

MIDLAND PARK
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018**

Midland Park, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Midland Park Board of Education

Midland Park, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

**Midland Park Board of Education
Business Office**

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INTRODUCTORY SECTION



USDOE Blue Ribbon School of Excellence
NJDOE Star School

MIDLAND PARK PUBLIC SCHOOLS

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

Godwin School
Highland School
Midland Park Junior/Senior High School



Home of the Panthers

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

January 22, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Midland Park School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Midland Park Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. **REPORTING ENTITY AND ITS SERVICES:** *Midland Park School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Midland Park Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 955 students.*

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

3. **MAJOR INITIATIVES:**

Goal #1

Develop and implement Year Two of the in-district Professional Development Academy to be held on January 15, 2018. Professional development facilitators will include administrators, certificated staff members, and PD providers consulting in district for math and ELA. Academy workshops will be district-specific in content and reflect:

- *Analysis of evaluations and participant feedback culled from Year One;*
- *identified school-specific goals;*
- *administrator/certificated staff-submitted needs assessment surveys.*

Goal #2

Develop and implement an improved in-district formative/summative assessment program utilizing EdConnect NJ's assessment administration module as appropriate per grade level span and content area, i.e., create benchmark testing tools resulting in a consolidated program that will more accurately measure progress and accelerate student performance in identified areas; enable teachers to have immediate access to real-time student achievement data, thereby facilitating swift instructional modifications.

Goal #3

Develop program/teams and apply for the Sustainable New Jersey certification for Midland Park Junior/Senior High School (bronze or silver level.) From the program website: Sustainable New Jersey for Schools advances and supports sustainable practices in schools and prepares the next generation of children to address sustainability issues, i.e., identifies actions that schools can implement to become certified; provides guidance and tools to enable schools to make progress on each action; provides access to grants and identifies funding opportunities for schools to make progress toward the actions; encompasses the three equal, interrelated components of sustainability—people, prosperity, planet.

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

States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.

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

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

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

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

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins CPAs, was selected by the

Board Of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related U. S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

