%
Unallocated Depreciation and Amortization	75,242	140,902	87.27%
Interest on Long-term Debt	<u>723,447</u>	<u>692,338</u>	-4.30%
Total Expenses	\$17,894,771	\$19,209,600	7.35%
Increase (Decrease) in Governmental Activities Net Position	<u>1,003,518</u>	<u>398,976</u>	-60.24%

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

Business-type Activities:	<u>2016</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Revenues			
Program Revenues:			
Charges for Services	\$167,168	\$161,466	-3.41%
Operating Grants	29,359	28,811	-1.87%
Other	149	364	144.30%
Total Revenues	<u>\$196,676</u>	<u>\$190,641</u>	-3.07%
Expenses			
Program Expenses			
Food Service	<u>\$209,319</u>	<u>\$193,533</u>	-7.54%
Total Expenses	<u>\$209,319</u>	<u>\$193,533</u>	-7.54%
Increase (Decrease) in Business-type Activities Net Position	<u>\$(12,644)</u>	<u>\$(2,892)</u>	77.13%

The net position of the District's Governmental Activities increased by \$398,976. Revenue realization for FY 2016-2017 included favorable GAAP based variances of \$36,874 for governmental activities. Excesses in actual Extraordinary Aid and Nonpublic Transportation State Aids were the primary contributors to the favorable variances. The lion's share of the increase in the District's governmental activities net position resulted from a combination of favorable variances between planned and actual operating costs and the excess of long-term capital debt reduction (\$1,053,000) over depreciation expenses (\$466,904). Among the larger cost categories where favorable expenditure variances were recorded were: Maintenance/Custodial Services (\$106,918); Regular Instruction (\$52,403) and Employee Benefits (\$42,654). The 2016-17 budget was constructed with the assumption that the District would legally defer two months' liability for health benefit costs (budgetary basis). However, as favorable budget variances arose, a decision to defer a single month of these costs was made. At June 30, 2017, \$139,420.05 of health benefit costs attributable to the 2016-17 school year have not been formally expended on the budgetary basis. This amount has been included in the calculation of governmental funds balance (Exhibit B-2) During the 2016-17 school year, the school property tax rate increased by 3.14%. This total increase is comprised of an increase in the operating tax of 1.2% and an increase of 38.7% in the debt service tax, which was required to finance the additional debt service costs associated with the passage of the 2014 capital projects referendum.

The net position of the District's Business-type Activities decreased by \$2,892. This decrease in net position is attributable to the additional costs (\$20,000) for cafeteria

maintenance and supervision that could be allocated to Food Service operations based upon the favorable Food Service Management Contract operating results, which was consistent with the prior year reported operating results. The ability of the Food Service Fund to remain self sufficient has eliminated the need for the District to subsidize these operations through the tax-funded budget, permitting the Board to apply all of the general purpose school tax to educational objectives.

Table 3
Cost of Governmental Services
Year Ending 6/30/17

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$4,807,901	\$4,257,727
Support Services:		
Tuition	6,479,704	6,321,592
Student & Instructional Staff	1,161,265	1,074,864
General & Business Admin.	501,208	501,208
School Administration	389,048	389,048
Plant Operations & Maintenance	933,888	914,373
Pupil Transportation	706,245	613,489
Unallocated Benefits	3,397,100	2,147,860
Interest on Long-Term Debt	692,338	233,769
Unallocated Depreciation	<u>140,903</u>	<u>140,903</u>
 Total Expenses	 <u>\$19,209,600</u>	 <u>\$16,594,833</u>

Table 3
Cost of Governmental Services
Year Ending 6/30/16

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$4,680,683	\$4,155,994
Support Services:		
Tuition	5,822,983	5,656,902
Student & Instructional Staff	1,233,119	1,036,831
General & Business Admin.	513,930	513,930
School Administration	373,708	373,708
Plant Operations & Maintenance	898,776	881,282
Pupil Transportation	612,067	528,773
Unallocated Benefits	2,960,817	1,814,403
Interest on Long-Term Debt	723,447	162,297
Unallocated Depreciation	<u>75,342</u>	<u>75,342</u>
 Total Expenses	 <u>\$17,894,772</u>	 <u>\$15,199,362</u>

The Total Cost of Governmental Activities (see Table 3) this year was \$19.21 million, an overall increase of \$1,314,828 from the preceding year. Almost one-half of this increase is attributable to increased tuition costs, which consists primarily of tuition to the Berkeley Heights School District for the costs of our high school students. This amount also includes the repayment of balances due from prior years based upon the certification of final tuition rates by the Department of Education. Additionally, more than one-third of this increase is attributable to health benefit costs paid by the District and pension related payments for TPAF members and retirees which are paid by the State of New Jersey on the District's behalf. During the current school year, operating grants and contributions decreased by \$80,643, resulting in an increase in the Net Cost of Governmental Activities of \$1,395,471 during the 2016-17 school year. This decrease All other grant and contribution categories remained flat, in the aggregate, during the current period.

As shown on the Statement of Activities (see financial statements A-2) \$2.61 million of operating grant and contribution revenues, which support governmental activities, were received from the State of New Jersey and federal government. Overall state and federal revenues decreased by \$80,643 or 3.0% from the preceding year. Approximately 48% of state aid is in the form of "on-behalf" payments for T.P.A.F members, whose pensions, post-employment health care benefits and employer social security payments are the responsibility of the State. On-behalf" aid increased by 8.9% during 2016-17, however, the State continues to fund its T.P.A.F pension system at levels significantly below actuarially determined requirements.

The District's Funds

The District's Balance Sheet for Governmental Funds (statement B-1) reports a combined fund balance of \$5,549,892. The general fund portion of this balance includes a decrease of \$225,529 that resulted from current year's activities. This decrease was partially offset by the recoupment of \$83,402 of state construction aid relating to the District's 2002 capital project authorization, for a net decrease of \$143,127.

Of the total general fund balance of \$1550,236, \$748,592 has been appropriated to balance the 2017-2018 budget cycle and an additional \$85,644 has been designated for tax relief in the 2018-2019 school year. An additional \$479,500 has been earmarked for capital and maintenance related costs and \$193,768 has been set aside to finance the tuition payments due to the receiving district in subsequent years. The District is reporting an unassigned general fund balance of \$35,892 at June 30, 2017. The unspent proceeds of the bond referendum in the amount of \$3,980,928 is reported as assigned fund balance in the capital projects fund, The debt service fund reports an unassigned fund balance of \$18,728 at June 30, 2017 in accordance with generally accepted accounting principles (GAAP) (financial statement B-1).

General Fund Budgetary Highlights

The FY 2016-17 revenues of the General, Special Revenue and Debt Service funds amounted to \$19,510,123, an increase of \$639,507 from the prior year. The FY 2016-2017 expenditures of the General, Special Revenue and Debt Service funds amounted to \$19,751,703, an increase of \$629,690 from the prior year.

Capital Asset and Debt Administration

Capital Assets

The District had \$22,944,506 invested in capital assets as shown on Table 4, Capital Assets Net of Depreciation at June 30, 2017. \$5.1 million of ongoing construction costs were recorded in the current school year.

Table 4
Capital Assets Net of Depreciation
At June 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
Land	\$1,875,070		\$1,875,070
Construction in Progress	10,217,227		10,217,227
Land Improvements	0		0
Buildings & Improvements	10,783,651		10,783,651
Machinery & Equipment	<u>58,365</u>	<u>10,193</u>	<u>68,558</u>
Total	<u>\$22,934,313</u>	<u>\$10,193</u>	<u>\$22,944,506</u>

Debt

The District's outstanding debt is shown in Table 5, Outstanding Debt at June 30, 2017. In 2011, as a result of very favorable market conditions, the District refinanced the remaining outstanding debt on its 2001 School Bonds at an average annual interest savings of \$21,803. The 2011 Refunding Bonds mature in annual installments through the 2022-2023 school year. In July, 2014, the District issued \$19.484 million of school bonds to finance the costs of the facilities improvement program approved by the voters in March. The bonds mature in annual installments over the next twenty years and carry interest rates of from 3.0% to 3.7%. The State of New Jersey has pledged to provide annual state aid payments equal to 40% of the debt service costs (principal and interest) on these bonds. At June 30, 2017, the district debt amounted to 28.5% of the state allowable limit of \$69.7 million for debt issuance. The statutory limit represents 4% of the average equalized value of taxable property within the District.

Table 5
Outstanding Debt

	6/30/16	6/30/17
2011 School Refunding Bonds	\$2,090,000	\$1,810,000
2014 School Bonds		
Total Bonded Debt	<u>18,810,000</u>	<u>18,055,000</u>
Total Outstanding Debt	<u>\$20,900,000</u>	<u>\$19,865,000</u>

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district’s finances and to show the school district’s accountability for the money it received. If you have any questions about this report or wish to request additional financial information, contact the Office of the School Business Administrator/Board Secretary, at Mountainside Board of Education, 1497 Woodacres Drive, Mountainside, New Jersey 07092.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SECTION – A

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,851,378.74	\$ 115,131.57	\$ 5,966,510.31
Receivables, Net	160,768.94	2,972.37	163,741.31
Receivables from Other Funds	130,490.46		130,490.46
Inventory		1,858.81	1,858.81
Capital Assets, Net (Note 3):	<u>22,934,313.52</u>	<u>10,192.91</u>	<u>22,944,506.43</u>
Total Assets	<u>29,076,951.66</u>	<u>130,155.66</u>	<u>29,207,107.32</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Change in Pension Assumptions	919,221.00		919,221.00
Pension Payment Subsequent to Measurement Date	111,355.00		111,355.00
Change in Pension Proportion	420,803.00		420,803.00
Difference in Pension Earnings	169,207.00		169,207.00
Difference in Pension Experience	82,525.00		82,525.00
Deferred Amount on Refinancing	<u>33,732.23</u>		<u>33,732.23</u>
Total Deferred Outflows of Resources	<u>1,736,843.23</u>	<u>-</u>	<u>1,736,843.23</u>
<u>LIABILITIES</u>			
Accounts Payable	609,493.69	8,247.44	617,741.13
Intergovernmental Accounts Payable	16,997.00		
Accrued Interest Payable	252,977.48		252,977.48
Interfund Payable	900.00	71,802.37	72,702.37
Unearned Revenue	17,150.00	6,853.01	24,003.01
Advances from Grantors	59,560.55		59,560.55
Noncurrent Liabilities (Note 4):			-
Due Within One Year	1,527,518.21		1,527,518.21
Due Beyond One Year	19,247,852.12		19,247,852.12
Net Pension Liability	<u>4,437,540.00</u>		<u>4,437,540.00</u>
Total liabilities	<u>26,169,989.05</u>	<u>86,902.82</u>	<u>26,239,894.87</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Difference in Pension Earnings	-		-
Change in Pension Proportion	<u>54,459.00</u>		<u>54,459.00</u>
Total Deferred Inflows of Resources	<u>54,459.00</u>	<u>-</u>	<u>54,459.00</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,022,571.85	10,192.91	3,032,764.76
Restricted for:			
Other Purposes	5,495,271.94		5,495,271.94
Unrestricted (Deficit)	<u>(3,928,496.95)</u>	<u>33,059.93</u>	<u>(3,895,437.02)</u>
Total Net Position	<u>\$ 4,589,346.84</u>	<u>\$ 43,252.84</u>	<u>\$ 4,632,599.68</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$3,869,637.40	-	-	(\$3,869,637.40)	-	(\$3,869,637.40)
Special Education	833,167.60	-	550,174.00	(282,993.60)	-	(282,993.60)
Other Instruction	105,096.38	-	-	(105,096.38)	-	(105,096.38)
Support Services:						
Tuition	6,479,704.24	-	158,112.00	(6,321,592.24)	-	(6,321,592.24)
Student & Instruction Related Services	1,161,265.40	-	86,401.39	(1,074,864.01)	-	(1,074,864.01)
School Administrative Services	389,048.09	-	-	(389,048.09)	-	(389,048.09)
General and Business Administrative Services	501,207.67	-	-	(501,207.67)	-	(501,207.67)
Plant Operations and Maintenance	933,887.68	-	19,515.00	(914,372.68)	-	(914,372.68)
Pupil Transportation	706,244.91	-	92,756.00	(613,488.91)	-	(613,488.91)
Unallocated Benefits	3,397,100.23	-	1,249,239.84	(2,147,860.39)	-	(2,147,860.39)
Interest on Long-Term Debt	692,338.29	-	458,569.00	(233,769.29)	-	(233,769.29)
Unallocated Depreciation and Amortization	140,902.24	-	-	(140,902.24)	-	(140,902.24)
Total Governmental Activities	<u>19,209,600.13</u>	<u>-</u>	<u>2,614,767.23</u>	<u>(16,594,832.90)</u>	<u>-</u>	<u>(16,594,832.90)</u>
Business-Type Activities:						
Food Service	<u>193,532.79</u>	<u>161,465.98</u>	<u>28,811.08</u>		<u>(3,255.73)</u>	<u>(3,255.73)</u>
Total Business-Type Activities	<u>193,532.79</u>	<u>161,465.98</u>	<u>28,811.08</u>	<u>-</u>	<u>(3,255.73)</u>	<u>(3,255.73)</u>
Total Primary Government	<u>\$19,403,132.92</u>	<u>\$161,465.98</u>	<u>\$2,643,578.31</u>	<u>(\$16,594,832.90)</u>	<u>(\$3,255.73)</u>	<u>(\$16,598,088.63)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$15,410,193.00	-	\$15,410,193.00
Taxes Levied for Debt Service				1,258,365.01	-	1,258,365.01
Federal and State Aid not Restricted				36,533.00	-	36,533.00
Investment Earnings					363.83	363.83
Miscellaneous Income				205,316.10		205,316.10
Total General Revenues and Transfers				<u>\$16,910,407.11</u>	<u>363.83</u>	<u>16,910,770.94</u>
Change in Net Position				315,574.21	(2,891.90)	312,682.31
Prior Period Adjustment:						
Cost Recovery-Prior Period Capital Outlays				83,402.35		83,402.35
Net Position—Beginning				<u>4,190,370.28</u>	<u>46,144.74</u>	<u>4,236,515.02</u>
Net Position—Ending				<u>4,589,346.84</u>	<u>43,252.84</u>	<u>4,632,599.68</u>

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

FUND FINANCIAL STATEMENTS

SECTION – B

GOVERNMENTAL FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents (Deficit)	\$ 1,729,234.07	\$ 40,992.75	\$ 4,062,423.85	\$ 18,728.07	\$ 5,851,378.74
Interfund Accounts Receivable	210,981.40				210,981.40
Receivables from Other Governments	117,177.22	36,356.00			153,533.22
Other Accounts Receivable	<u>600.00</u>	<u>6,635.72</u>			<u>7,235.72</u>
Total Assets	<u>2,057,992.69</u>	<u>83,984.47</u>	<u>4,062,423.85</u>	<u>18,728.07</u>	<u>6,223,129.08</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	489,706.79	7,426.92	1,004.98		498,138.69
Intergovernmental Accounts Payable- State		16,997.00			16,997.00
Advances from Grantors		59,560.55			59,560.55
Interfund Accounts Payable	900.00		80,490.94		81,390.94
Deferred Revenue	<u>17,150.00</u>		-		<u>17,150.00</u>
Total Liabilities	<u>507,756.79</u>	<u>83,984.47</u>	<u>81,495.92</u>	-	<u>673,237.18</u>
Fund Balances:					
Restricted:					
Reserved Excess Surplus	85,644.01				85,644.01
Reserved Excess Surplus-Designated for Subsequent Year Expenditures	48,591.78				48,591.78
Capital Reserve Account	479,500.00				479,500.00
Tuition Reserve Account- Designated for Subsequent Year Expenditures	300,000.00				-
Tuition Reserve Account	193,768.00				193,768.00
Assigned:					
Year-end Encumbrances	6,840.00				6,840.00
Designated for Subsequent Year's Expenditures	400,000.22		3,980,927.93		4,380,928.15
Unassigned:					
Debt Service Fund				18,728.07	18,728.07
General Fund	<u>35,891.89</u>				<u>35,891.89</u>
Total Fund Balances	<u>1,550,235.90</u>	-	<u>3,980,927.93</u>	<u>18,728.07</u>	<u>5,549,891.90</u>
Total Liabilities and Fund Balances	<u>\$ 2,057,992.69</u>	<u>\$ 83,984.47</u>	<u>\$ 4,062,423.85</u>	<u>\$ 18,728.07</u>	<u>\$ 6,223,129.08</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

I Fund Balances Reported on Governmental Funds Balance Sheet (B-1) \$ 5,549,891.90

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$29,569,434, and the accumulated depreciation is \$6,635,121. 22,934,313.53

Long-term liabilities, including bonds (net of premiums and/or discounts), capital lease obligations, judgments payable and other obligations that are not due and payable in the current period and therefore are not reported as liabilities in the funds. (20,775,370.34)

The liability for for pension expense that is not payable from currently available resources is not recorded in the fund financial statements (111,355.00)

Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds. (252,977.48)

The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financail resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$5,059,958. The carrying amountsof the individual components are as follows:

Deferred Outflows of Resources:	
Change in Pension Assumptions	919,221.00
Change in Pension Proportion	420,803.00
Difference in Pension Earnings	169,207.00
Difference in Pension Experience	82,525.00
Pension Payment Subsequent to Measurement Date	111,355.00
Net Pension Liability	(4,437,540.00)
Deferred Inflows of Resources:	
Change in Pension Proportion	(54,459.00)

The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$75,921 and accumulated amortization is \$42189

33,732.23

Net position of governmental activities \$ 4,589,346.84

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 15,410,193.00	\$ -	\$ -	\$ 1,258,365.01	\$ 16,668,558.01
Other Local Sources	152,546.27	37,718.63	15,051.20		205,316.10
State Sources	1,948,217.84			458,569.00	2,406,786.84
Federal Sources	-	244,513.39	-	-	244,513.39
Total Revenues	<u>17,510,957.11</u>	<u>282,232.02</u>	<u>15,051.20</u>	<u>1,716,934.01</u>	<u>19,525,174.34</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	3,672,336.50			-	3,672,336.50
Special Education Instruction	833,167.60			-	833,167.60
Other Instruction	105,096.38			-	105,096.38
Support Services and Undistributed Costs:					
Tuition	6,597,553.24	158,112.00		-	6,755,665.24
Student & Instruction Related Services	1,045,152.74	124,120.02		-	1,169,272.76
School Administrative Services	383,374.09			-	383,374.09
Other Administrative Services	437,392.42			-	437,392.42
Plant Operations and Maintenance	927,987.18			-	927,987.18
Pupil Transportation	706,244.91			-	706,244.91
Unallocated Benefits	3,022,763.23			-	3,022,763.23
Debt Service:					
Principal				1,035,000.00	1,035,000.00
Interest Charges				681,933.78	681,933.78
Capital Outlay	21,469.00		5,140,143.07	-	5,161,612.07
Total Expenditures	<u>17,752,537.29</u>	<u>282,232.02</u>	<u>5,140,143.07</u>	<u>1,716,933.78</u>	<u>24,891,846.16</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(241,580.18)</u>	<u>-</u>	<u>(5,125,091.87)</u>	<u>0.23</u>	<u>(5,366,671.82)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	15,051.20	-	-		15,051.20
Transfers out		-	(15,051.20)	-	(15,051.20)
Total Other Financing Sources and Uses	<u>15,051.20</u>	<u>-</u>	<u>(15,051.20)</u>	<u>-</u>	<u>-</u>
<u>SPECIAL ITEMS</u>					
Cost Recovery from 2002 Cap. Projects	83,402.35	-		-	83,402.35
Net Change in Fund Balances	(143,126.63)	-	(5,140,143.07)	0.23	(5,283,269.47)
Fund Balance—Beginning	<u>1,693,362.53</u>	<u>-</u>	<u>9,121,071.00</u>	<u>18,727.84</u>	<u>10,833,161.37</u>
Fund Balance—Ending	<u>\$ 1,550,235.90</u>	<u>\$ -</u>	<u>\$ 3,980,927.93</u>	<u>\$ 18,728.07</u>	<u>\$ 5,549,891.90</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ (5,283,269.47)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation expense	(425,434.98)	
	Capital Outlays	<u>5,140,143.07</u>	4,714,708.09

Repayment of bond and lease obligations (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,053,664.99

Repayments of prior year tuition settlements over time (long term debt) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 234,798.00

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (13,476.50)

In the statement of activities, the long-term portion of a tuition expense adjustment is accrued in the year incurred, but is not recognized in the fund financial statements using the current financial resources measurement focus. Reverse adjustments, increasing the net position of governmental activities, are required when these adjustments are recorded in the fund financial statements. 41,163.00

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. If the accrued interest exceeds interest paid, it is a reduction in the reconciliation. (-) 13,471.10

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction. (374,337.00)

Transactions related to a current refunding of a long-term debt, refinancing of lease obligations, (premium on refinancing, deferred amount on refinancing) are amortized over the life of the bonds			
Premium on Refunding Bonds	18,945.07		
Deferred Amount from Refunding	<u>(6,690.72)</u>	<u>12,254.35</u>	

Change in net assets of governmental activities \$ 398,976.56

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

PROPRIETARY FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPPRIETARY FUNDS
JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	<u>TOTAL ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$ 115,131.57	\$ 115,131.57
Accounts Receivable (Net)	2,972.37	2,972.37
Inventory	1,858.81	1,858.81
Total Current Assets	<u>119,962.75</u>	<u>119,962.75</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	136,297.97	136,297.97
Less Accumulated Depreciation	<u>(126,105.06)</u>	<u>(126,105.06)</u>
Total Noncurrent Assets	<u>10,192.91</u>	<u>10,192.91</u>
Total Assets	<u><u>130,155.66</u></u>	<u><u>130,155.66</u></u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	8,247.44	8,247.44
Unearned Revenue	6,853.01	6,853.01
Interfunds payable	71,802.37	71,802.37
Total liabilities	<u>86,902.82</u>	<u>86,902.82</u>
<u>NET POSITION</u>		
Invested in Capital Assets Net of Related Debt	10,192.91	10,192.91
Unrestricted (Deficit)	<u>33,059.93</u>	<u>33,059.93</u>
Total Net Position	<u><u>\$ 43,252.84</u></u>	<u><u>\$ 43,252.84</u></u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	<u>TOTAL ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>	
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-reimbursable Programs	\$ 161,465.98	\$ 161,465.98
Total Operating Revenues	<u>161,465.98</u>	<u>161,465.98</u>
Operating Expenses:		
Cost of Sales	79,546.33	79,546.33
Salaries	73,674.28	73,674.28
District Aides and Custodial Services	20,000.00	20,000.00
Administrative Expenses	2,893.92	2,893.92
Miscellaneous Expenses	731.21	731.21
Repairs	1,166.95	1,166.95
Transportation	1,232.10	1,232.10
Management Fee	8,200.00	8,200.00
Depreciation	6,088.00	6,088.00
Total Operating Expenses	<u>193,532.79</u>	<u>193,532.79</u>
Operating Income (Loss)	<u>(32,066.81)</u>	<u>(32,066.81)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,535.17	1,535.17
Federal Sources:		
USDA Commodities	9,099.85	9,099.85
National School Lunch Program	18,176.06	18,176.06
Interest and Investment Revenue	363.83	363.83
Total Nonoperating Revenues (Expenses)	<u>29,174.91</u>	<u>29,174.91</u>
Income (Loss) Before Transfers	(2,891.90)	(2,891.90)
Change in Net Position	(2,891.90)	(2,891.90)
Total Net Position—Beginning	<u>46,144.74</u>	<u>46,144.74</u>
Total Net Position—Ending	<u>\$ 43,252.84</u>	<u>\$ 43,252.84</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>	<u>TOTAL ENTERPRISE FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 163,079.15	\$ 163,079.15
Payments to Suppliers	(157,081.74)	(157,081.74)
Net Cash Provided by (Used for) Operating Activities	<u>5,997.41</u>	<u>5,997.41</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal and State Sources	<u>19,784.19</u>	<u>19,784.19</u>
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>19,784.19</u>	<u>19,784.19</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	<u>363.83</u>	<u>363.83</u>
Net cash provided by (used for) investing activities	<u>363.83</u>	<u>363.83</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,145.43	26,145.43
Balances—Beginning of Year	<u>88,986.14</u>	<u>88,986.14</u>
Balances—End of Year	\$ <u>115,131.57</u>	\$ <u>115,131.57</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (32,066.81)	(32,066.81)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		-
Depreciation and Net Amortization	6,088.00	6,088.00
USDA Commodities	9,099.85	9,099.85
(Increase) Decrease in Accounts Receivable	(594.48)	(594.48)
(Increase) Decrease in Inventory	278.08	278.08
Increase (Decrease) in Prepaid Revenue	2,207.65	2,207.65
Increase (Decrease) in Interfund Payables	20,000.00	20,000.00
Increase (Decrease) in Accounts Payable	<u>985.12</u>	<u>985.12</u>
Total Adjustments	<u>38,064.22</u>	<u>38,064.22</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 5,997.41</u>	<u>\$ 5,997.41</u>

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

FIDUCIARY FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Nonexpendable Trust Fund		AGENCY		Expendable Trust Fund			TOTALS
	Rosenstiehl Scholarship Fund	Student Activity	Payroll Agency	Net Payroll	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	
ASSETS								
Cash and Cash Equivalents	\$ 89,841.74	\$ 56,866.88	\$ 29,082.11	\$ 41,815.96	\$ 5,025.98	22,350.15	\$ 100,743.77	\$ 345,726.59
Interfund Accounts Receivable	400.00				725.00			1,125.00
Total Assets	<u>\$ 90,241.74</u>	<u>\$ 56,866.88</u>	<u>\$ 29,082.11</u>	<u>\$ 41,815.96</u>	<u>\$ 5,750.98</u>	<u>22,350.15</u>	<u>\$ 100,743.77</u>	<u>\$ 346,851.59</u>
LIABILITIES								
Liabilities:								
Interfund Accounts Payable	\$	\$	\$ 22,499.79	\$ 36,188.30	\$	225.00	\$	\$ 58,913.09
Unidentified Deposits			2,824.93	5,627.66				8,452.59
Unemployment Benefits Payable							2,938.00	2,938.00
Payroll Deductions and Withholdings Due to Student Groups			3,757.39					3,757.39
		56,866.88						56,866.88
Total Liabilities		<u>56,866.88</u>	<u>29,082.11</u>	<u>41,815.96</u>		<u>225.00</u>	<u>2,938.00</u>	<u>130,927.95</u>
NET POSITION								
Net Position Restricted for:								
Unemployment Compensation Insurance Principal Portion - Nonexpandable Trust	90,241.74						97,805.77	97,805.77
Unrestricted					5,750.98	22,125.15		27,876.13
Total Net Position	<u>90,241.74</u>				<u>5,750.98</u>	<u>22,125.15</u>	<u>97,805.77</u>	<u>215,923.64</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expendable Trust Fund</u>			<u>Nonexpendable Trust Fund</u>	<u>Totals</u>
	<u>De Rosa Scholarship Fund</u>	<u>Rothstock Scholarship Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Rosenstiehl Scholarship Fund</u>	
<u>ADDITIONS:</u>					
Deductions from Employees' Salaries	\$		\$ 11,128.00	\$	\$ 11,128.00
Interest	30.32	125.63	314.02	494.43	964.40
Total Additions	30.32	125.63	11,442.02	494.43	12,092.40
<u>DEDUCTIONS:</u>					
Unemployment Benefits			6,260.21		6,260.21
Scholarship Payments	2,200.00	525.00			2,725.00
Total Deductions	2,200.00	525.00	6,260.21	-	8,985.21
Change in Net Position	(2,169.68)	(399.37)	5,181.81	494.43	3,107.19
Net Position - Beginning	7,920.66	22,524.52	92,623.96	89,747.31	212,816.45
Net Position - Ending	\$ 5,750.98	22,125.15	\$ 97,805.77	\$ 90,241.74	\$ 215,923.64

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

**MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Borough of Mountainside School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

B. Reporting Entity:

The Borough of Mountainside School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades Pre-K-12. High school students (grades 9-12) are sent to Governor Livingston High School, located in adjacent Berkeley Heights Township, pursuant to a contractual agreement by and between the Berkeley Heights School District and the Mountainside School District. The Borough of Mountainside School District had an average daily enrollment of 729.2 students in grades Pre-K through 8 for the 2015-16 school year, and was sending students to Governor Livingston High School pursuant to a sending/receiving agreement.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund – The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd.)

The District reports the following major enterprise funds:

Food Service Fund – The Food Service Fund is used to account for the activities of the cafeteria operations of the District.

The District also reports the following fiduciary fund types:

Agency Fund – The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

Employee Benefit Trust (Unemployment Insurance) – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

Private Purpose Scholarship Trust – The Private Purpose Scholarship Trust should be used to report all trust arrangements under which principal and/or income benefit individuals, private organizations or other governments.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its 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 refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Measurement Focus and Basis of Accounting (Cont'd.)

revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgets/Budgetary Control:

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are two substantial differences between the budgetary basis of accounting and generally accepted accounting principles. With respect to revenues, a GAAP departure is reflected in the legally mandated revenue recognition of the last state aid payment for budgetary purposes only in the general and special revenue funds as noted below. With respect to expenditure recognition, districts that procure employee health benefits from the State Health Benefits Plan may legally defer expenditure recognition of up to two-months insurance premiums. Such deferrals are not permitted under GAAP. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

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 statements.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$17,500,539.11	\$292,748.09
Difference- budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenues (Net)	0.00	(10,516.97)
Certain State Aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(214,291.00)	0.00
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>224,709.00</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds.	<u>\$17,510,957.11</u>	<u>\$282,232.02</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" From the budgetary comparison schedule	\$17,613,116.64	\$292,748.99
Difference- budget to GAAP:		
Deferral of State Health Benefits Plan premiums of up to two-months are permitted for budgetary purposes but are recorded in the year the benefits are provided for financial reporting purposes	139,420.65	
Encumbrances for supplies and equipment ordered but not yet are reported in the year the encumbrance is placed for budgetary purposes, but in the year the goods are received for financial reporting purposes (Net)	<u>0.00</u>	<u>(10,516.971)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$17,752,537.29</u>	<u>\$282,232.02</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, which are generally based on quoted market prices.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the amended law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Receivable/Payable

Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. Adjustments were made to the preliminary rates originally established for the 2016-2017 school year based upon the certification of 2014-2015 rates. See Note 14 for information relating to amounts of fund balance that have been restricted for future settlements of tuition payable resulting from the certification of the 2014-15 and 2015-16 rates and the estimated settlement for 2016-2017.

I. Inventories and Prepaid Expenses:

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Inventories and Prepaid Expenses (Cont'd.):

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items in both the government-wide and fund financial statements.

J. Short-Term Interfund Receivables/Payables:

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

K. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000.00 or more of initial, individual cost for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated costs.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	15-20 Years

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued in the government-wide financial statements as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Compensated Absences (Cont'd.):

Based upon existing personnel policies and collective bargaining agreements, employees are granted varying amounts of annual sick, personal and vacation leave. Sick leave may be accumulated for use in subsequent years. Unused personal leave is added to unused sick leave accumulations annually. Accumulations of unused sick leave may be used only for illnesses in subsequent periods. Generally, the amount of unused vacation pay that may be carried forward is limited to five (5) days.

Based upon the limited number of employees who are entitled to vacation pay, the estimated value of amounts carried forward is considered to be de minimus, Changes in the value of compensated absences earned and unused is more fully detailed in Note 4.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in this category; The Deferred Amount on Refunding, and Pension related items including the Change in Pension Assumptions, Change in Pension Proportion, Difference in Pension Experience and the amounts of pension payments made by the District subsequent to the pension measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred Outflows for Changes in Pension Assumptions represents future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred Outflows for Changes in Pension Proportion represents the adverse impact and future outflows of resources resulting from an increase in the District's proportionate share of the system-wide net pension liability. Deferred Outflows for Differences in Pension Experience represents the adverse impact and future outflows of resources resulting from actual pension experience exceeding actuarial estimates. Deferred outflows for Subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2015.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting two pension related items in this category, the Difference in Pension Earnings and the Change in Pension Proportion. The former represents the District's proportionate share of plan earnings in excess of assumed amounts, while the latter represents the favorable impact of a decline in the District's proportionate share of system wide net pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

P. Net Position Flow Assumption (District-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position- restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

Q. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

R. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. District-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Fixed Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Fixed assets as a component of net position for the governmental activities and business-type activities.

T. Proprietary Fund 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 products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

U. Reconciliation of District-Wide and Fund Financial Statements

I. Differences between governmental fund balance sheet and District-wide statement of net position:

Total Governmental Fund Balance (B-1)	\$5,549,892
Adjustments to District-Wide Net Position:	
Capital Assets (see Note 3)	22,934,313
Long-Term Liabilities (see Note 4)	(20,775,370)
Net Pension Liability	(4,437,540)
Other Items not recognized in Fund Financial Statements:	
Deferred Inflows of Financial Resources	(54,459)
Deferred Outflows of Financial Resources	1,736,843
Accrued Current Period Pension Liability	(111,355)
Accrued Interest on Long-Term Debt	<u>(252,977)</u>
Net Position of Governmental Activities (A-1)	<u>\$4,589,347</u>

NOTES TO FINANCIAL STATEMENTS

U. Reconciliation of District-Wide and Fund Financial Statements (Cont'd.)

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities:

Total Net Change Governmental Fund Balance (B-2)	(\$5,283,269)
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(425,435)
Capital Outlays	5,140,143
Repayment of Long-Term Liabilities (see Note 4)	1,053,665
Net Increase in Pension Expense	(374,337)
Increase in Value of Compensated Absences	(13,477)
Decrease in Long-term Tuition Payable	275,961
Interest on Long-term Debt (Accrual Basis for District-Wide)	13,471
Amortization of Premiums Received on Bond Sales	18,945
Amortization of Deferred Amounts from Refunding	<u>(6,691)</u>
 Change in Net Position of Governmental Activities	 <u>\$398,976</u>

V. Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Mountainside Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$ 500,000.00
Insured – NJGUDPA (N.J.S.A.17:94.1)	7,202,578.50
Uninsured – NJCMF (see below)	<u>117,218.07</u>
 Total Deposits	 <u>\$7,819,796.57</u>

Custodial Credit Risk – Deposits- Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$0.00 of the Board’s bank balance of \$7,819,796.57 was exposed to custodial risk. (See Note 1-G. relating to statutory mitigation of custodial risk in the event of a bank failure).

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2017, the District had \$117,218.07 on deposit with the New Jersey Cash Management Fund.

NOTE 3. CAPITAL ASSETS

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL ASSETS NOTE DISCLOSURE
DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance - total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the District-wide financial statements, which consisted of:

Total capital assets at cost	29,547,965.11
Less: accumulated depreciation	<u>(6,613,651.58)</u>
Government Activities Capital Assets, Net	<u><u>22,934,313.53</u></u>

Capital assets by classification and activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 1,875,069.97	\$ -	\$ -	\$ 1,875,069.97
Construction in Progress	<u>10,400,180.20</u>	<u>(182,953.01)</u>	<u>-</u>	<u>10,217,227.19</u>
Total Capital Assets Not Being Depreciated	<u>12,275,250.17</u>	<u>(182,953.01)</u>	<u>-</u>	<u>12,092,297.16</u>
Building and Building Improvements	10,773,334.14	5,323,096.08	-	16,096,430.22
Improvements other than Buildings	487,954.00	-	-	487,954.00
Machinery, Equipment, Furniture & Vehicles	<u>871,283.73</u>	<u>-</u>	<u>-</u>	<u>871,283.73</u>
Totals at Historical Cost	<u>12,132,571.87</u>	<u>5,323,096.08</u>	<u>-</u>	<u>17,455,667.95</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(4,887,344.28)	(425,434.97)	-	(5,312,779.25)
Improvements other than Buildings	(487,954.00)	-	-	(487,954.00)
Equipment, Furniture, and Vehicles	<u>(812,918.33)</u>	<u>-</u>	<u>-</u>	<u>(812,918.33)</u>
Total Accumulated Depreciation	<u>(6,188,216.61)</u>	<u>(425,434.97)</u>	<u>-</u>	<u>(6,613,651.58)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>5,944,355.26</u>	<u>4,897,661.11</u>	<u>-</u>	<u>10,842,016.37</u>
Government Activities Capital Assets, Net	<u>\$ 18,219,605.43</u>	<u>\$ 4,714,708.10</u>	<u>\$ -</u>	<u>\$ 22,934,313.53</u>
Business-type Activities				
Equipment	136,297.97	-	-	136,297.97
Less Accumulated Depreciation for: Equipment	<u>(120,017.06)</u>	<u>(6,088.00)</u>	<u>-</u>	<u>(126,105.06)</u>
Business-type Activities Capital Assets, Net	<u>\$ 35,956.68</u>	<u>\$ (6,088.00)</u>	<u>\$ -</u>	<u>\$ 10,192.91</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 208,463.14
General & Business Admin. Services	63,815.25
Unallocated	153,156.59
Total depreciation expense	<u>\$ 425,434.97</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM LIABILITIES

MOUNTAINSIDE SCHOOL DISTRICT
 LONG TERM DEBT DISCLOSURE
DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that Long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported liabilities in the governmental funds. A deduction to the fund balance - total governmental funds is made to reflect the carrying value of the District's long-term liabilities at year-end in the governmental activities of the District-wide financial statements.