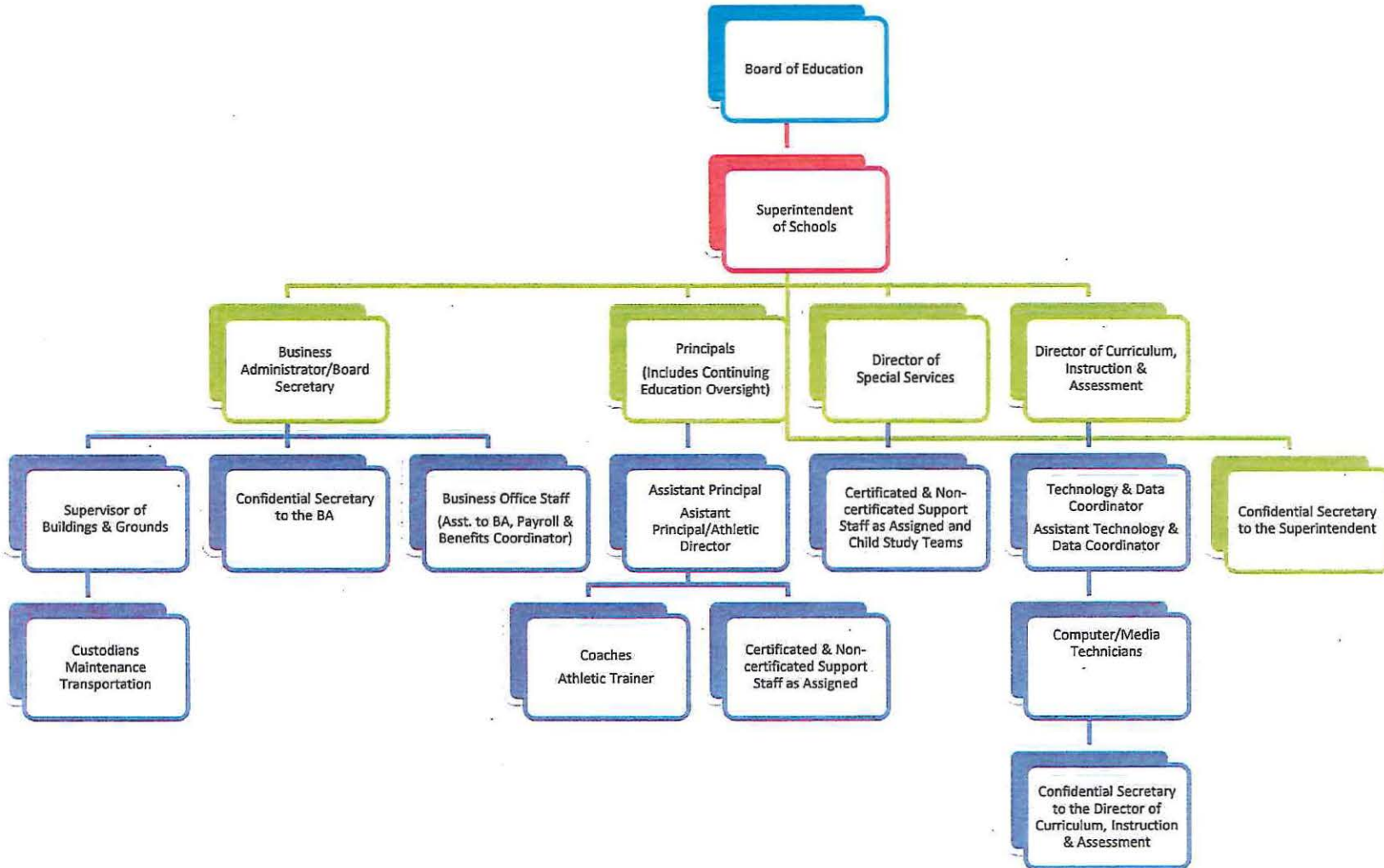


Marie Cirasella, Ed. D.,
Superintendent of Schools



Stacy Garvey,
Board Secretary/
Business Administrator

**MIDLAND PARK PUBLIC SCHOOLS
DISTRICT ORGANIZATIONAL CHART**
Board Approval: November 1, 2016



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MIDLAND PARK BOARD OF EDUCATION
MIDLAND PARK, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term</u>
<i>James Canellas</i>	2020
<i>Sandra Criscenzo</i>	2019
<i>Patricia Fantulin</i>	2018
<i>Richard Formicola</i>	2019
<i>Brian Mc Court</i>	2019
<i>William Sullivan</i>	2018
<i>Dr. Maryalice Thomas</i>	2020
<i>Timothy Thomas</i>	2018
<i>Peter Triolo</i>	2020

Other Officials

Marie Cirasella, Superintendent of Schools

Stacy Garvey, Business Administrator/Board Secretary

MIDLAND PARK BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Lerch, Vinci & Higgins, LLP

17-17 Route 208

Fair Lawn, NJ 07410

Attorney

Fogarty and Hara

21-00 Route 208 South

Fair Lawn, NJ 07410

Official Depository

Columbia Bank

Godwin Avenue

Midland Park, NJ 07432

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Midland Park Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

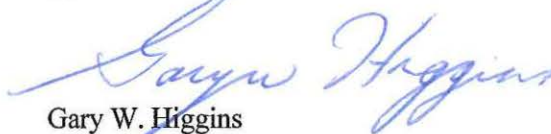
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2019 on our consideration of the Midland Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Midland Park Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Midland Park Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midland Park Board of Education

Midland Park, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

This section of the Midland Park Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year are as follows:

- Net position decreased by \$729,884 from the June 30, 2017 balance.
- General revenues of \$21,251,353 accounted for 68 percent of all revenues. Program revenues of \$9,954,454 accounted for 32 percent of total revenues of \$31,205,807.
- Among major funds, the General Fund had \$24,831,039 in revenues and \$25,268,111 in expenditures. The General Fund's fund balance decreased \$359,172 from the prior year.
- In total, fund balance of Governmental Funds decreased \$468,987, which represents a 10 percent decrease from the prior year's fund balance of \$4,715,485 to \$4,246,498 at June 30, 2018. This decrease is mainly due to the Capital Projects Fund expenditures related to the District's referendum projects and the appropriation of General Fund fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

The district has three kinds of funds:

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

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

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

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

The following table provides a summary of the school district's net position as of June 30, 2018 and 2017.