Long-term debt liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ <u>20,900,000.00</u>	\$ _____	\$ <u>1,035,000.00</u>	\$ <u>19,865,000.00</u>	\$ <u>1,065,000.00</u>
Total Bonds Payable	<u>20,900,000.00</u>	_____	<u>1,035,000.00</u>	<u>19,865,000.00</u>	<u>1,065,000.00</u>
Other Liabilities:					
Compensated Absences Payable	194,212.50	13,476.50		207,689.00	
Capital Leases	65,406.67		18,664.99	46,741.68	19,469.80
Unpaid Tuition Costs	<u>898,566.00</u>	_____	<u>275,961.00</u>	<u>622,605.00</u>	<u>428,837.00</u>
Total Other Liabilities	<u>1,158,185.17</u>	<u>13,476.50</u>	<u>294,625.99</u>	<u>877,035.68</u>	<u>448,306.80</u>
Bond Premiums/(Discounts)	<u>52,279.72</u>	_____	<u>18,945.07</u>	<u>33,334.65</u>	<u>14,211.41</u>
Net Pension Liability	<u>2,991,136.00</u>	<u>1,446,404.00</u>	_____	<u>4,437,540.00</u>	_____
Total Liabilities	\$ <u><u>25,101,600.89</u></u>	\$ <u><u>1,459,880.50</u></u>	\$ <u><u>1,348,571.06</u></u>	\$ <u><u>25,212,910.33</u></u>	\$ <u><u>1,527,518.21</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):

A. Bonds Payable -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding as at June 30, 2017 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,065,000	\$646,821	\$1,711,821
2019	1,095,000	609,921	1,704,921
2020	1,115,000	571,815	1,686,815
2021	1,135,000	532,728	1,667,728
2022	1,150,000	492,971	1,642,971
2023	1,170,000	453,859	1,623,859
2024	895,000	421,384	1,316,384
2025	925,000	394,084	1,319,084
2026	955,000	365,884	1,320,884
2027	985,000	336,784	1,321,784
2028	1,025,000	306,634	1,331,634
2029	1,060,000	274,299	1,334,299
2030	1,100,000	239,189	1,339,189
2031	1,145,000	201,717	1,346,717
2032	1,190,000	161,570	1,351,570
2033	1,235,000	118,361	1,353,361
2034	1,285,000	72,686	1,357,686
2035	<u>1,335,000</u>	<u>24,698</u>	<u>1,359,698</u>
	<u>\$ 19,865,000</u>	<u>\$ 6,225,401</u>	<u>\$26,090,401</u>

B. Bonds Authorized But Not Issued – At June 30, 2017, the District had no Authorized but Unissued debt.

C. Other Authorized Debt

In October, 2014, the District entered into a five-year capital lease for photocopying equipment for the schools and offices of the District in the amount of \$94,816.20. The lease requires 60 equal monthly payments of \$1,756.

Principal and interest due on capital lease obligations outstanding as at June 30, 2016 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$19,469.80	\$1,602.20	\$21,072.00
2019	20,309.22	762.67	21,072.00
2020	<u>6,962.67</u>	<u>61.33</u>	<u>7,024.00</u>
	<u>\$ 46,741.69</u>	<u>\$2,426.31</u>	<u>\$ 49,168.00</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):

D. Advance Refunding of 2003 School Bonds – On March 10, 2011, the District issued \$3,130,000.00 Refunding School Bonds, Series 2011 (the “Bonds”) to advance refund \$3,233,000.00 of its callable 2001 School Bonds. Interest Rates on the Refunding Bonds ranged from 3.0% to 4.875%, while Yields, which reflect premiums or discounts, ranged from 1.0% to 4.06%. The Net Interest Cost (NIC) on the Bonds was 3.33%. The net proceeds of the sale of \$3,308,920.94, which includes premiums of \$234,092.85 and deducts \$55,171.91 of underwriting fees and other costs associated with the issuance of the Bonds, were used to purchase U.S. Government Securities, which were deposited to an irrevocable Trust with an escrow agent. The escrow provided for all future debt service payments through July 15, 2011 and a call order was placed by the Trustee on that date to redeem the outstanding callable principal of these bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$75,920.94. This difference, reported in the accompanying District-wide financial statements as a “contra” amount to bonds payable, is being charged as a Governmental Activities expense through the school year ended June 30, 2023. Annual charges to amortize the Deferred Amount from Refunding are calculated on a “straight line” basis.

NOTE 5. PENSION PLANS

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

Description of Plans (Cont'd)

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016:

Inactive plan members or beneficiaries currently receiving benefits	171,422
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>261,171</u>
Total	<u>433,296</u>

Contributing Employers – 1,713

Significant Legislation - Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages - For the year ended June 30, 2017 the Board's total payroll for all employees was \$6,065,261.96. Total PERS covered payroll was \$803,347. Covered payroll refers to pensionable compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.20% for State fiscal year 2017, commencing July 1, 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's contributions to the Plan for the years ended June 30, 2017 and 2016 were \$133,107 and \$114,557, respectively. School Board Contributions are due and payable in the fiscal period subsequent to the plan year for which the contributions requirements were calculated.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

Description of Plans (Cont'd)

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

The following represents the membership tiers for PERS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the School Board reported a liability of \$4,437,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The June 30, 2016 actuarial valuation indicated that the Board's proportion of the total Local Group NPL was 0.0149830%, which was an increase of 0.0016583% from its proportion measure valued as of June 30, 2015.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the School Board reported a liability of \$2,991,136 for its proportionate share of the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

Description of Plans (Cont'd)

The Board's proportion of the net pension liability was based on a projection of the Boards long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Boards proportion was 0.0133247%, which was an decrease of 0.0012026% from its proportion measure as of June 30, 2014.

For the year ended June 30, 2017, the Board recognized pension expenses of \$507,444 in its Governmental Activities. At June 30, 2017 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Of Resources</u>	<u>Of Resources</u>
Differences between expected and actual Experience	\$82,525	\$
Changes in assumptions	919,221	
Net difference between projected and actual earnings on Plan investments	169,207	
Changes in proportion and differences between Board contributions and proportionate share of contributions	420,803	54,459
Board contributions subsequent to the measurement date	<u>111,355</u>	
Total	\$1,703,111	\$54,459

The \$111,355 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2018	(\$385,202)
2019	(\$385,203)
2020	(\$385,202)
2021	(\$342,218)
2022	(\$107,100)
Thereafter	\$-0-

Actuarial Assumptions- The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary Increases (2012-2021)	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.65%

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000

Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial results

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 3.98%

Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate – the following presents the collective net pension liability of PERS participating employers, as well as the Borough's attributed share of that liability, as of June 30, 2016, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:="

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

	At 1% Decrease (2.98%)	At current discount rate (3.98%)	At 1% increase (4.98%)
State	\$34,422,851,197	\$29,390,685,705	\$25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
PERS Plan Total	<u>\$70,715,189,252</u>	<u>\$59,007,817,464</u>	<u>\$49,352,744,647</u>
Mountainside	<u>\$5,317,964</u>	<u>\$4,437,540</u>	<u>\$3,711,453</u>

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2016 is as follows:

	State	Local	Total
Total Pension Liability	\$36,295,189,928	\$49,474,698,146	\$85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$29,390,685,705</u>	<u>\$29,617,131,759</u>	<u>\$59,007,817,464</u>

B. TEACHERS PENSION AND ANNUITY FUND

Description of Plan - The Teachers' Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68, by which the State of New Jersey (State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

Plan Membership and Contributing Employers- Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016:

Inactive plan members or beneficiaries currently receiving benefits	101,263
Inactive plan members entitled to but not yet receiving benefits	210
Active plan members	<u>155,882</u>
Total	<u>257,355</u>

Contributing Employers – 24.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability.

Significant Legislation – Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of TPAF.

Covered Payroll - For the year ended June 30, 2017 the Board's total payroll for all employees was \$6,065,261.96. Total TPAF covered payroll was \$4,746,097. Covered payroll refers to pensionable compensation paid by the Board to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.20% for State fiscal year 2017, commencing July 1, 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State of New Jersey contribution amount is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The State of New Jersey is solely responsible for funding the normal pension obligations of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF pension liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Local Pension Obligation</u>
6/30/17	\$ 478,301	Unknown %	\$ 0
6/30/16	369,299	Unknown %	0
6/30/15	250,023	Unknown %	0

At June 30, 2016, the TPAF reported a net pension liability of \$78,666,367,052 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s net pension liability for the Non-State Employer Member Group that is attributable to the District was \$36,285,358, or 0.0461256%. The June 30, 2016 allocation of net pension liability represents an increase of \$7,055,888 from the District’s proportionate share at June 30, 2015. State non-employer contributions allocated to the District were \$367,344 and \$248,539 for 2016 and 2015.

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases (2012-2021)	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Pre-retirement, post-retirement and disability mortality rates were based upon the experience of TPAF members reflecting mortality improvement on a generational basis based upon a 60-year average of Social Security data from 1953 to 2013. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equities Market	26.00%	5.14%
Foreign-Developed Equities	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate – the following presents the net pension liability of TPAF as of June 30, 2016 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLANS (CONT'D)

B. TEACHERS PENSION AND ANNUITY FUND (TPAF) (CONT'D.)

	At 1% <u>Decrease (2.22%)</u>	At current <u>discount rate (3.22%)</u>	At 1% <u>Increase (4.22%)</u>
TPAF	\$94,378,176,033	\$79,028,907,033	\$66,494,248,033

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2016 is as follows:

Total pension liability	\$ 101,746,770,000
Plan fiduciary net position	<u>22,717,862,967</u>
 Net pension liability	 <u>\$ 79,028,907,033</u>
 Plan fiduciary net position as a percentage of the total pension liability	 22.33%

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2015, the membership in the DCRP, based on the information within the Division’s database, was 36,808.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant’s interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PENSION PLANS (CONT'D)

C: DEFINED CONTRIBUTION RETIREMENT PLAN (CONT'D.)

Covered Payroll - For the year ended June 30, 2017 the Board's total payroll for all employees was \$6,065,261.96. Total DCRP covered payroll was \$278,144. Covered payroll refers to all pensionable compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2017 were \$8,344 and \$15,298, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

The State of New Jersey sponsors and administers the post-employment health benefits program for school districts. P.L. 1987, c. 384 and P.L. 1990, c.6 require the TPAF and PERS, respectively, to fund the costs of post-retirement medical benefits for those state employees who retire after accumulating 25 years of credit service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-employment medical benefits through the TPAF and PERS, and instead, created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state and educational employees.

The School Employees Health Benefits Program (SEHBP) Act is codified in the New Jersey Statutes Annotated as 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 Division of Pensions issues a publicly available financial report that includes the financial statements and required supplementary information for the SEHBP. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

At June 30, 2016, there were approximately 110,512 retirees receiving State paid post retirement health benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post retirement medical benefits was changed from a pre-funding basis to a pay-as-you-go basis in Fiscal Year 1994.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides 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 at no cost to the member. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The State's contributions to the Health Benefits Program Fund on-behalf of the District for TPAF retiree health benefits, for the last three years, is as follows:

Three-Year Trend Information for TPAF Retiree Health Benefits (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Post Retirement Medical Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/17	\$ 412,974	100 %	\$ 0
6/30/16	439,733	100	0
6/30/15	396,912	100	0

The amounts of State contributions to the Health Benefits Program Fund on-behalf of the District for PERS retiree health benefits has not been made available.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District, along with other school districts, is a member of the School Alliance Insurance Fund (the "Fund"), a governmental joint insurance fund. SAIF has adopted a formal risk management plan that involves a combination of District risk retention (through the use of per claim and aggregate per line deductibles), Fund retention of risk and the procurement of excess insurance and reinsurance through commercial reinsurers and the School Excess Liability Fund. A complete listing of the coverages provided by the Fund can be found in the statistical section of the Comprehensive Annual Financial Report. Surety bond coverage for the School Business Administrator is provided through the Fund. A synopsis of the audited financial information for the Fund as of June 30, 2016 and for the year then ended includes:

Underwriting Income-Regular Contributions	\$40,869,275
Total Expenses (Inc. Case & IBNR Reserves)	39,153,730
Investment Income	572,204
Net Income for the Year	2,291,625
Fund Surplus – June 30, 2016	9,463,015

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

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 11,128	\$ 6,260	\$ 97,808
2015-2016		11,127	1,532	92,624
2014-2015	-	11,511	14,697	82,854
2013-2014	75	10,082	33,297	86,877
2012-2013	106	6,354	27,092	110,017
2011-2012	61,897	9,068	69,566	130,649
2010-2011	200,580	9,816	74,824	129,158

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 210,981.40	900.00
Capital Projects		80,490.94
Proprietary Funds		71,802.37
Fiduciary Funds	<u>1,125.00</u>	<u>58,913.09</u>
 Total	 <u>\$ 212,106.40</u>	 <u>\$ 212,106.40</u>

NOTE 9: FUND BALANCE APPROPRIATED

General Fund - Of the \$1,903,947.55 General Fund balance at June 30, 2017 (Budgetary Basis), legally restricted balances include \$479,500.00 of Capital Reserves; \$134,235.79 of excess surplus (Note 10), of which \$48,591.78 has been designated for 2017-2018 expenditures and \$85,644.01, which is legally restricted for use in the 2018-19 budget cycle; \$493,768.00 of tuition reserves, of which \$300,000 has been utilized to fund the amount due to the high school receiving district in 2017-18 based upon the certification of the 2014-15 tuition rate and \$193,768,000 which is the balance of the 2014-15 adjustment and is required to be paid in the 2018-19 budget cycle. Of the unrestricted balance, \$406,840.22, has been assigned for subsequent year's expenditures and includes \$400,000.22 designated by the Board for 2017-2018 expenditures and \$6,840 of year-end encumbrances. Of the unrestricted fund balance, \$389,603.54 is unassigned.

The total General Fund balance and unrestricted fund balance (budgetary basis) must be reduced by \$214,291.00 of state aid that was realized as revenue on the budgetary basis but is not permitted to arrive at the amounts reported as components of fund balance in the governmental fund financial statements. An additional downward adjustment of \$139,420.65 is required to reflect the deferral of the expenditure recognition of the June 2017 employee health benefits premium to the 2017-2018 school budget. This deferral is permitted under the budgetary basis, but must be included in employee benefit costs for 2016-17 in the governmental fund financial statements.

NOTE 10. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A. 18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. Based upon the statutory calculation, there was excess fund balance of \$48,591.78 at June 30, 2017 that was appropriated as part of the 2017-18 school budget. There was \$85,644.01 of excess fund balance at June 30, 2017 that will be required to be appropriated as part of the 2018-19 school budget.

NOTE 11. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District of Mountainside Board of Education by inclusion of \$1.00 during fiscal year 2003 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. CAPITAL RESERVE ACCOUNT (CONT'D.)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR), including the payment of debt service on such projects.

Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP. There was no activity in the Capital Reserve account during the 2016-17 school year. At June 30, 2017 the District reported a total of \$479,500 of legally restricted general fund balance in the Capital Reserve Account.

NOTE 12. OTHER RESERVE ACCOUNTS

Pursuant to enabling legislation and rulemaking, the District established legally restricted Reserve Funds for Maintenance and Emergencies during the month of June, 2009, in the amounts of \$245,339.00 and \$189,528.00, respectively. At June 30, 2017, balances remaining in the Maintenance and Emergency Reserves were \$-0- and \$-0-, respectively. At June 30, 2017, the tuition reserve balance was \$493,768 and consisted of \$300,000 that has been designated to fund tuition adjustments contained in the 2017-18 school budget, and \$193,768 which, pursuant to an agreement with the receiving district, will be required to be financed in the 2018-19 budget cycle.

NOTE 13. DEFICIT FUND BALANCES

The District did not report a deficit fund balance at June 30, 2016 or 2017 in its General Fund in the fund statements (modified accrual basis). P.L. 2003 c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the District is not recording the last two state aid payments, and the Extraordinary Aid payment, on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon nonrecognition of revenue on the GAAP basis for the final state aid payment.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

NOTE 14. TUITION SETTLEMENTS

During the 2014-15 school year, the actual high school tuition rate for the 2013-14 school year was certified by the State of New Jersey. Based upon actual student counts and the certified rate per student, an adjustment due to the receiving district was established in the amount of \$469,596. In recognition of the significant adverse impact that full funding of this amount in the 2015-16 budget would cause, the District sought and negotiated an agreement with the receiving district which permits the funding of \$234,798 in each of the 2015-16 and 2016-17 budget cycles. As previously noted, a legal reservation of fund balance was established at June 30, 2015 for the amount payable in the 2016-17 budget cycle. At June 30, 2017, this settlement was paid in full.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. TUITION SETTLEMENTS (CONT'D.)

During the 2015-16 school year, the actual high school tuition rate for the 2014-15 school year was certified by the State of New Jersey. Based upon actual student counts and the certified rate per student, an adjustment due to the receiving district was established in the amount of \$558,768. In recognition of the significant adverse impact that full funding of this amount in the 2016-17 budget would cause, the District sought and negotiated an agreement with the receiving district which permits the funding of \$65,000 in the 2015-16 budget, \$300,000 in the 2017-18 budget. And \$193,768 in the 2018-19 budget cycles. As previously noted, a legal reservation of fund balance was established at June 30, 2017 for the amount payable in the 2018-19 budget cycle.

At June 30, 2016, a comparison of the student counts and rates used to establish the 2015-16 high school tuition budget amount was compared to actual student counts for the year and estimated costs, which were based upon the certified tuition rate for 2014-15 and a 2% inflation factor. These calculations indicate a potential adjustment of approximately \$170,000, and that amount was established as a non-current liability in the district-wide statement of net position. During the 2016-17 school year, the actual tuition rate for the 2015-16 school year was established and based upon that rate, the actual adjustment due to the receiving district was established at \$128,837. An adjustment of \$41,163 to long-term debt was made to reflect this favorable variance. This amount is due and payable as part of the 2017-18 fiscal budget.

Preliminary estimates of the ultimate settlement of tuition for the 2016-17 school year indicates that no additional tuition liability is anticipated by management upon the certification of the tuition rate.

NOTE 15. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The 2017 User Friendly Budget for the Borough of Mountainside reported no tax abatements granted for calendar years 2016 or 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. PENDING LITIGATION AND CONTINGENT LIABILITIES

PENDING LITIGATION - At June 30, 2017, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

NOTE 17. SUBSEQUENT EVENTS

No events have occurred subsequent to the close of the fiscal year that require disclosure herein.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION – C

MOUNTAINSIDE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	15,410,193.00		15,410,193.00	15,410,193.00	
Preschool Tuition-Individuals	65,000.00		65,000.00	45,300.00	(19,700.00)
Transportation Fees-Individuals	51,272.00		51,272.00	30,472.50	(20,799.50)
Other Restricted Miscellaneous Revenue	29,000.00		29,000.00	25,870.00	(3,130.00)
Unrestricted Miscellaneous Revenue	21,000.00		21,000.00	50,903.77	29,903.77
Total - Local Sources	<u>15,576,465.00</u>		<u>15,576,465.00</u>	<u>15,562,739.27</u>	<u>(13,725.73)</u>
State Sources:					
Transportation Aid	76,605.00		76,605.00	76,605.00	
Special Ed. Aid	371,542.00		371,542.00	371,542.00	
Security Aid	19,731.00		19,731.00	19,731.00	
Under Adequacy Aid	5,780.00		5,780.00	5,780.00	
PARCC Readiness Aid	10,690.00		10,690.00	10,690.00	
Per Pupil Growth Aid	10,690.00		10,690.00	10,690.00	
Professional Learning Community Aid	10,370.00		10,370.00	10,370.00	
Extraordinary Aid	120,826.00		120,826.00	165,898.00	45,072.00
Non-Public Transportation Aid				17,254.00	17,254.00
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				412,974.00	412,974.00
On-behalf TPAF Pension Payments (non-budgeted)				478,301.00	478,301.00
On-behalf TPAF NCGI Payments (non-budgeted)				17,330.00	17,330.00
On-behalf TPAF LTDI Payments (non-budgeted)				2,104.00	2,104.00
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				338,530.84	338,530.84
Total - State Sources	<u>626,234.00</u>		<u>626,234.00</u>	<u>1,937,799.84</u>	<u>1,311,565.84</u>
Total Revenues	<u>16,202,699.00</u>		<u>16,202,699.00</u>	<u>17,500,539.11</u>	<u>1,297,840.11</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

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EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	58,129.00		58,129.00	57,303.00	826.00
Kindergarten	337,278.00		337,278.00	331,095.60	6,182.40
Grades 1- 5	2,075,632.00	(40,623.40)	2,035,008.60	2,005,695.71	29,312.89
Grades 6- 8	1,121,478.00	(22,364.50)	1,099,113.50	1,089,255.32	9,858.18
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000.00	(1,861.01)	138.99	138.99	
Purchased Professional-Educational Services		2,000.00	2,000.00	1,072.17	927.83
Regular Programs- Undistributed Instruction:					
Purchased Technical Services	100.00		100.00		100.00
Other Purchased Services	15,293.00	382.73	15,675.73	15,175.73	500.00
General Supplies	150,000.00	(10,470.43)	139,529.57	136,123.55	3,406.02
Textbooks	23,284.00	12,397.60	35,681.60	35,681.60	
Other Objects	3,000.00	(915.62)	2,084.38	794.83	1,289.55
Total Regular Programs	<u>3,786,194.00</u>	<u>(61,454.63)</u>	<u>3,724,739.37</u>	<u>3,672,336.50</u>	<u>52,402.87</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	448,122.00	2,730.14	450,852.14	445,580.47	5,271.67
Other Salaries for Instruction	275,132.00	116,665.50	391,797.50	386,348.68	5,448.82
Other Purchased Services	200.00		200.00		200.00
General Supplies	1,300.00		1,300.00	1,119.32	180.68
Total Resource Room/Resource Center	<u>724,754.00</u>	<u>119,395.64</u>	<u>844,149.64</u>	<u>833,048.47</u>	<u>11,101.17</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

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EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense (Cont'd):					
Instruction-Special Education (Cont'd):					
Home Instruction:					
Salaries of Teachers	2,500.00		2,500.00	119.13	2,380.87
Total Home Instruction	2,500.00		2,500.00	119.13	2,380.87
Total Special Education	727,254.00	119,395.64	846,649.64	833,167.60	13,482.04
School Sponsored					
Co-Curricular Acitivites:					
Salaries	43,242.00		43,242.00	43,221.98	20.02
Purchased Services		1,645.00	1,645.00	1,645.00	
Supplies	1,500.00	370.00	1,870.00	1,262.74	607.26
Other Objects	9,000.00		9,000.00	9,000.00	
Total Co-Curricular Acitivites:	53,742.00	2,015.00	55,757.00	55,129.72	627.28
Athletic Acitivites:					
Salaries	23,648.00	3,352.09	27,000.09	27,000.09	
Purchased Services		1,645.00	1,645.00		1,645.00
Supplies	8,500.00	1,611.80	10,111.80	10,111.80	
Total Athletic Activities	32,148.00	6,608.89	38,756.89	37,111.89	1,645.00
Summer School:					
Salaries of Teachers	15,835.00		15,835.00	12,854.77	2,980.23
Total Summer School	15,835.00		15,835.00	12,854.77	2,980.23
Total Instruction	4,615,173.00	66,564.90	4,681,737.90	4,610,600.48	71,137.42

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State- Regular	5,159,805.00	(65,512.04)	5,094,292.96	5,093,987.00	305.96
Tuition to Other LEAs Within the State- Special	885,117.00	(2,293.00)	882,824.00	815,375.21	67,448.79
Tuition to Cty. Vocational Sch. Dist.- Regular	213,500.00	44,500.00	258,000.00	258,000.00	
Tuition to Private Schools for the Disabled- Within State	486,973.00	(26,972.77)	460,000.23	430,191.03	29,809.20
Total Undistrib. Expend. - Instruction:	6,745,395.00	(50,277.81)	6,695,117.19	6,597,553.24	97,563.95
Attendance & Social Services:					
Salaries	57,166.00		57,166.00	56,560.00	606.00
Total Attendance & Social Services:	57,166.00		57,166.00	56,560.00	606.00
Health Services:					
Salaries	141,672.00	(9,891.01)	131,780.99	127,447.99	4,333.00
Purchased Profess. and Tech. Serv.	2,250.00	996.03	3,246.03	3,246.03	
Supplies and Materials	5,700.00	(85.00)	5,615.00	3,926.04	1,688.96
Other Objects		85.00	85.00		85.00
Total Health Services:	149,622.00	(8,894.98)	140,727.02	134,620.06	6,106.96
Speech, OT, PT & Related Services:					
Salaries	60,268.00		60,268.00	60,070.00	198.00
Purchased Professional/Educational Services	95,355.00		95,355.00	67,366.27	27,988.73
Travel	200.00		200.00		200.00
Supplies and Materials	1,100.00		1,100.00	232.56	867.44
Total Speech, OT, PT & Related Services:	156,923.00		156,923.00	127,668.83	29,254.17
Other Support Services-Student Extra:					
Purchased Professional/Educational Services	82,908.00		82,908.00	64,742.50	18,165.50
Total Other Support Services- Student Extra:	82,908.00		82,908.00	64,742.50	18,165.50

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

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EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Other Support Services-Guidance:					
Salaries of Other Professional Staff	61,572.00		61,572.00	61,230.00	342.00
Other Purchased Services	250.00		250.00		250.00
Supplies and Materials	250.00		250.00		250.00
Total Guidance:	62,072.00		62,072.00	61,230.00	842.00
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	144,534.00	(13,370.35)	131,163.65	130,657.65	506.00
Salaries of Secret. & Clerical Assts.	56,199.00	360.00	56,559.00	56,544.00	15.00
Purchased Professional/Educational Services	18,500.00	(2,170.00)	16,330.00	8,681.34	7,648.66
Other Purchased Prof./Tech. Services	13,180.00		13,180.00	12,358.47	821.53
Misc. Purchased Services	500.00	25.00	525.00	525.00	
Supplies and Materials	3,075.00	1,944.70	5,019.70	3,678.64	1,341.06
Other Objects	1,500.00	(460.00)	1,040.00	870.00	170.00
Total Child Study Teams:	237,488.00	(13,670.65)	223,817.35	213,315.10	10,502.25
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	103,173.00		103,173.00	102,670.08	502.92
Other Salaries	5,160.00		5,160.00	1,476.00	3,684.00
Other Purchased Services	19,000.00		19,000.00	5,194.80	13,805.20
Supplies and Materials	750.00		750.00	599.66	150.34
Total Improvement of Instructional Services:	128,083.00		128,083.00	109,940.54	18,142.46
Educational Media Services/School Library:					
Salaries	147,369.00	(13,674.00)	133,695.00	128,254.50	5,440.50
Salaries-Technology Coordinators	73,229.00		73,229.00	73,228.56	0.44
Other Purchased Services	84,590.00	(3,060.06)	81,529.94	62,766.54	18,763.40
Supplies and Materials	9,000.00	2,921.00	11,921.00	9,080.64	2,840.36
Total Educational Media Services/School Library:	314,188.00	(13,813.06)	300,374.94	273,330.24	27,044.70

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Instructional Staff Training Services:					
Other Purchased Services	2,000.00	2,670.00	4,670.00	3,745.47	924.53
Total Instructional Staff Training Services:	2,000.00	2,670.00	4,670.00	3,745.47	924.53
Support Services- General Administration:					
Salaries	123,478.00	1,142.00	124,620.00	116,279.00	8,341.00
Legal Services	45,000.00	4,410.00	49,410.00	40,189.95	9,220.05
Audit Fees	24,850.00	2,435.00	27,285.00	24,365.00	2,920.00
Architectural/Engineering Services	5,000.00	490.00	5,490.00	2,550.00	2,940.00
Purchased Technical Services	17,503.00	1,715.04	19,218.04	17,899.15	1,318.89
Communications/Telephone	38,830.00	3,805.00	42,635.00	37,605.54	5,029.46
BOE Other Purchased Services	500.00	49.00	549.00	275.00	274.00
Misc. Purchased Services	15,703.00	1,539.00	17,242.00	10,515.98	6,726.02
General Supplies	7,235.00	709.00	7,944.00	6,987.44	956.56
Misc. Expenditures	2,900.00	750.00	3,650.00	3,229.32	420.68
BOE Membership Dues & Fees	8,079.00	792.00	8,871.00	7,904.00	967.00
Total Support Svcs. - General Administration:	289,078.00	17,836.04	306,914.04	267,800.38	39,113.66
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	224,984.00	17,626.00	242,610.00	222,436.56	20,173.44
Salaries of Secretarial and Clerical Assistants	153,770.00	15,394.00	169,164.00	149,863.46	19,300.54
Other Purchased Services	4,214.00	413.00	4,627.00	4,214.40	412.60
Supplies and Materials	10,000.00	980.00	10,980.00	4,501.57	6,478.43
Other Objects	2,200.00	340.00	2,540.00	2,358.10	181.90
Total Support Serv. - School Administration:	395,168.00	34,753.00	429,921.00	383,374.09	46,546.91

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MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd):					
Central Services:					
Salaries	188,979.00	5,470.00	194,449.00	166,566.11	27,882.89
Purchased Technical Services	250.00	25.00	275.00		275.00
Other Purchased Services	550.00	274.00	824.00	684.36	139.64
Supplies and Materials	1,600.00	157.00	1,757.00	1,176.57	580.43
Misc. Expenditures	1,690.00	(54.00)	1,636.00	1,165.00	471.00
Total Central Services:	193,069.00	5,872.00	198,941.00	169,592.04	29,348.96
Required Maint. For School Facilities:					
Salaries	95,362.00		95,362.00	92,861.52	2,500.48
Cleaning, Repair, and Maintenance services	86,957.00	23,311.54	110,268.54	96,284.90	13,983.64
General Supplies	27,000.00	3,453.34	30,453.34	23,928.15	6,525.19
Other Objects		383.68	383.68	383.68	
Total Required Maint. For School Facilities:	209,319.00	27,148.56	236,467.56	213,458.25	23,009.31
Custodial Services:					
Salaries	369,191.00		369,191.00	307,538.98	61,652.02
Purchased Profess. And Tech. Svcs.	7,500.00		7,500.00	5,350.00	2,150.00
Cleaning, Repair, and Maintenance Services	9,800.00		9,800.00	9,720.00	80.00
Other Purchased Property Svcs.	16,600.00	456.17	17,056.17	17,048.18	7.99
Insurance	62,739.00	(1,256.00)	61,483.00	61,483.00	
General Supplies	40,000.00		40,000.00	32,416.23	7,583.77
Energy	291,999.00	3,452.56	295,451.56	260,307.56	35,144.00
Other Objects	300.00		300.00		300.00
Total Custodial Services:	798,129.00	2,652.73	800,781.73	693,863.95	106,917.78
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000.00		25,000.00	20,664.98	4,335.02
Total Care & Upkeep of Grounds	25,000.00		25,000.00	20,664.98	4,335.02

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services:					
Contracted Services - Aid in Lieu of Payments	90,928.00		90,928.00	82,668.78	8,259.22
Contracted Services (Between Home & School) - Vendors	282,364.00	5,593.44	287,957.44	287,957.44	
Contracted Services (Other Than Between Home & School) - Vendors	22,250.00	278.00	22,528.00	15,422.82	7,105.18
Contracted Services (Special Ed. Students) - Vendors	329,306.00	(278.00)	329,028.00	320,195.87	8,832.13
Total Student Transportation Services:	724,848.00	5,593.44	730,441.44	706,244.91	24,196.53
Unallocated Employee Benefits:					
Social Security Contributions	130,000.00		130,000.00	123,578.45	6,421.55
Other Retirement Contribs. - PERS	121,381.00	24,563.87	145,944.87	145,944.87	
Unemployment Compensation	20,000.00	(11,347.14)	8,652.86		8,652.86
Workmen's Compensation	53,671.00	1,256.00	54,927.00	52,737.25	2,189.75
Health Benefits	1,285,932.00	(13,699.79)	1,272,232.21	1,254,302.00	17,930.21
Tuition Reimbursements	15,000.00		15,000.00	11,025.00	3,975.00
Other Employee Benefits	50,000.00		50,000.00	46,515.17	3,484.83
Total Unallocated Employee Benefits:	1,675,984.00	772.94	1,676,756.94	1,634,102.74	42,654.20
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				412,974.00	(412,974.00)
On-behalf TPAF Pension Payments (non-budgeted)				478,301.00	(478,301.00)
On-behalf TPAF NCGI Payments (non-budgeted)				17,330.00	(17,330.00)
On-behalf TPAF LTDI Payments (non-budgeted)				2,104.00	(2,104.00)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				338,530.84	(338,530.84)
Total On-behalf Employee Benefits				1,249,239.84	(1,249,239.84)

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit - C-1
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EXPENDITURES (CONT'D.):	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	12,246,440.00	10,642.21	12,257,082.21	12,981,047.16	(723,964.95)
Total Expenditures - Current Expense	16,861,613.00	77,207.11	16,938,820.11	17,591,647.64	(652,827.53)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction: Debt Service Assessment-SDA Funding	<u>21,469.00</u>	<u> </u>	<u>21,469.00</u>	<u>21,469.00</u>	<u> </u>
Total Facil. Acquis./Const. Svcs.:	<u>21,469.00</u>	<u> </u>	<u>21,469.00</u>	<u>21,469.00</u>	<u> </u>
Total Capital Outlay:	<u>21,469.00</u>	<u> </u>	<u>21,469.00</u>	<u>21,469.00</u>	<u> </u>
Total Expenditures	<u>16,883,082.00</u>	<u>77,207.11</u>	<u>16,960,289.11</u>	<u>17,613,116.64</u>	<u>(652,827.53)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(680,383.00)</u>	<u>(77,207.11)</u>	<u>(757,590.11)</u>	<u>(112,577.53)</u>	<u>645,012.58</u>
Other Financing Sources (Uses) Operating Transfers In (Out) Capital Projects Interest Income	<u> </u>	<u> </u>	<u> </u>	<u>15,051.20</u>	<u>15,051.20</u>
Total Other Financing Sources (Uses)	<u> </u>	<u> </u>	<u> </u>	<u>15,051.20</u>	<u>15,051.20</u>
Special Items: Cost Recovery from 2002 Cap. Projects	<u> </u>	<u> </u>	<u> </u>	<u>83,402.35</u>	<u>83,402.35</u>
Net Change in Fund Balance	(680,383.00)	(77,207.11)	(757,590.11)	(14,123.98)	743,466.13
Fund Balances, July 1	<u>1,918,071.53</u>	<u> </u>	<u>1,918,071.53</u>	<u>1,918,071.53</u>	<u> </u>
Fund Balances, June 30	<u>1,237,688.53</u>	<u>(77,207.11)</u>	<u>1,160,481.42</u>	<u>1,903,947.55</u>	<u>743,466.13</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balances, June 30 (Carried Forward)	1,237,688.53	(77,207.11)	1,160,481.42	1,903,947.55	743,466.13
Recapitulation:					
Restricted:					
Reserved Excess Surplus-Designated for Subsequent Year Expenditures				48,591.78	
Reserved Excess Surplus				85,644.01	
Capital Reserve				479,500.00	
Tuition Reserve-Designated for Subsequent Year Expenditures				300,000.00	
Tuition Reserve				193,768.00	
Assigned:					
Year-End Encumbrances				6,840.00	
Designated for Subsequent Year Expenditures				400,000.22	
Unrestricted/Unassigned				389,603.54	
				1,903,947.55	
Reconciliation to Governmental Funds Statements (GAAP):					
Deferred Health Benefit Costs not recognized on a GAAP basis				(139,420.65)	
State Aid Payments not recognized on GAAP basis				(214,291.00)	
Fund Balance per Governmental Funds (GAAP)				1,550,235.90	