Net Position. The district's combined net position was \$9,032,200 as of June 30, 2018 and \$9,762,084 as of June 30, 2017 (restated).

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

**Statement of Net Position
As of June 30, 2018 and 2017**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u> (restated)
Current and Other Assets	\$ 4,623,689	\$ 1,598,141	\$ 123,077	\$ 81,451	\$ 4,746,766	\$ 1,679,592
Capital Assets - Net	<u>21,062,481</u>	<u>21,442,003</u>	<u>64,408</u>	<u>64,508</u>	<u>21,126,889</u>	<u>21,506,511</u>
Total Assets	<u>25,686,170</u>	<u>23,040,144</u>	<u>187,485</u>	<u>145,959</u>	<u>25,873,655</u>	<u>23,186,103</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding	98,467	118,160	-	-	98,467	118,160
Deferred Amounts on Net Pension Liability	<u>2,525,782</u>	<u>2,693,907</u>	<u>-</u>	<u>-</u>	<u>2,525,782</u>	<u>2,693,907</u>
Total Deferred Outflows of Resources	<u>2,624,249</u>	<u>2,812,067</u>	<u>-</u>	<u>-</u>	<u>2,624,249</u>	<u>2,812,067</u>
Total Assets and Deferred Outflows of Resources	<u>28,310,419</u>	<u>25,852,211</u>	<u>187,485</u>	<u>145,959</u>	<u>28,497,904</u>	<u>25,998,170</u>
Long-Term Liabilities	17,546,245	19,248,721			17,546,245	19,248,721
Other Liabilities	<u>477,783</u>	<u>716,787</u>	<u>12,809</u>	<u>27,217</u>	<u>490,592</u>	<u>744,004</u>
Total Liabilities	<u>18,024,028</u>	<u>19,965,508</u>	<u>12,809</u>	<u>27,217</u>	<u>18,036,837</u>	<u>19,992,725</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			1,514	1,873	1,514	1,873
Deferred Amounts on Net Pension Liability	<u>1,427,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,427,353</u>	<u>98,232</u>
Total Deferred Inflows of Resources	<u>1,427,353</u>	<u>-</u>	<u>1,514</u>	<u>1,873</u>	<u>1,428,867</u>	<u>100,105</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,451,381</u>	<u>19,965,508</u>	<u>14,323</u>	<u>29,090</u>	<u>19,465,704</u>	<u>20,092,830</u>
Net Position:						
Net Investment in Capital Assets	12,975,747	12,872,361	64,408	64,508	13,040,155	12,936,869
Restricted	1,130,708	950,806			1,130,708	950,806
Unrestricted	<u>(5,247,417)</u>	<u>(4,216,835)</u>	<u>108,754</u>	<u>91,244</u>	<u>(5,138,663)</u>	<u>(4,125,591)</u>
Total Net Position	<u>\$ 8,859,038</u>	<u>\$ 9,606,332</u>	<u>\$ 173,162</u>	<u>\$ 155,752</u>	<u>\$ 9,032,200</u>	<u>\$ 9,762,084</u>

The table on the following page shows changes in net position for fiscal years 2018 and 2017.

Changes in Net Position. The District's total revenues were \$31,205,807 for the fiscal year ended June 30, 2018. Property taxes accounted for 66% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 28%. Capital grants and contributions accounted for less than 1% of the total revenues. The balance or 6% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$31,675,416. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 79% of total costs. The purely administrative activities of the District accounted for just 10% of total costs. Plant operations and maintenance accounted for 7% of total costs. The remaining 4% was comprised of costs relating to pupil transportation, food services and interest on long-term debt.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

Total expenses exceeded revenues, which resulted in a decrease in net position of \$729,884 from last year.