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Local Sources					
Revenues from Local Sources		\$ 94,592.63	\$ 94,592.63	\$ 49,295.99	\$ (45,296.64)
Total Local Revenues	-	94,592.63	94,592.63	49,295.99	(45,296.64)
Federal Sources					
Title I	\$ 76,859.00	\$ (855.00)	\$ 76,004.00	\$ 76,004.00	\$ -
Title II	10,900.00	(1,563.00)	9,337.00	9,337.00	-
IDEA Part B	166,061.00	(15,631.00)	150,430.00	150,430.00	-
IDEA Preschool		7,682.00	7,682.00	7,682.00	-
Total Federal Revenues	253,820.00	(10,367.00)	243,453.00	243,453.00	-
Total Revenues	253,820.00	84,225.63	338,045.63	292,748.99	(45,296.64)
EXPENDITURES:					
Support Services					
Purch. Prof. - Educ. Services	10,900.00	(1,563.00)	9,337.00	9,337.00	-
Other Purch. Prof. Services	76,859.00	(855.00)	76,004.00	76,004.00	-
Tuition	166,061.00	(7,949.00)	158,112.00	158,112.00	-
Other Objects		94,592.63	94,592.63	49,295.99	45,296.64
Total Support Services	253,820.00	84,225.63	338,045.63	292,748.99	45,296.64
Total Expenditures	253,820.00	84,225.63	338,045.63	292,748.99	45,296.64
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Use)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION – PART II

MOUNTAINSIDE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2017

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

		General Fund			Special Revenue Fund
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	17,500,539.11	(C-2)		292,748.99
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:					
Deduct Current Year-End Encumbrances					(12,755.36)
Add Prior Encumbrances Paid in Current Period					2,238.39
State aid payment recognized for budgetary purposes, not recognized for GAAP statements:					
Deduct Current Year Budgetary Revenue not Recognized		(214,291.00)			
Add Prio Budgetary Revenue Recognized in Current Period		<u>224,709.00</u>			<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	<u>17,510,957.11</u>	(B-2)		<u>282,232.02</u>
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	17,613,116.64	(C-2)		292,748.99
Difference - budget to GAAP:					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
Deduct Current Year-End Encumbrances		-			-
Add Prior Encumbrances Piad in Current Period					(12,755.36)
Health Benefits costs for the New Jersey State Health Benefits Program for a period of up to two months are permitted to be deferred for budgetary purposes but are recorded in the fiscal year that the benefits are provided for financial reporting purposes. (two months)		<u>139,420.65</u>			<u>2,238.39</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u>17,752,537.29</u>	(B-2)		<u>282,232.02</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART III

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

SECTION – L

**(Section numbering as per N.J. Department of Education
2014-2015 Audit Program)**

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.000126555	0.00012124	0.000133247	0.000149830
District's Proportionate Share of the Net Pension Liability	\$2,418,727	\$2,269,592	\$2,991,136	\$4,437,540
District's Covered-Employee Payroll	\$821,773	\$889,382	\$1,255,418	\$803,347
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	294.33%	255.19%	238.26%	552.38%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	47.93%	40.17%

* Amounts presented for each fiscal year were determined as of June 30.

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 95,357	\$ 99,933	\$ 114,557	\$ 133,107
Contribution in Relation to Contractually Required Contribution	<u>\$ (95,357)</u>	<u>\$ (99,933)</u>	<u>\$ (114,557)</u>	<u>\$ (133,107)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347
Contributions as a percentage of Covered Employee Payroll	11.60%	11.24%	9.13%	16.57%

* Amounts presented for each fiscal year were determined as of June 30.

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND (Non-State Employer Group)

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.00044826	0.0004124	0.000462460	0.000461256
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$22,654,542	\$22,039,193	\$29,229,470	\$36,285,358
District's Covered-Employee Payroll	\$4,219,516	\$4,532,156	\$4,875,421	\$4,746,097
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	536.90%	486.28%	599.53%	764.53%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%

* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION – PART III

MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2017

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2016, dated March 14, 2017. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually, For 2014, the discount rate was 5.39%.

TPAF

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate change to 3.22%, the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012-June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was 4.68%.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

SECTION – D

SPECIAL REVENUE FUND

SECTION – E

MOUNTAINSIDE SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit - E-1a

	<u>TOTALS BROUGHT FORWARD</u>	<u>I.D.E.A. PART B BASIC 2016-17</u>	<u>I.D.E.A. PART B PRESCHOOL 2016-17</u>	<u>TITLE II PART A 2016-17</u>	<u>TITLE I 2015-16</u>	<u>INSTRUCTION IMPROVEMENT SYSTEMS 2015-16</u>	<u>TOTALS 2015-16</u>
<u>REVENUES</u>							
Local Sources	\$ 49,295.99						\$ 49,295.99
Federal Sources	-	150,430.00	7,682.00	9,337.00	76,004.00		243,453.00
Total Revenues	<u>49,295.99</u>	<u>150,430.00</u>	<u>7,682.00</u>	<u>9,337.00</u>	<u>76,004.00</u>	<u>0.00</u>	<u>292,748.99</u>
<u>EXPENDITURES</u>							
Support Services:							
Purch. Prof. - Educ. Services	-			9,337.00			9,337.00
Other Purch. Prof. Services	-				76,004.00		76,004.00
Tuition	-	150,430.00	7,682.00				158,112.00
Other Objects	49,295.99						49,295.99
Total Support Services	<u>49,295.99</u>	<u>150,430.00</u>	<u>7,682.00</u>	<u>9,337.00</u>	<u>76,004.00</u>	<u>0.00</u>	<u>292,748.99</u>
Total Expenditures	<u>\$ 49,295.99</u>	<u>\$ 150,430.00</u>	<u>\$ 7,682.00</u>	<u>\$ 9,337.00</u>	<u>\$ 76,004.00</u>	<u>\$ 0.00</u>	<u>\$ 292,748.99</u>

MOUNTAINSIDE SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit - E-1b

	<u>MOUNTAINSIDE EDUCATION FUND</u>	<u>PTA GRANTS</u>	<u>WATTS FOUNDATION GRANTS</u>	<u>ELKS TECH GRANT</u>	<u>FLICKEN TRUST BAND GRANT</u>	<u>TOTALS CARRIED FORWARD</u>
<u>REVENUES</u>						
Local Sources	\$ 4,635.72	\$ 36,540.51	\$ 6,428.30	\$ 691.46	\$ 1,000.00	\$ 49,295.99
Total Revenues	<u>4,635.72</u>	<u>36,540.51</u>	<u>6,428.30</u>	<u>691.46</u>	<u>1,000.00</u>	<u>49,295.99</u>
<u>EXPENDITURES</u>						
Support Services: Other Objects	<u>4,635.72</u>	<u>36,540.51</u>	<u>6,428.30</u>	<u>691.46</u>	<u>1,000.00</u>	<u>49,295.99</u>
Total Support Services	<u>4,635.72</u>	<u>36,540.51</u>	<u>6,428.30</u>	<u>691.46</u>	<u>1,000.00</u>	<u>49,295.99</u>
Total Expenditures	<u>\$ 4,635.72</u>	<u>\$ 36,540.51</u>	<u>\$ 6,428.30</u>	<u>\$ 691.46</u>	<u>\$ 1,000.00</u>	<u>\$ 49,295.99</u>

CAPITAL PROJECTS FUND

SECTION – F

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2017

Exhibit - F-1

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Preliminary Pre-Referendum Costs for Improvements to District Schools	\$ 54,500.00	\$ 38,717.80	\$ -	\$ 15,782.20
2014 School Facilities Project	<u>19,484,000.00</u>	<u>10,378,711.20</u>	<u>5,140,143.07</u>	<u>3,965,145.73</u>
	<u>\$ 19,538,500.00</u>	<u>\$ 10,417,429.00</u>	<u>\$ 5,140,143.07</u>	<u>\$ 3,980,927.93</u>

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Revenues	
Local Sources Interest Income	\$ <u>15,051.20</u>
Total revenues	<u>15,051.20</u>
Expenditures	
Architect Services	269,245.85
Legal services	3,097.46
Construction services	<u>4,867,799.76</u>
Total expenditures	<u>5,140,143.07</u>
Other Financing Sources (Uses):	
Transfers to General Fund	<u>(15,051.20)</u>
Total Financing Sources (Uses)	<u>(15,051.20)</u>
Net Change in Fund Balances	(5,140,143.07)
Fund balance - beginning	<u>9,121,071.00</u>
Fund balance - ending	\$ <u><u>3,980,927.93</u></u>

MOUNTAINSIDE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
REPAIRS, RENOVATIONS & IMPROVEMENTS TO DISTRICT SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 19,484,000.00	\$ _____	\$ 19,484,000.00	\$ 19,484,000.00
Total revenues	<u>19,484,000.00</u>	<u>-</u>	<u>19,484,000.00</u>	<u>19,484,000.00</u>
Expenditures and Other Financing Uses				
Architect's services	1,423,294.91	269,245.85	1,692,540.76	1,751,913.30
Legal services	94,548.83	3,097.46	97,646.29	104,548.83
Other Administrative Services	147,568.00		147,568.00	147,568.00
Construction services	<u>8,713,299.46</u>	<u>4,867,799.76</u>	<u>13,581,099.22</u>	<u>17,479,969.87</u>
Total expenditures	<u>10,378,711.20</u>	<u>5,140,143.07</u>	<u>15,518,854.27</u>	<u>19,484,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>9,105,288.80</u>	\$ <u>(5,140,143.07)</u>	\$ <u>3,965,145.73</u>	\$ <u>-</u>

Additional project information:

Project Number	See Below
Grant Date	N/A
Bond Authorization Date	03/14/14
Bonds Authorized	\$19,484,000
Bonds Issued	\$19,484,000
Original Authorized Cost	\$19,484,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$19,484,000

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	80%
Original target completion date	
Revised target completions date	Jun-18

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 REPAIRS, RENOVATIONS & IMPROVEMENTS TO DISTRICT SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 19,484,000.00	\$ -	\$ 19,484,000.00	\$ 19,484,000.00
Total revenues	<u>19,484,000.00</u>	<u>-</u>	<u>19,484,000.00</u>	<u>19,484,000.00</u>
Expenditures and Other Financing Uses				
Architect's services	1,423,294.91	269,245.85	1,692,540.76	1,751,913.30
Legal services	94,548.83	3,097.46	97,646.29	104,548.83
Other Administrative Services	147,568.00		147,568.00	147,568.00
Construction services	8,713,299.46	4,867,799.76	13,581,099.22	17,479,969.87
Total expenditures	<u>10,378,711.20</u>	<u>5,140,143.07</u>	<u>15,518,854.27</u>	<u>19,484,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>9,105,288.80</u>	\$ <u>(5,140,143.07)</u>	\$ <u>3,965,145.73</u>	\$ <u>-</u>

Additional project information:

Project Number	See Below
Grant Date	N/A
Bond Authorization Date	03/14/14
Bonds Authorized	\$19,484,000
Bonds Issued	\$19,484,000
Original Authorized Cost	\$19,484,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$19,484,000

Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	80%
Original target completion date	
Revised target completions date	Jun-18

PROPRIETARY FUNDS

SECTION – G

ENTERPRISE FUND

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	TOTAL
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$ 115,131.57	\$ 115,131.57
Accounts Receivable (Net)	2,972.37	2,972.37
Inventory	1,858.81	1,858.81
Total Current Assets	119,962.75	119,962.75
Noncurrent Assets:		
Furniture, Machinery & Equipment	136,297.97	136,297.97
Less Accumulated Depreciation	(126,105.06)	(126,105.06)
Total Noncurrent Assets	10,192.91	10,192.91
Total Assets	130,155.66	130,155.66
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	8,247.44	8,247.44
Unearned Revenue	6,853.01	6,853.01
Interfunds payable	71,802.37	71,802.37
Total Current Liabilities	86,902.82	86,902.82
<u>NET POSITION</u>		
Invested in Capital Assets Net of Related Debt	10,192.91	10,192.91
Unrestricted (Deficit)	33,059.93	33,059.93
Total Net Position	\$ 43,252.84	\$ 43,252.84

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>	<u>TOTAL ENTERPRISE FUND</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Program and A la carte	\$ 161,465.98	\$ 161,465.98
Total Operating Revenues	<u>161,465.98</u>	<u>161,465.98</u>
Operating Expenses:		
Cost of Sales	79,546.33	79,546.33
Personnel Costs	73,674.28	73,674.28
District Aides and Custodial Services	20,000.00	20,000.00
Administrative Expenses	2,893.92	2,893.92
Miscellaneous Expenses	731.21	731.21
Repairs	1,166.95	1,166.95
Transportation	1,232.10	1,232.10
Management Fee	8,200.00	8,200.00
Depreciation	<u>6,088.00</u>	<u>6,088.00</u>
Total Operating Expenses	<u>193,532.79</u>	<u>193,532.79</u>
Operating Income (Loss)	<u>(32,066.81)</u>	<u>(32,066.81)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,535.17	1,535.17
Federal Sources:		
USDA Commodities	9,099.85	9,099.85
National School Lunch Program	18,176.06	18,176.06
Interest and Investment Revenue	<u>363.83</u>	<u>363.83</u>
Total Nonoperating Revenues (Expenses)	<u>29,174.91</u>	<u>29,174.91</u>
Income (Loss) Before Transfers	(2,891.90)	(2,891.90)
Change in Net Position	(2,891.90)	(2,891.90)
Total Net Position—Beginning	<u>46,144.74</u>	<u>46,144.74</u>
Total Net Position—Ending	<u>\$ 43,252.84</u>	<u>\$ 43,252.84</u>

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTAL ENTERPRISE FUND
	<u>FOOD SERVICE</u>	<u>FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 163,079.15	\$ 163,079.15
Payments to Suppliers	<u>(157,081.74)</u>	<u>(157,081.74)</u>
Net Cash Provided by (Used for) Operating Activities	<u>5,997.41</u>	<u>5,997.41</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal and State Sources	<u>19,784.19</u>	<u>19,784.19</u>
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>19,784.19</u>	<u>19,784.19</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	<u>363.83</u>	<u>363.83</u>
Net cash provided by (used for) investing activities	<u>363.83</u>	<u>363.83</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,145.43	26,145.43
Balances—Beginning of Year	<u>88,986.14</u>	<u>88,986.14</u>
Balances—End of Year	\$ <u>115,131.57</u>	\$ <u>115,131.57</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ <u>(32,066.81)</u>	<u>(32,066.81)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		-
Depreciation and Net Amortization	6,088.00	6,088.00
USDA Commodities	9,099.85	9,099.85
(Increase) Decrease in Accounts Receivable	(594.48)	(594.48)
(Increase) Decrease in Inventory	278.08	278.08
Increase (Decrease) in Prepaid Revenue	2,207.65	2,207.65
Increase (Decrease) in Interfund Payables	20,000.00	20,000.00
Increase (Decrease) in Accounts Payable	<u>985.12</u>	<u>985.12</u>
Total Adjustments	<u>38,064.22</u>	<u>38,064.22</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 5,997.41</u>	<u>\$ 5,997.41</u>

INTERNAL SERVICE FUND

FIDUCIARY FUNDS

SECTION - H

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Nonexpendable Trust Fund		AGENCY			Expendable Trust Fund			TOTALS
	Rosenstiehl Scholarship Fund	Student Activity	Payroll Agency	Net Payroll	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund		
ASSETS									
Cash and Cash Equivalents	\$ 89,841.74	\$ 56,866.88	\$ 29,082.11	\$ 41,815.96	\$ 5,025.98	\$ 22,350.15	\$ 100,743.77	\$ 345,726.59	
Interfund Accounts Receivable	400.00				725.00			1,125.00	
Total Assets	\$ 90,241.74	\$ 56,866.88	\$ 29,082.11	\$ 41,815.96	\$ 5,750.98	\$ 22,350.15	\$ 100,743.77	\$ 346,851.59	
LIABILITIES									
Liabilities:									
Interfund Accounts Payable	\$	\$	\$ 22,499.79	\$ 36,188.30		\$ 225.00	\$	\$ 58,913.09	
Unidentified Deposits			2,824.93	5,627.66				8,452.59	
Unemployment Benefits Payable							2,938.00	2,938.00	
Payroll Deductions and Withholdings Due to Student Groups		56,866.88	3,757.39					3,757.39	
Total Liabilities	-	56,866.88	29,082.11	41,815.96	-	225.00	2,938.00	130,927.95	
NET POSITION									
Net Position Restricted for:									
Unemployment Compensation Insurance Principal Portion - Nonexpendable Trust	90,241.74						97,805.77	97,805.77	
Unrestricted					5,750.98	22,125.15		90,241.74	
Total Net Position	90,241.74	-	-	-	5,750.98	22,125.15	97,805.77	215,923.64	

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Expendable Trust Fund			Nonexpendable Trust Fund	Totals
	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	Rosenstiehl Scholarship Fund	
<u>ADDITIONS:</u>					
Deductions from Employees' Salaries	\$		\$ 11,128.00	\$	\$ 11,128.00
Interest	30.32	125.63	314.02	494.43	964.40
Total Additions	<u>30.32</u>	<u>125.63</u>	<u>11,442.02</u>	<u>494.43</u>	<u>12,092.40</u>
<u>DEDUCTIONS:</u>					
Unemployment Benefits			6,260.21		6,260.21
Scholarship Payments	2,200.00	525.00		-	2,725.00
Total Deductions	<u>2,200.00</u>	<u>525.00</u>	<u>6,260.21</u>	<u>-</u>	<u>8,985.21</u>
Change in Net Position	<u>(2,169.68)</u>	<u>(399.37)</u>	<u>5,181.81</u>	<u>494.43</u>	<u>3,107.19</u>
Net Position - Beginning	<u>7,920.66</u>	<u>22,524.52</u>	<u>92,623.96</u>	<u>89,747.31</u>	<u>212,816.45</u>
Net Position - Ending	<u>\$ 5,750.98</u>	<u>22,125.15</u>	<u>\$ 97,805.77</u>	<u>\$ 90,241.74</u>	<u>\$ 215,923.64</u>

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> JUNE 30, 2016	<u>CASH</u> RECEIPTS	<u>CASH</u> DISBURSEMENTS	<u>BALANCE</u> JUNE 30, 2017
<u>Student Activity Funds:</u>				
Deerfield School	\$ 44,211.15	\$ 87,260.90	\$ 93,761.57	\$ 37,710.48
Beechwood School	13,315.64	4,315.18	2,859.73	14,771.09
Student Council Fund	3,408.67	6,240.04	5,437.36	4,211.35
Athletic Fund	<u>68.11</u>	<u>7,351.83</u>	<u>7,245.98</u>	<u>173.96</u>
Total Student Activity Funds	<u>\$ 61,003.57</u>	<u>\$ 105,167.95</u>	<u>\$ 109,304.64</u>	<u>\$ 56,866.88</u>

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 PAYROLL AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> JUNE 30, 2016	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> JUNE 30, 2017
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 25,562.79	\$ 2,889,903.76	\$ 2,886,384.44	\$ 29,082.11
Total Assets	<u>\$ 25,562.79</u>	<u>\$ 2,889,903.76</u>	<u>\$ 2,886,384.44</u>	<u>\$ 29,082.11</u>
<u>LIABILITIES</u>				
Interfund Accounts Payable	\$ 22,069.19	\$ 430.60		\$ 22,499.79
Unidentified Deposits	2,824.93			2,824.93
Payroll Deductions and Withholdings	<u>668.67</u>	<u>2,889,473.16</u>	<u>2,886,384.44</u>	<u>3,757.39</u>
Total Liabilities	<u>\$ 25,562.79</u>	<u>\$ 2,889,903.76</u>	<u>\$ 2,886,384.44</u>	<u>\$ 29,082.11</u>

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 NET PAYROLL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> JUNE 30, 2016	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> JUNE 30, 2017
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 41,724.90	\$ 4,015,831.94	\$ 4,015,740.88	\$ 41,815.96
Total Assets	<u>\$ 41,724.90</u>	<u>\$ 4,015,831.94</u>	<u>\$ 4,015,740.88</u>	<u>\$ 41,815.96</u>
<u>LIABILITIES</u>				
Accrued Salaries and Benefits	\$ -	\$ 4,015,740.88	\$ 4,015,740.88	\$ -
Unidentified Receipts	5,627.66		-	5,627.66
Interfund Accounts Payable	<u>36,097.24</u>	<u>91.06</u>	<u>-</u>	<u>36,188.30</u>
Total Liabilities	<u>\$ 41,724.90</u>	<u>\$ 4,015,831.94</u>	<u>\$ 4,015,740.88</u>	<u>\$ 41,815.96</u>

LONG-TERM DEBT

SECTION - I

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2017

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	REDEEMED	BALANCE
			DATE	AMOUNT		JUNE 30, 2016		JUNE 30, 2017
Refunding School Bonds	2/24/2011	\$ 3,130,000	7/15/17	\$ 295,000	4.500%	\$ 2,090,000.00	\$ 280,000.00	\$ 1,810,000.00
			7/15/18	305,000	4.500%			
			7/15/19	305,000	4.750%			
			7/15/20	305,000	4.750%			
			7/15/21	300,000	4.875%			
			7/15/22	300,000	4.000%			
School Bonds, Series 2014	7/17/2014	19,484,000	8/15/17	770,000	3.000%	18,810,000.00	755,000.00	18,055,000.00
			8/15/18	790,000	3.000%			
			8/15/19	810,000	3.000%			
			8/15/20	830,000	3.000%			
			8/15/21	850,000	3.000%			
			8/15/22	870,000	3.000%			
			8/15/23	895,000	3.000%			
			8/15/24	925,000	3.000%			
			8/15/25*	955,000	3.000%			
			8/15/26*	985,000	3.000%			
			8/15/27	1,025,000	3.000%			
			8/15/28	1,060,000	3.200%			
			8/15/29	1,100,000	3.300%			
			8/15/30	1,145,000	3.375%			
			8/15/31	1,190,000	3.500%			
			8/15/32	1,235,000	3.625%			
			8/15/33	1,285,000	3.625%			
8/15/34	1,335,000	3.700%						
						<u>18,810,000.00</u>	<u>755,000.00</u>	<u>18,055,000.00</u>
						<u>\$ 20,900,000.00</u>	<u>\$ 1,035,000.00</u>	<u>\$ 19,865,000.00</u>

*-Mandatory sinking fund redemptions of \$1,940,000 term bond due 8/15/26.

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATION UNDER CAPITAL LEASES
FOR THE YEAR ENDED JUNE 30, 2017

<u>DESCRIPTION</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2016</u>	<u>CURRENT YEAR RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>				
District Copiers	10/15/14	5 YEARS	\$ 94,816.20	\$ 10,543.81	4.229%	<u>65,406.67</u>	<u>18,664.99</u>	<u>46,741.68</u>
						<u>\$ 65,406.67</u>	<u>\$ 18,664.99</u>	<u>\$ 46,741.68</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,258,365.00	\$ -	\$ 1,258,365.00	\$ 1,258,365.01	\$ 0.01
Total Local Sources:	1,258,365.00	-	1,258,365.00	1,258,365.01	0.01
State Aid - Debt Service	458,569.00	-	458,569.00	458,569.00	-
Total - State Sources	458,569.00	-	458,569.00	458,569.00	-
Total Revenues	\$ 1,716,934.00	\$ -	\$ 1,716,934.00	\$ 1,716,934.01	\$ 0.01
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	1,035,000.00	-	1,035,000.00	1,035,000.00	-
Bond Interest	681,934.00	-	681,934.00	681,933.78	(0.22)
Total Regular Debt Service	1,716,934.00	-	1,716,934.00	1,716,933.78	(0.22)
Total expenditures	1,716,934.00	-	1,716,934.00	1,716,933.78	(0.22)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ 0.23	\$ 0.23
Fund Balance - Beginning	18,727.84	-	18,727.84	18,727.84	-
Fund Balance - Ending	\$ 18,727.84	\$ -	\$ 18,727.84	\$ 18,728.07	\$ 0.23

STATISTICAL SECTION

SECTION – J

Financial Trends

MOUNTAINSIDE SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014*	2015*	2016*	2017*
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,497,009	\$ 5,480,718	\$ 5,456,373	\$ 5,609,758	\$ 5,628,117	\$ 5,627,576	\$ 5,639,355	\$ (7,565,354)	\$ (2,757,658)	\$ 3,022,572
Restricted	2,855,403	2,474,061	1,572,629	519,692	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272
Unrestricted	532,909	402,574	1,816	12,787	(144,167)	(165,770)	(3,257,039)	(3,998,001)	(3,706,696)	(3,928,497)
Total governmental activities net position	<u>\$ 8,885,321</u>	<u>\$ 8,357,353</u>	<u>\$ 7,030,818</u>	<u>\$ 6,142,237</u>	<u>\$ 5,880,677</u>	<u>\$ 6,355,661</u>	<u>\$ 3,622,170</u>	<u>\$ 3,186,852</u>	<u>\$ 4,190,370</u>	<u>\$ 4,589,347</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 92,390	\$ 82,643	\$ 72,896	\$ 42,045	\$ 35,957	\$ 29,869	\$ 28,457	\$ 22,369	\$ 16,281	\$ 10,193
Unrestricted	90,402	77,732	31,320	(5,558)	5,030	15,601	11,279	36,420	29,864	33,060
Total business-type activities net position	<u>\$ 182,792</u>	<u>\$ 160,375</u>	<u>\$ 104,216</u>	<u>\$ 36,486</u>	<u>\$ 40,986</u>	<u>\$ 45,469</u>	<u>\$ 39,736</u>	<u>\$ 58,788</u>	<u>\$ 46,145</u>	<u>\$ 43,253</u>
District-wide										
Invested in capital assets, net of related debt	\$ 5,589,398	\$ 5,563,361	\$ 5,529,269	\$ 5,651,803	\$ 5,664,073	\$ 5,657,445	\$ 5,667,811	\$ (7,542,985)	\$ (2,741,377)	\$ 3,032,765
Restricted	2,855,403	2,474,061	1,572,629	519,692	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272
Unrestricted	623,311	480,306	33,137	7,228	(139,138)	(150,169)	(3,245,760)	(3,961,581)	(3,676,832)	(3,895,437)
Total district net position	<u>\$ 9,068,113</u>	<u>\$ 8,517,728</u>	<u>\$ 7,135,035</u>	<u>\$ 6,178,723</u>	<u>\$ 5,921,663</u>	<u>\$ 6,401,131</u>	<u>\$ 3,661,905</u>	<u>\$ 3,245,641</u>	<u>\$ 4,236,515</u>	<u>\$ 4,632,600</u>

* Reflects implementation of GASB Statement No. 68.

MOUNTAINSIDE SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,295,657	\$ 4,540,992	\$ 4,229,033	\$ 4,053,455	\$ 3,311,479	\$ 3,537,966	\$ 4,176,466	\$ 3,864,994	\$ 3,841,919	\$ 3,869,637
Special Education	530,876	522,949	810,510	642,988	967,187	631,127	512,212	621,742	754,465	833,168
Other Instruction	83,608	89,320	87,513	102,327	74,449	70,964	79,347	80,558	84,298	105,096
Support Services:										
Tuition	4,025,221	3,931,275	3,855,537	4,537,729	4,944,041	4,984,772	4,957,770	5,882,562	5,822,983	6,479,704
Student & Instruction Related Services	1,292,567	1,326,273	1,290,595	1,069,526	1,184,853	1,272,564	1,207,204	1,246,282	1,233,119	1,161,265
School Administrative services	311,063	335,453	339,546	340,014	355,150	369,922	378,574	375,607	373,708	389,048
General Administration	527,796	576,507	561,966	587,425	582,065	563,869	539,811	548,945	513,930	501,208
Plant Operations and Maintenance	809,048	840,540	875,569	887,937	860,599	901,193	993,435	978,127	898,776	933,888
Pupil Transportation	580,827	635,909	649,650	542,010	614,513	665,779	659,510	618,252	612,067	706,245
Unallocated Benefits	2,612,653	2,173,068	2,389,335	2,474,291	2,409,345	2,558,853	2,430,549	2,658,641	2,960,817	3,397,100
Special Schools	42,727	40,232	42,059	8,670	-	-	-	-	-	-
Interest on long-term debt	195,867	186,887	177,457	150,323	107,828	132,805	150,620	719,079	723,447	692,338
Unallocated depreciation	101,686	94,993	94,993	96,772	66,317	61,302	69,655	75,342	75,242	140,902
Total governmental activities expenses	<u>15,409,597</u>	<u>15,294,399</u>	<u>15,403,764</u>	<u>15,493,468</u>	<u>15,477,827</u>	<u>15,751,117</u>	<u>16,155,153</u>	<u>17,670,132</u>	<u>17,894,771</u>	<u>19,209,600</u>
Business-type activities:										
Food service	166,947	156,404	144,074	143,762	168,787	168,524	173,362	164,707	209,319	193,533
Child Care	175,512	184,934	159,072	112,262	-	-	-	-	-	-
Total business-type activities expense	<u>342,459</u>	<u>341,338</u>	<u>303,146</u>	<u>256,024</u>	<u>168,787</u>	<u>168,524</u>	<u>173,362</u>	<u>164,707</u>	<u>209,319</u>	<u>193,533</u>
Total district expenses	<u>\$ 15,752,056</u>	<u>\$ 15,635,737</u>	<u>\$ 15,706,910</u>	<u>\$ 15,749,493</u>	<u>\$ 15,646,613</u>	<u>\$ 15,919,640</u>	<u>\$ 16,328,515</u>	<u>\$ 17,834,839</u>	<u>\$ 18,104,091</u>	<u>\$ 19,403,133</u>

MOUNTAINSIDE SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Governmental activities:										
Regular	169,989	175,162		290,009						
Special Education				309,399	652,024	544,064	534,295	530,669	524,689	550,174
Tuition	-	-	276,739		182,196	178,000	154,512	166,081	166,081	158,112
Student & Instructional Related Services	13,758	13,662	12,629	13,743	14,704	81,377	110,275	181,558	196,287	86,401
Pupil Transportation				42,974	-	79,053	102,196	89,384	83,294	92,756
Unallocated benefits	1,044,207	742,651	722,896	695,521	818,441	945,138	796,225	977,756	1,146,414	1,249,240
Plant Operations and Maintenance				7,804	-	-	17,338	17,511	17,494	19,515
Interest on long-term debt									561,150	458,569
Total governmental activities program revenues	1,227,955	931,475	1,012,264	1,359,450	1,485,169	1,831,828	1,738,329	1,951,390	2,695,410	2,614,767
Business-type activities:										
Charges for services										
Food service	150,838	142,697	126,878	119,081	147,652	142,851	137,334	154,216	167,168	161,466
Child care	185,817	162,913	115,635	131,481	-	-	-	-	-	-
Operating grants and contributions	5,639	11,813	4,435	11,410	25,621	30,132	30,251	29,459	29,359	28,811
Total business-type activities program revenues	342,295	317,423	246,949	261,971	173,273	172,982	167,586	183,675	196,527	190,277
Total district program revenues	\$ 1,571,250	\$ 1,248,898	\$ 1,259,213	\$ 1,621,421	\$ 1,658,442	\$ 2,004,810	\$ 1,905,915	\$ 2,135,065	\$ 2,891,937	\$ 2,805,044
Net (Expense)/Revenue										
Governmental activities	\$ (14,181,642)	\$ (14,362,924)	\$ (14,391,500)	\$ (14,134,018)	\$ (13,992,658)	\$ (13,919,289)	\$ (14,416,824)	\$ (15,718,742)	\$ (15,199,361)	\$ (16,594,833)
Business-type activities	836	(23,915)	(56,198)	5,947	4,487	4,458	(5,727)	18,967	(12,792)	(3,256)
Total district-wide net expense	\$ (14,180,806)	\$ (14,386,839)	\$ (14,447,698)	\$ (14,128,071)	\$ (13,988,171)	\$ (13,914,831)	\$ (14,422,600)	\$ (15,699,774)	\$ (15,212,154)	\$ (16,598,089)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,694,735	\$ 12,162,524	\$ 12,600,375	\$ 13,104,390	\$ 13,433,645	\$ 13,937,074	\$ 14,215,815	\$ 14,457,484	\$ 15,108,033	\$ 15,410,193
Taxes levied for debt service	-	-	-	-	100,767	268,600	270,000	649,800	897,219	1,258,365
Federal and State Aid not Restricted	762,866	926,713	509,765	-	-	-	5,771	24,572	27,160	36,533
Regional District Dissolution Payments	2,909,491	660,149	-	-	-	-	-	-	-	-
Investment Earnings	93,513	29,944	2,496	-	-	-	-	-	-	-
Transfer	-	-	-	73,677	-	-	-	-	-	-
Miscellaneous income	55,379	55,627	37,769	67,370	196,686	188,600	124,032	151,567	170,468	205,316
Special Items	-	-	(85,440)	-	-	-	-	-	-	-
Total governmental activities	15,515,985	13,834,957	13,064,965	13,245,436	13,731,098	14,394,274	14,615,618	15,283,423	16,202,880	16,910,407
Business-type activities:										
Investment Earnings	11,458	1,498	40		13	25	43	85	149	364
Transfers				(73,677)						
Total business-type activities	11,458	1,498	40	(73,677)	13	25	43	85	149	364
Total district-wide	\$ 15,527,443	\$ 13,836,454	\$ 13,065,005	\$ 13,171,760	\$ 13,731,111	\$ 14,394,298	\$ 14,615,661	\$ 15,283,509	\$ 16,203,028	\$ 16,910,771
Change in Net Position										
Governmental activities	\$ 1,334,343	\$ (527,968)	\$ (1,326,535)	\$ (888,582)	\$ (261,560)	\$ 474,985	\$ 198,794	\$ (435,318)	\$ 1,003,518	\$ 315,574
Business-type activities	12,294	(22,417)	(56,158)	(67,730)	4,500	4,483	(5,734)	19,853	(12,644)	(2,892)
Total district	\$ 1,346,636	\$ (550,385)	\$ (1,382,693)	\$ (956,312)	\$ (257,060)	\$ 479,468	\$ 193,060	\$ (416,266)	\$ 990,874	\$ 312,682

Notes
 The J-2 is a ten year schedule. This sample is for the year of implementation of GASBS 44. Districts are not required by GASB to report years prior to the implementation date of Statement 44. However, the department strongly encourages districts to report retroactively back to the year they implemented Statement 34. This illustration is for a district which implemented GASB 34 in 6/30/03 and is reporting retroactively.