Changes in Net Position

For the Fiscal Years Ended June 30, 2018 and 2017

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 743,369	\$ 683,855	\$ 314,309	\$ 301,684	\$ 1,057,678	\$ 985,539
Operating Grants and Contributions	8,775,232	7,546,882	89,773	94,894	8,865,005	7,641,776
Capital Grants and Contributions	31,771	1,480,801			31,771	1,480,801
General Revenues						
Property Taxes	20,455,488	19,990,599			20,455,488	19,990,599
Unrestricted Federal and State Aid	33,593	33,651			33,593	33,651
Investment Earnings	11,960	20,329	207	76	12,167	20,405
Other	750,105	655,332	-	-	750,105	655,332
Total Revenues	<u>30,801,518</u>	<u>30,411,449</u>	<u>404,289</u>	<u>396,654</u>	<u>31,205,807</u>	<u>30,808,103</u>
Expenses						
Instruction						
Regular	12,408,806	12,073,475			12,408,806	12,073,475
Special Education	6,400,761	5,921,928			6,400,761	5,921,928
School Sponsored Activities and Ath.	999,843	968,669			999,843	968,669
Other	894,828	802,493			894,828	802,493
Support Services						
Student and Instruction Related Serv.	4,370,983	3,767,826			4,370,983	3,767,826
General Administration Services	656,955	570,128			656,955	570,128
School Administration Services	1,858,822	1,762,734			1,858,822	1,762,734
Business / Central Services	817,299	768,031			817,299	768,031
Plant Operations and Maintenance	2,278,130	2,347,506			2,278,130	2,347,506
Pupil Transportation	602,110	509,474			602,110	509,474
Food Services	-	-	386,879	390,965	386,879	390,965
	<u>31,288,537</u>	<u>29,492,264</u>	<u>386,879</u>	<u>390,965</u>	<u>31,675,416</u>	<u>29,883,229</u>
Interest on Long-Term Debt	<u>260,275</u>	<u>197,330</u>	<u>-</u>	<u>-</u>	<u>260,275</u>	<u>197,330</u>
Total Expenses	<u>31,548,812</u>	<u>29,689,594</u>	<u>386,879</u>	<u>390,965</u>	<u>31,935,691</u>	<u>30,080,559</u>
Change in Net Position	(747,294)	721,855	17,410	5,689	(729,884)	727,544
Net Position, Beginning of Year	<u>9,606,332</u>	<u>5,164,848</u>	<u>155,752</u>	<u>111,180</u>	<u>9,762,084</u>	<u>5,276,028</u>
Prior Period Adjustment- Capital Assets, Net	<u>-</u>	<u>3,719,629</u>	<u>-</u>	<u>38,883</u>	<u>-</u>	<u>3,758,512</u>
Net Position, End of Year	<u>\$ 8,859,038</u>	<u>\$ 9,606,332</u>	<u>\$ 173,162</u>	<u>\$ 155,752</u>	<u>\$ 9,032,200</u>	<u>\$ 9,762,084</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

**Total Cost and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 12,408,806	\$ 12,073,475	\$ 8,210,622	\$ 8,083,986
Special Education	6,400,761	5,921,928	3,590,259	3,408,058
School Sponsored Activities and Athletics	999,843	968,669	698,774	690,814
Other	894,828	802,493	34,551	23,986
Support Services				
Student and Instruction Related Svcs.	4,370,983	3,767,826	3,769,196	3,489,181
General Administration Services	656,955	570,128	615,694	570,128
School Administration Services	1,858,822	1,762,734	1,403,003	1,372,290
Business / Central Services	817,299	768,031	756,718	768,031
Plant Operations and Maintenance	2,278,130	2,347,506	2,109,813	886,752
Pupil Transportation	602,110	509,474	549,535	487,500
Interest on Long-Term Debt	<u>260,275</u>	<u>197,330</u>	<u>260,275</u>	<u>197,330</u>
Total Governmental Activities	<u>\$ 31,548,812</u>	<u>\$ 29,689,594</u>	<u>\$ 21,998,440</u>	<u>\$ 19,978,056</u>

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2018 and 2017.

General Fund Revenues

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2018</u>	<u>2017</u>		
Local Sources:				
Property Taxes	\$ 19,533,118	\$ 19,079,363	\$ 453,755	2.4%
Tuition	40,750	46,397	(5,647)	-12.2%
Restricted Miscellaneous	1,434,683	1,274,581	160,102	12.6%
Interest Earnings	10,697	6,042	4,655	77.0%
Miscellaneous	19,304	18,210	1,094	6.0%
Intergovernmental				
State Sources	<u>3,792,487</u>	<u>3,208,626</u>	<u>583,861</u>	18.2%
Total Revenues	<u>\$ 24,831,039</u>	<u>\$ 23,633,219</u>	<u>\$ 1,197,820</u>	5.1%

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2018 and 2017.