MOUNTAINSIDE SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 2,653,087	\$ 2,274,211	\$ 1,459,710							
Unreserved	601,935	466,298	65,691							
Total general fund	<u>\$ 3,255,022</u>	<u>\$ 2,740,509</u>	<u>\$ 1,525,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Unreserved, reported in:										
Capital projects fund	202,316	202,680	112,919							
Total all other governmental funds	<u>\$ 202,316</u>	<u>\$ 202,680</u>	<u>\$ 112,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Governmental Funds:										
Restricted For:										
Excess Surplus - Prior Year				\$ -	\$ -	\$ 131,395	\$ 197,127	\$ 182,674	\$ 253,165	\$ 48,592
Excess Surplus - Current Year					131,395	197,127	182,674	253,165	48,592	85,644
Emergency Reserve Account				78,290	-	-	-	-	-	-
Maintenance Reserve Account				74,639	65,333	65,333	35,333			
Tuition Reserve Account								234,798	534,798	493,768
Capital Reserve Account				366,763	200,000	500,000	779,500	679,500	479,500	479,500
Assigned To:										
General Fund -Designated										
For Ssubsequent Year Expenditures				425,000	144,000	-	45,219	193,640	217,598	406,840
Debt Service Fund								18,728	18,728	18,728
Capital Projects Fund								13,206,430	9,121,071	3,980,928
Unassigned:										
General Fund				(1,338)	81,838	107,526	120,164	131,729	159,710	35,892
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 943,354</u>	<u>\$ 622,566</u>	<u>\$ 1,001,381</u>	<u>\$ 1,360,017</u>	<u>\$ 14,900,664</u>	<u>\$ 10,833,161</u>	<u>\$ 5,549,892</u>

Note: For Years Commencing With The 2010-2011 School Year, The Provisions Of GASB Statement No. 54 Were Applicable.

Source: District records

Mountainside School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 11,694,735	\$ 12,162,524	\$ 12,600,375	\$ 13,104,390	\$ 13,534,412	\$ 14,205,674	\$ 14,485,815	\$ 15,107,284	\$ 16,005,251	\$ 16,668,558
Regional District Dissolutions Payments	2,909,491	660,149	-	-	-	-	-	-	-	-
Other Local Revenue	148,894	85,571	41,015	67,370	196,686	246,994	212,943	225,416	281,236	205,316
State sources	1,807,073	1,669,363	1,232,661	1,053,424	1,259,307	1,583,944	1,455,825	1,639,892	2,360,201	2,406,787
Federal sources	183,747	188,824	288,618	306,026	225,606	205,179	199,364	262,221	251,601	244,513
Total revenue	16,743,940	14,766,431	14,162,669	14,531,210	15,216,011	16,241,790	16,353,947	17,234,813	18,898,289	19,525,174
Expenditures										
Instruction:										
Regular Instruction	3,993,475	4,238,199	4,105,542	3,637,643	3,185,081	3,412,885	3,809,020	3,750,450	3,763,412	3,672,337
Special Education Instruction	530,876	522,949	533,772	642,988	782,960	631,127	512,212	621,742	754,465	833,168
Other Instruction	83,608	89,320	87,513	102,327	74,449	70,964	79,347	80,558	84,298	105,096
Undistributed:										
Instruction	4,025,221	3,931,275	3,855,537	4,273,729	4,944,041	4,868,576	4,845,770	5,124,050	5,963,932	6,597,553
Attendance and Social Work					55,745	57,087	53,388	59,944	55,772	56,560
Health Services	133,116	108,439	119,985	124,006	161,495	136,600	138,436	143,817	144,589	134,620
Support Services - Students	297,623	284,314	330,583	335,686	350,438	384,871	313,052	263,011	279,743	253,641
Support Services - Special	502,187	515,294	535,340	328,559	291,678	229,337	234,895	230,748	216,676	213,315
Improvement of Instructional Services	120,942	113,385	124,019	113,243	65,392	110,894	108,848	125,409	109,162	109,941
Educ. Media Library	215,299	284,768	165,956	154,003	244,578	270,838	242,155	244,436	238,046	273,330
Instructional Staff Services	9,642	6,411	2,084	285	824	1,559	1,155	1,964		3,745
General Administration	306,487	341,523	322,000	345,536	369,389	392,121	316,262	318,300	293,612	267,800
School Administration	311,063	335,453	339,546	340,014	355,150	369,922	378,574	379,177	379,254	383,374
Central Services	200,972	215,986	216,640	222,535	193,230	191,222	204,259	195,052	190,926	169,592
Operations and Maintenance	832,624	854,335	875,569	887,937	860,599	901,193	980,235	978,127	897,763	927,987
Student Transportation	580,827	635,909	649,650	542,010	614,513	665,779	659,510	618,252	612,067	706,245
Employee benefits	1,568,445	1,430,418	1,666,438	1,778,770	1,617,580	1,613,716	1,634,324	1,680,014	1,708,095	1,773,523
On-behalf TPAF Pension Contributions	684,254	340,205	335,936	362,088	483,319	617,160	460,465	646,935	809,032	910,709
Reimb. TPAF Soc. Sec. Contributions	359,953	402,446	386,960	331,159	308,447	327,978	335,760	330,821	337,382	338,531
Special Schools	42,727	40,232	42,059	8,670	-	-	-	-	-	-
Capital Outlay	155,421	11,537	7,466	32,068	11,432	15,689	24,368	6,413,031	4,106,828	5,161,612
Debt Service:										
Interest	198,135	189,360	180,135	225,494	117,530	128,600	250,000	260,000	944,000	1,035,000
Principal	190,000	200,000	210,000	220,000	250,000	240,000	120,000	471,072	714,369	681,934
Special Revenue:										
Federal	183,747	188,824	288,618	306,026	198,931	205,179	199,364	262,221	274,067	244,513
Other	-	-	750	-	-	58,394	88,911	73,849	88,302	37,719

Mountainside School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Expenditures	15,526,646	15,280,581	15,382,098	15,314,777	15,536,800	15,901,692	15,990,310	23,272,983	22,965,792	24,891,846
Excess (Deficiency) of revenues over (under) expenditures	1,217,294	(514,150)	(1,219,429)	(783,567)	(320,789)	340,098	363,636	(6,038,170)	(4,067,503)	(5,366,672)
Other Financing sources (uses)										
Proceeds-Sale of Bonds								19,484,000		
Capital Leases								94,816		
Proceeds-Sale of Refunding Bonds				3,364,093						
Payment to Refunded Bond Escrow Agent				(3,308,921)						
Transfers in	394,039	389,360	389,360	423,752	266,763	100,000	154,500	137,766	227,674	15,051
Transfers out	(394,039)	(389,360)	(389,360)	(390,323)	(266,763)	(100,000)	(154,500)	(137,766)	(227,674)	(15,051)
Total other financing sources (uses)	-	-	-	88,602	-	-	-	19,578,816	-	0
Special Item										
Cost Recovery from Cap. Projects										83,402
Net change in fund balances	<u>\$ 1,217,294</u>	<u>\$ (514,150)</u>	<u>\$ (1,219,429)</u>	<u>\$ (694,965)</u>	<u>\$ (320,789)</u>	<u>\$ 340,098</u>	<u>\$ 363,636</u>	<u>13,540,646</u>	<u>(4,067,503)</u>	<u>(5,283,269)</u>
Debt service as a percentage of noncapital expenditures	2.53%	2.55%	2.54%	2.92%	2.37%	2.32%	2.32%	4.34%	8.79%	8.70%

Source: District records

MOUNTAINSIDE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS (Unaudited)
(modified accrual basis of accounting)

FISCAL YEAR ENDED JUNE 30,	TUITION	INTEREST ON INVESTMENTS	TRANSPORT FEES	RENTALS	REFUND	ACTIVITY FEES	DEREGION- ALIZATION	MISCELLANEOUS	TOTAL
2008	18,736.70	99,418.09		4,350.00			2,909,491.28	26,388.87	3,058,384.94
2009	27,980.00	29,579.58					660,149.22	27,647.08	745,355.88
2010	19,770.00	2,489.57						17,999.38	40,258.95
2011	33,740.00	0.00			11,363.78			2,265.79	47,369.57
2012	28,300.00	2,416.60	47,444.14	14,400.00		51,227.50		52,897.60	196,685.84
2013	17,310.00	1,759.93	47,941.23	17,720.00	15,484.55	52,773.50		35,610.34	188,599.55
2014	13,860.00	4,472.26	51,080.07	19,120.00	2,001.62	29,483.00		4,014.67	124,031.62
2015			53,465.02		202.79	30,666.75		29,466.93	113,801.49
2016	9,284.25		54,520.15		210.77	27,413.50		51,365.90	142,794.57
2017	45,300.00		30,472.50		3,045.00	25,870.00		47,858.77	152,546.27

Source: District records.

Revenue Capacity

**Mountainside School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg	Qfarm	Commerical	Industrial	Apartment	Total Assessed Value	Memo : Tax Exempt Propert	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2007	\$ 6,888,000	\$ 391,061,200	\$ -	\$ -	\$ 61,692,600	\$ 26,975,200	\$ -	\$ 486,617,000	\$ 136,162,400	\$ 322,472	\$ 486,939,472	\$ 1,878,558,988	2.359
2008	6,878,300	394,297,500	-	-	60,710,300	26,769,400	-	488,655,500	136,482,500	328,845	488,984,345	1,959,952,232	2.484
2009	6,715,200	396,482,500	-	-	58,609,200	27,402,500	-	489,209,400	136,306,400	357,989	489,567,389	1,973,409,666	2.485
2010	5,961,500	397,158,400	-	-	58,309,200	26,976,100	-	488,405,200	136,197,000	368,925	488,774,125	1,882,852,508	2.630
2011	5,868,500	399,275,800	-	-	56,523,300	26,553,100	-	488,220,700	136,197,000	437,295	488,657,995	1,724,347,175	2.682
2012	5,941,700	397,775,200	-	-	55,364,300	26,055,200	-	485,136,400	136,406,400	349,967	485,486,367	1,677,281,872	2.723
2013	6,063,300	397,192,500	-	-	55,014,700	24,350,100	-	482,620,600	135,801,800	532,537	483,153,137	1,668,235,741	2.971
2014	6,544,200	396,026,600	-	-	50,599,200	24,035,600	-	477,205,600	135,633,800	439,269	477,644,869	1,707,183,189	3.060
2015	6,288,700	396,707,500	-	-	50,332,400	24,035,600	-	477,364,200	135,850,600	431,147	477,795,347	1,750,299,915	3.368
2016	5,975,400	398,232,000	-	-	50,183,500	23,611,700	-	478,002,600	136,045,200	424,058	478,426,658	1,765,280,237	3.409
2017	5,948,000	398,178,000	-	-	50,009,200	23,626,700	-	477,761,900	136,045,200	418,462	478,180,362	1,776,961,583	3.516

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Source Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

Mountainside School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Exhibit J-7

Fiscal Year Ended June 30,	Mountainside School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Borough of Mountainside ^c	Union County ^c	
2008	2.405	0.079	2.484	1.340	1.376	5.200
2009	2.405	0.080	2.485	1.406	1.419	5.310
2010	2.550	0.080	2.630	1.528	1.468	5.626
2011	2.687	-	2.687	1.640	1.503	5.829
2012	2.702	0.021	2.723	1.607	1.499	5.829
2013	2.915	0.056	2.971	1.748	1.724	6.443
2014	3.003	0.057	3.060	1.838	1.838	6.736
2015	3.221	0.145	3.366	1.890	1.908	7.164
2016	3.218	0.191	3.409	1.909	1.985	7.303
2016	3.251	0.265	3.516	1.947	2.010	7.473

Source: Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Borough Tax - Includes Municipal Library which is legally segregated for years after 2011.
 Union County- Includes County Open Space Recreation & Historic Preservation for years 2001 and subsequent.

**Mountainside School District
Principal Property Taxpayers,
Current Year and Nine Years Ago
Unaudited**

	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
DELANEY REAL ESTATE HOLDINGS, L.P.	3,700,600.00	1	0.77%	Information Unavailable		
BEAR MOUNTAIN REALTY LLC	3,572,500.00	2	0.75%			
HCP PCI NEW JERSEY, LLC	3,300,000.00	3	0.69%			
ECHO RECREATION PARTNERS, L.P.	2,893,000.00	4	0.60%			
HCR MANORCARE PROPERTIES LLC	2,100,000.00	5	0.44%			
SAFEGUARD STORAGE PROPERTIES	1,929,200.00	6	0.40%			
ASC MOUNTAINSIDE REALTY	1,600,000.00	7	0.33%			
SH727, LLC	1,564,800.00	8	0.33%			
NG CONSTRUCTION, LLC	1,461,200.00	9	0.31%			
TRIPLE NET INVESTMENTS XV, LLC	1,440,600.00	10	0.30%			
PUBLIC STORAGE EURO PART IX, LTD	1,440,400.00	11	0.30%			
253 SHEFFIELD INC.	1,400,000.00	12	0.29%			
MAIKOS LAND DEVELOPMENT, LLC	1,373,900.00	13	0.29%			
FYL Real Estate LLC	1,367,000.00	14	0.29%			
Ragold, Heather	1,282,000.00	15	0.27%			
Total	\$ 30,425,200		6.36%	\$ -		0.00%

Source: Municipal Tax Assessor

**Mountainside School District
Total Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2007	23,972,832.01	23,587,886.34	98.39%
2008	25,540,138.58	25,253,504.27	98.88%
2009	26,053,330.37	25,622,451.61	98.35%
2010	27,669,775.83	27,271,273.37	98.56%
2011	28,550,686.74	28,178,877.83	98.70%
2012	30,074,204.14	29,675,471.07	98.67%
2013	31,211,086.61	30,858,064.95	98.87%
2014	32,270,845.75	31,793,760.16	98.52%
2015	34,307,065.02	33,830,436.02	98.61%
2016	35,035,977.89	34,379,790.94	98.13%

Source: Borough of Mountainside Chief Financial Officer

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

Debt Capacity

**Mountainside School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2008	4,093,000	-	13,794	-	-	4,106,794	1.19%	\$ 629
2009	3,893,000	-	-	-	-	3,893,000	1.17%	\$ 590
2010	3,683,000	-	-	-	-	3,683,000	1.07%	\$ 550
2011	3,360,000	-	-	-	-	3,360,000	0.93%	\$ 498
2012	3,110,000	-	-	-	-	3,110,000	0.84%	\$ 459
2013	2,870,000	-	-	-	-	2,870,000	0.76%	\$ 423
2014	2,620,000	-	-	-	-	2,620,000	0.67%	\$ 382
2015	21,844,000	-	83,300	-	-	21,927,300	5.33%	\$ 3,207
2016	20,900,000	-	65,407	-	-	20,965,407	N/A	\$ 3,062
2017	19,865,000	-	46,742	-	-	19,911,742	N/A	\$ 2,893

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. 2015 Population was utilized to calculate 2016 Per Capita debt.

Mountainside School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Exhibit J-11

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			
2008	4,093,000		4,093,000	0.84%	624.79
2009	3,893,000		3,893,000	0.80%	590.12
2010	3,683,000		3,683,000	0.75%	550.03
2011	3,360,000		3,360,000	0.69%	499.93
2012	3,110,000		3,110,000	0.64%	458.77
2013	2,870,000		2,870,000	0.60%	423.37
2014	2,620,000		2,620,000	0.55%	383.49
2015	21,844,000		21,844,000	4.57%	3,194.97
2016	20,900,000		20,900,000	4.37%	3,052.43
2017	19,865,000		19,865,000	4.15%	2,886.10

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Mountainside School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Mountainside	\$ 5,620,400	100.000%	\$ 5,620,400
Other Debt			
Union County General Obligation Net Debt-Borough Share	582,124,790	2.630%	15,309,882
Rahway Valley Sewerage Authority	155,548,561	3.391%	<u>5,275,041</u>
Subtotal, overlapping debt			26,205,323
Mountainside District Direct Debt			<u>19,865,000</u>
Total direct and overlapping debt			<u><u>\$ 46,070,323</u></u>

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

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

Union County Debt, Rahway Valley Sewerage Authority debt and Borough of Mountainside debt are as of December 31, 2016.

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

**Mountainside School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 1,776,301,000
	2015 \$ 1,749,868,768
	2014 \$ <u>1,706,743,920</u>
	[A] \$ <u>5,232,913,688</u>
	[A/3] \$ 1,744,304,563
Legal Debt Limit	[B] 69,772,183 ^a
Outstanding Debt- June 30th	[C] <u>20,900,000</u>
Remaining Margin	[B-C] \$ <u>48,872,183</u>

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	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 47,054,891	\$ 50,458,918	\$ 76,663,801	\$ 73,692,056	\$ 70,690,482	\$ 68,162,920	\$ 67,806,726	\$ 67,544,891	\$ 68,517,383	\$ 69,722,183
Total net debt applicable to	<u>4,093,000</u>	<u>3,893,000</u>	<u>3,683,000</u>	<u>3,360,000</u>	<u>3,110,000</u>	<u>2,870,000</u>	<u>2,620,000</u>	<u>21,844,000</u>	<u>20,900,000</u>	<u>19,865,000</u>
Legal debt margin	<u>\$ 42,961,891</u>	<u>\$ 46,565,918</u>	<u>\$ 72,980,801</u>	<u>\$ 70,332,056</u>	<u>\$ 67,580,482</u>	<u>\$ 65,292,920</u>	<u>\$ 65,186,726</u>	<u>\$ 45,700,891</u>	<u>\$ 47,617,383</u>	<u>\$ 49,857,183</u>
Total net debt applicable to the limit as a percentage of debt li	8.70%	7.72%	4.80%	4.56%	4.40%	4.21%	3.86%	32.34%	30.50%	28.49%

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

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

Demographic and Economic Information

**Mountainside School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	6,498	335,413,764	51,618	2.30%
2008	6,531	347,925,963	53,273	3.00%
2009	6,597	330,733,998	50,134	5.30%
2010	6,697	341,680,940	51,020	5.40%
2011	6,744	357,863,616	53,064	5.30%
2012	6,777	371,155,959	54,767	5.40%
2013	6,832	378,506,464	55,402	4.40%
2014	6,837	396,204,150	57,950	4.50%
2015	6,847	411,429,383	60,089	3.50%
2016	6,883	N/A	N/A	3.50%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income represents amounts reported for the County of Union by the Regional Economic Information System, Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Mountainside School District
Principal Employers,
Current Year and Nine Years Ago