General Fund Expenditures

	<u>Fiscal Year</u> <u>Ended June 30,</u>		<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
	<u>2018</u>	<u>2017</u>		
Instruction	\$ 16,088,145	\$ 15,177,780	\$ 910,365	6.0%
Undistributed Expenditures	8,601,708	8,216,082	385,626	4.7%
Debt Service	16,470	78,338	(61,868)	-79.0%
Capital Outlay	<u>561,788</u>	<u>673,148</u>	<u>(111,360)</u>	-16.5%
 Total Expenditures	 <u>\$ 25,268,111</u>	 <u>\$ 24,145,348</u>	 <u>\$ 1,122,763</u>	 4.7%

Capital Assets. As of June 30, 2018 and 2017, the school district had invested in land, construction in progress, site improvements, buildings, building improvements, machinery and equipment as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u> (restated)	<u>2018</u>	<u>2017</u> (restated)
Land	\$ 28,714	\$ 28,714			\$ 28,714	\$ 28,714
Construction in Progress		9,982,854			-	9,982,854
Site Improvements	2,779,523	2,779,523			2,779,523	2,779,523
Buildings and Building Improvements	27,072,287	16,499,027			27,072,287	16,499,027
Machinery and Equipment	<u>3,680,229</u>	<u>3,569,366</u>	\$ 271,865	\$ 265,429	<u>3,952,094</u>	<u>3,834,795</u>
 Total	 33,560,753	 32,859,484	 271,865	 265,429	 33,832,618	 33,124,913
Less: Accumulated Depreciation	<u>(12,498,272)</u>	<u>(11,417,481)</u>	<u>(207,457)</u>	<u>(200,921)</u>	<u>(12,705,729)</u>	<u>(11,618,402)</u>
 Total Capital Assets, Net	 <u>\$ 21,062,481</u>	 <u>\$ 21,442,003</u>	 <u>\$ 64,408</u>	 <u>\$ 64,508</u>	 <u>\$ 21,126,889</u>	 <u>\$ 21,506,511</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

Debt Administration. As of June 30, 2018 and 2017 the school district had long-term liabilities in the amount of \$17,546,245 and \$19,248,721 as follows:

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Bonds Payable (Including Unamortized Premiums)	\$ 10,036,241	\$ 10,706,490
Capital Leases/Lease Purchase Agreements	61,696	
Compensated Absences Payable	337,388	318,877
Net Pension Liability	<u>7,110,920</u>	<u>8,223,354</u>
 Total	 <u>\$ 17,546,245</u>	 <u>\$ 19,248,721</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

MIDLAND PARK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,334,997	\$ 111,897	\$ 3,446,894
Receivables, net			
Receivables from Other Governments	1,188,678	5,494	1,194,172
Other	28,586	248	28,834
Inventory		5,438	5,438
Prepaid Items	71,428		71,428
Capital Assets, Not Being Depreciated	28,714		28,714
Capital Assets, Being Depreciated, Net	<u>21,033,767</u>	<u>64,408</u>	<u>21,098,175</u>
Total Assets	<u>25,686,170</u>	<u>187,485</u>	<u>25,873,655</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	98,467	-	98,467
Deferred Amounts on Net Pension Liability	<u>2,525,782</u>	<u>-</u>	<u>2,525,782</u>
Total Deferred Outflows of Resources	<u>2,624,249</u>	<u>-</u>	<u>2,624,249</u>
Total Assets and Deferred Outflows of Resources	<u>28,310,419</u>	<u>187,485</u>	<u>28,497,904</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	225,555	7,295	232,850
Accrued Interest Payable	100,592		100,592
Payable to State Government	31,082		31,082
Unearned Revenue	120,554	5,514	126,068
Long-Term Liabilities			
Due Within One Year	719,818		719,818
Due Beyond One Year	<u>16,826,427</u>	<u>-</u>	<u>16,826,427</u>
Total Liabilities	<u>18,024,028</u>	<u>12,809</u>	<u>18,036,837</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		1,514	1,514
Deferred Amounts on Net Pension Liability	<u>1,427,353</u>	<u>-</u>	<u>1,427,353</u>
Total Deferred Inflows of Resources	<u>1,427,353</u>	<u>1,514</u>	<u>1,428,867</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,451,381</u>	<u>14,323</u>	<u>19,465,704</u>
NET POSITION			
Net Investment in Capital Assets	12,975,747	64,408	13,040,155
Restricted for:			
Capital Projects	945,740		945,740
Debt Service	14,287		14,287
Other Purposes - Adult Education	170,681		170,681
Unrestricted	<u>(5,247,417)</u>	<u>108,754</u>	<u>(5,138,663)</u>
Total Net Position	<u>\$ 8,859,038</u>	<u>\$ 173,162</u>	<u>\$ 9,032,200</u>