Employer	2017			2007		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment

Information Unavailable

			0.00%			0.00%
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Source: _____

Operating Information

MOUNTAINSIDE SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</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>2017</u>
Instruction										
Teachers	74.8	70.4	66.4	64.7	56.4	55.9	58	58.7	61.0	61.0
Classroom Aides	11.7	12.8	7.2	9	10.4	6.5	6.5	7	9.8	12
Vocational	-	-	-							
Other instruction	-	-	-							
Nonpublic school programs	-	-	-							
Adult/continuing education programs	-	-	-							
Support Services:										
Tuition	-	-	-							
Student & Instruction Related Services	16.2	14.6	13.6	14.0	11.2	10.0	10.0	10.0	11.0	12.0
General Administration	1.7	1.5	1.5	1.7	1.6	1.5	1.5	1.4	2.4	2.0
School Administrative Services	4.5	4.5	4.5	4.5	5.5	5.5	5.5	4.6	4.6	4.6
Business Administrative Services	3.0	3.0	3.0	2.8	2.3	2.7	2.7	2.7	2.7	2.5
Administrative Information Technology	-	-	-	-	-					
Plant operations and maintenance	8.0	8.0	8.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Pupil transportation	-	-	-							
Total	<u>119.9</u>	<u>114.8</u>	<u>104.2</u>	<u>103.7</u>	<u>94.4</u>	<u>89.1</u>	<u>91.2</u>	<u>92.4</u>	<u>99.5</u>	<u>102.1</u>

Source: District Personnel Records

**Mountainside School District
Operating Statistics,
Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	<u>Pupil/Teacher Ratio</u>				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
2008	763	14,983,090	19,637.08	-2.22%	74.80	1:10	N/A	N/A	756.0	714.1	7.49%	94.46%
2009	760	14,879,684	19,578.53	-0.30%	70.40	1:10	N/A	N/A	766.0	726.5	1.32%	94.84%
2010	789	14,987,635	18,995.74	-2.98%	66.40	1:11	N/A	N/A	789.0	745.6	3.00%	94.50%
2011	806	14,869,283	18,448.24	-5.77%	64.70	1:12	N/A	N/A	806.0	779.3	5.22%	96.69%
2012	810	15,169,270	18,727.49	1.51%	56.40	1:14	N/A	N/A	810.0	783.0	2.66%	96.67%
2013	778	15,478,685	19,895.48	6.24%	55.90	1:13	N/A	N/A	778.0	745.3	-3.47%	95.80%
2014	747	15,586,593	20,865.59	4.88%	58.00	1:13	N/A	N/A	757.6	735.7	-6.46%	97.11%
2015	761	16,128,880	21,194.32	1.58%	58.70	1:13	N/A	N/A	741.3	712.6	-4.72%	96.13%
2016	734	17,200,596	23,434.05	10.57%	61.00	1:12	N/A	N/A	729.2	701.5	-3.75%	96.20%
2017	718	18,013,300	25,088.16	7.06%	61.00	1:12	N/A	N/A	715.9	687.9	-3.43%	96.09%

Sources: District Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching Staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

MOUNTAINSIDE SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	<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>2017</u>
<u>District Building</u>										
Beechwood										
Square Feet	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810
Capacity (students)	235	235	235	235	235	235	235	235	235	235
Enrollment	217	260	267	270	256	255	265	233	236	237
Deerfield										
Square Feet	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258
Capacity (students)	546	546	546	546	546	546	546	546	546	546
Enrollment	496	500	522	543	565	523	505	528	498	481

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 Number of Schools at June 30, 2015
 Elementary = 1(Pre-K through Grade 2)
 Middle School = 1(Grades 3 through 8)

Source: District Facilities Office

MOUNTAINSIDE SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #(s)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Deerfield School	SP201453	\$144,601.00	\$69,806.00	\$58,410.00	\$79,104.00	\$60,300.00	\$24,750.00	\$38,420.00	\$21,043.00	\$30,079.00	\$24,751.00
Beechwood School	SP201452	<u>68,857.00</u>	<u>26,783.00</u>	<u>16,153.00</u>	<u>29,990.00</u>	<u>17,900.00</u>	<u>10,250.00</u>	<u>4,800.00</u>	<u>1,979.00</u>	<u>3,403.00</u>	<u>8,713.00</u>
Grand Total		<u>\$213,458.00</u>	<u>\$96,589.00</u>	<u>\$74,563.00</u>	<u>\$109,094.00</u>	<u>\$78,200.00</u>	<u>\$35,000.00</u>	<u>\$43,220.00</u>	<u>\$23,022.00</u>	<u>\$33,482.00</u>	<u>\$33,464.00</u>

*School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

The School Alliance Insurance Fund (herein referred to as SAIF or the Fund) is a Joint Insurance Fund Formed under the provisions of *N.J.S.A. 18A:18:b-1 et seq.* As indicated by the Fund's name, the SAIF's membership is comprised of educational facilities.

The SAIF commenced operations on July 1, 1996 with 69 member districts.

The Fund provides the following coverages to its participants:

- 1. Comprehensive General liability including Employee Benefits Liability**
 1. Limit of Liability
 - a. Bodily Injury & Property Damage - \$5,000,000 per occurrence per member
 - b. Fire Damage - \$5,000,000 per occurrence & aggregate
 - c. Employee Benefits Programs - \$1,000,000 per occurrence

- 2. Workers' Compensation**
 1. Limits of Liability:
 - a. Workers' Compensation – Statutory benefits as required by the State of New Jersey
 - b. Employer's Liability - \$5,000,000 per occurrence/aggregate

- 3. Property**
 1. Limit of Liability – Total Insurance Value on file with the Fund -\$31,091,111
 2. Extra Expense - \$1,000,000
 3. Member Deductible - \$2,500/occurrence

- 4. Automobile**
 1. Bodily Injury & Property – \$5,000,000
 2. Personal Injury Protection (PIP) – Statutory
 3. Medical Payments - \$10,000
 4. Uninsured/Underinsured Motorists - \$1,000,000

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

5. Environmental Impairment Liability

1. Limits of Liability – \$1,000,000 per incident/ \$25,000,000 Fund Annual Aggregate
2. SAIF Self Insured Retention – NIL
3. Members Deductible – \$10,000 per incident
4. Insuring Agreement – Provide coverage for on site clean-up costs and third party claims for bodily injury, property damage and clean up costs resulting from environmental impairment conditions.

6. Student Accident Insurance

1. Limits of Liability:
 - a. Compulsory/Full Excess - \$1,000,000 per accident/ 1 year benefit

7. School Leaders Professional Liability

1. Limits of Liability - \$5,000,000 per claim/aggregate per member.
2. SAIF Self Insured Retention – \$5,000 per Claim
3. Insuring Agreement – Provide coverage for a civil claim to the extent to which this insurance applies because of a wrongful act arising out of the business activities of any member.

8. Excess Liability

1. Limits of Liability – \$5 million per occurrence/aggregate per member

9. Crime

1. Limits of Liability:
 - a. Employee Dishonesty - \$500,000 each loss

10. Public Employees Faithful Performance Bonds

Selective Insurance Company:

1. Board Secretary/SBA- \$194,000
2. Treasurer of School Monies - \$194,019

Source: Borough of Mountainside Board of Education

SINGLE AUDIT SECTION

SECTION – K

HODULIK & MORRISON, P.A.
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K-1

ANDREW G. HODULIK, CPA, RMA, PSA
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MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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 Education
Borough of Mountainside School District
County of Union, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 Board of Education of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated November 16, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 Board of Education of the Borough of Mountainside School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Board of Education of the Borough of Mountainside School District in a separate *Auditors' Management Report on Administrative Findings* dated November 16, 2017.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
November 16, 2017

HODULIK & MORRISON, P.A.
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 REGISTERED MUNICIPAL ACCOUNTANTS
 PUBLIC SCHOOL ACCOUNTANTS
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 NEW JERSEY SOCIETY OF CPA'S
 REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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 REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
 of the Board of Education
 Borough of Mountainside School District
 County of Union, New Jersey

Report on Compliance for Each Major Program

We have audited the compliance of the Borough of Mountainside School District, in the County of Union, State of New Jersey, with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of Borough of Mountainside School District's major state programs for the year ended June 30, 2017. The Borough of Mountainside School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major State Program

In our opinion, the Borough of Mountainside School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a 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.

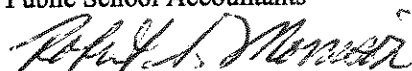
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify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

Purpose of this Report

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 upon the requirements of NJOMB Circular 15-08. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Public School Accountant
PSA # 871

Highland Park, New Jersey
November 6, 2017

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	DEF.REVENUE/ (ACCTS. REC.) AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	DEF.REVENUE/ (ACCTS. REC.) AT JUNE 30, 2017	MEMO CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Agriculture									
Passed-through State Department of Education:									
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	18,176.08		16,931.92	(18,176.08)	(1,244.16)	(18,176.08)
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16		(1,309.47)	1,309.47			-
Federal Food Distribution Program	10.555	171NJ304N1099	7/1/16-6/30/17	9,099.85		9,099.85	(9,099.85)		(9,099.85)
Total U.S. Department of Agriculture					(1,309.47)	27,341.24	(27,275.93)	(1,244.16)	(27,275.93)
U.S. Department of Education									
Passed-through State Department of Education:									
Special Revenue Fund:									
I.D.E.A. Part B	84.027	H027A160100	7/1/16-6/30/17	150,430.00		150,430.00	(150,430.00)	-	(150,430.00)
I.D.E.A. Part B	84.027	H027A160100	7/1/15-6/30/16	158,450.00	(158,450.00)	158,450.00		-	(158,450.00)
I.D.E.A. Part B, Preschool	84.173	H173A160114	7/1/16-6/30/17	7,682.00		7,682.00	(7,682.00)	-	(7,682.00)
I.D.E.A. Part B, Preschool	84.173	H173A160114	7/1/15-6/30/16	7,631.00	(7,631.00)	7,631.00	-	-	7,631.00
N.C.L.B. Title II, Part A	84.367A	S367A160029	7/1/14-6/30/15		(10,676.00)	10,676.00		-	-
N.C.L.B. Title II, Part A	84.367A	S367A160029	7/1/16-6/30/17	9,337.00		5,922.00	(9,337.00)	(3,415.00)	(9,337.00)
N.C.L.B. Title II, Part A	84.367A	S367A160029	7/1/15-6/30/16	10,900.00	(10,900.00)	10,900.00		-	10,900.00
N.C.L.B. Title I, Part A	84.010A	S010A160030	7/1/16-6/30/17	76,004.00		41,885.00	(76,004.00)	(34,119.00)	76,004.00
N.C.L.B. Title I, Part A	84.010A	S010A160030	7/1/15-6/30/16	76,859.00	(76,859.00)	76,859.00		-	76,859.00
Total U.S. Department of Education					(264,516.00)	470,435.00	(243,453.00)	(37,534.00)	(154,505.00)
Total Federal Financial Assistance					(265,825.47)	497,776.24	\$ (270,728.93)	(38,778.16)	(181,780.93)

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2017 based upon the reported level of expenditures.
 See Accompanying Notes to Schedules of Financial Assistance

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule - B

- 158 -

Exhibit K-4

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE - JUNE 30, 2016					BALANCE - JUNE 30, 2016			MEMO		
				GAAP (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CASH RECEIVED	BUDGETARY EXPENDITURES	REFUNDS	GAAP (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:														
Governmental Funds														
General Fund														
Special Education Aid	16-495-034-5120-089	382,540	7/1/15-6/30/16			(36,583.00)	36,583.00						-	-
Special Education Aid	17-495-034-5120-089	371,542	7/1/16-6/30/17			-	335,967.00	(371,542.00)					(35,575.00)	(371,542.00)
Transportation Aid	17-495-034-5120-014	76,605	7/1/16-6/30/17			-	69,270.00	(76,605.00)					(7,335.00)	(76,605.00)
Transportation Aid	16-495-034-5120-014	65,170	7/1/15-6/30/16			(6,232.00)	6,232.00						-	-
Security Aid	17-495-034-5120-084	19,731	7/1/16-6/30/17			-	17,842.00	(19,731.00)					(1,889.00)	(19,731.00)
Security Aid	16-495-034-5120-084	17,494	7/1/15-6/30/16			(1,673.00)	1,673.00						-	-
Under Adequacy Aid	16-495-034-5120-096	5,780	7/1/15-6/30/16			(553.00)	553.00						-	-
Under Adequacy Aid	17-495-034-5120-096	5,780	7/1/16-6/30/17			-	5,226.00	(5,780.00)					(554.00)	(5,780.00)
PARCC Readiness Aid	17-495-034-5120-098	10,690	7/1/16-6/30/17			-	9,666.00	(10,690.00)					(1,024.00)	(10,690.00)
PARCC Readiness Aid	16-495-034-5120-098	10,690	7/1/15-6/30/16			(1,022.00)	1,022.00						-	-
Per Pupil Growth Aid	17-495-034-5120-097	10,690	7/1/16-6/30/17			-	9,666.00	(10,690.00)					(1,024.00)	(10,690.00)
Per Pupil Growth Aid	16-495-034-5120-097	10,690	7/1/15-6/30/16			(1,022.00)	1,022.00						-	-
Prof. Learning Comm. Aid	17-495-034-5120-101	10,370	7/1/16-6/30/17			-	9,378.00	(10,370.00)					(992.00)	-
Extraordinary Aid	16-100-034-5120-044	177,624	7/1/15-6/30/16			(177,624.00)	177,624.00						-	-
Extraordinary Aid	17-100-034-5120-044	165,898	7/1/16-6/30/17			-	-	(165,898.00)					(165,898.00)	(165,898.00)
Nonpublic School Transportation	16-495-034-5120-014	18,124	7/1/15-6/30/16	(18,124.00)			18,124.00						-	-
Nonpublic School Transportation	17-495-034-5120-014	17,254	7/1/16-6/30/17			-	-	(17,254.00)					(17,254.00)	(17,254.00)
T.P.A.F. Social Security Aid	17-495-034-5094-003	338,531	7/1/16-6/30/17	(17,702.55)			17,702.55						-	-
T.P.A.F. Pension Contributions	17-495-034-5094-002	478,301	7/1/16-6/30/17			-	322,009.97	(338,530.84)					(16,520.87)	(338,530.84)
T.P.A.F. Post Retirement Medical	17-495-034-5094-001	412,974	7/1/16-6/30/17			-	478,301.00	(478,301.00)					-	(478,301.00)
T.P.A.F. Non-Contributory Insurance	17-495-034-5094-004	19,434	7/1/16-6/30/17			-	412,974.00	(412,974.00)					-	(412,974.00)
							19,434.00	(19,434.00)					-	(19,434.00)
Special Revenue Fund														
Nonpublic Textbook Aid	16-100-034-5120-064	4,283	7/1/16-6/30/17		4,283.00				(4,283.00)				-	-
Nonpublic Nursing Services Aid	16-100-034-5120-070	6,750	7/1/16-6/30/17		6,750.00				(6,750.00)				-	-
Nonpublic Technology Initiative	16-100-034-5120-373	1,950	7/1/16-6/30/17		1,950.00				(1,950.00)				-	-
Nonpublic Security Aid	16-100-034-5120-509	1,875	7/1/16-6/30/17		1,875.00				(1,875.00)				-	-
Nonpublic Textbook Aid	17-100-034-5120-064	4,381	7/1/16-6/30/17				4,381.00						4,381.00	
Nonpublic Nursing Services Aid	17-100-034-5120-070	6,840	7/1/16-6/30/17				6,840.00						6,840.00	
Nonpublic Technology Initiative	17-100-034-5120-373	1,976	7/1/16-6/30/17				1,976.00						1,976.00	
Nonpublic Security Aid	17-100-034-5120-509	3,800	7/1/16-6/30/17				3,800.00						3,800.00	
Debt Service Fund														
School Building Aid	17-495-034-5120-017	458,569	7/1/16-6/30/17				458,569.00	(458,569.00)						(458,569.00)
Enterprise Funds														
National School Lunch														
Prog. (State Share)	16-100-010-3350-023	1,570	7/1/15-6/30/16	(119.68)			119.68							
National School Lunch														
Prog. (State Share)	17-100-010-3350-023	1,535	7/1/16-6/30/17				1,423.13	(1,535.17)					(112.04)	(1,535.17)
Total State Financial Assistance				(35,946.23)	14,858.00	(224,709.00)	2,427,378.33	(2,397,904.01)	(14,858.00)	(33,886.91)	16,997.00	(214,291.00)	(2,387,534.01)	
Less:														
T.P.A.F. Pension Contributions								(478,301.00)						
T.P.A.F. Post Retirement Medical								(412,974.00)						
T.P.A.F. Non-Contributory Insurance								(19,434.00)						
State Expenditures Subject to Single Audit								(1,487,195.01)						

Note: See Accompanying Notes to Schedules of Financial Assistance.

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance include federal and state award activity of the Board of Education of the Mountainside School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements (GASB 34 Model – basic financial statements). All federal and state awards received directly from federal and state agencies, as well as federal and state assistance passed through other government agencies are included on the schedules of expenditures of federal and state financial assistance. Based upon the level of expenditures of federal financial assistance, a Single Audit of federal awards pursuant to the requirements of Title 2, US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) was not required.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of NJOMB Circular 15-08, which requires compliance with the requirements of Title 2, US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for state financial assistance programs. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements. The District does not charge any indirect costs to any state financial assistance program.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. 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, whereas the GAAP basis does not.

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS
(CONT'D.)

See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Award and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 00.00	\$ 1,948,217.84	\$ 1,948,217.84
Special Revenue Fund	244,513.39	0.00	244,513.39
Debt Service Fund	0.00	458,569.00	458,569.00
Food Service Fund	<u>27,275.91</u>	<u>1,535.17</u>	<u>28,811.08</u>
Total Assistance	\$ <u>271,789.30</u>	\$ <u>2,408,322.01</u>	\$ <u>2,680,111.31</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2017. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017, and are subject to the state single audit mandate.

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

K-6

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards-NOT APPLICABLE, FEDERAL SINGLE AUDIT NOT REQUIRED

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes _____ No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and B programs: _____

Auditee qualified as low-risk auditee? _____ Yes _____ No

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between Type A and B programs: \$750,000.00

Auditee qualified as low-risk auditee? X Yes No

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 No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? Yes X No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>17-495-034-5120-084</u>	<u>Special Ed Categorical</u>
<u>17-495-034-5120-096</u>	<u>Security Aid</u>
<u>17-495-034-5120-098</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-097</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-101</u>	<u>PerPupil Growth Aid</u>
	<u>Professional Learning Community Aid</u>

Section II - Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

MOUNTAINSIDE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

There were no audit findings or questioned costs reported for the year ended June 30, 2016.