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

**MIDLAND PARK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction:							
Regular	\$ 12,408,806		\$ 4,198,184		\$ (8,210,622)		\$ (8,210,622)
Special Education	6,400,761	\$ 40,750	2,769,752		(3,590,259)		(3,590,259)
School Sponsored Activities and Athletics	999,843		301,069		(698,774)		(698,774)
Other	894,828	702,619	157,658		(34,551)		(34,551)
Support Services							
Student and Instruction- Related Services	4,370,983		601,787		(3,769,196)		(3,769,196)
General Administration Services	656,955		41,261		(615,694)		(615,694)
School Administration Services	1,858,822		455,819		(1,403,003)		(1,403,003)
Business / Central Services	817,299		60,581		(756,718)		(756,718)
Plant Operations and Maintenance	2,278,130		136,546	\$ 31,771	(2,109,813)		(2,109,813)
Pupil Transportation	602,110		52,575		(549,535)		(549,535)
Interest on Long-Term Debt	260,275	-	-	-	(260,275)	-	(260,275)
Total Governmental Activities	<u>31,548,812</u>	<u>743,369</u>	<u>8,775,232</u>	<u>31,771</u>	<u>(21,998,440)</u>	<u>-</u>	<u>(21,998,440)</u>
Business-Type Activities							
Food Service	386,879	314,309	89,773	-	-	\$ 17,203	17,203
Total Business-Type Activities	<u>386,879</u>	<u>314,309</u>	<u>89,773</u>	<u>-</u>	<u>-</u>	<u>17,203</u>	<u>17,203</u>
Total Primary Government	<u>\$ 31,935,691</u>	<u>\$ 1,057,678</u>	<u>\$ 8,865,005</u>	<u>\$ 31,771</u>	<u>(21,998,440)</u>	<u>17,203</u>	<u>(21,981,237)</u>
General Revenues:							
					19,533,118		19,533,118
					922,370		922,370
					33,593		33,593
					11,960	207	12,167
					750,105	-	750,105
					<u>21,251,146</u>	<u>207</u>	<u>21,251,353</u>
					(747,294)	17,410	(729,884)
					<u>9,606,332</u>	<u>155,752</u>	<u>9,762,084</u>
					<u>\$ 8,859,038</u>	<u>\$ 173,162</u>	<u>\$ 9,032,200</u>

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

FUND FINANCIAL STATEMENTS

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,394,082		\$ 926,628	\$ 14,287	\$ 3,334,997
Due from Other Funds	3,759				3,759
Receivables from Other Governments	177	\$ 47,834	1,140,667		1,188,678
Other Accounts Receivable	27,826				27,826
Prepaid Items	71,428	-	-	-	71,428
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,497,272</u>	<u>\$ 47,834</u>	<u>\$ 2,067,295</u>	<u>\$ 14,287</u>	<u>\$ 4,626,688</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 151,528	\$ 11,755			163,283
Other Liabilities	62,272				62,272
Due to Other Funds		2,999			2,999
Payable to State Government		31,082			31,082
Unearned Revenue	92,846	1,998	\$ 25,710	-	120,554
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>306,646</u>	<u>47,834</u>	<u>25,710</u>	<u>-</u>	<u>380,190</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	516,891				516,891
Capital Reserve- Designated for Subsequent Year's Budget (2018/19 Budget)	300,000				300,000
Adult Education Programs	59,735				59,735
Adult Education Programs - Designated for Subsequent Year's Budget (2018/19 Budget)	110,946				110,946
Excess Surplus- Designated for Subsequent Year's Budget (2018/19 Budget)	375,000				375,000
Excess Surplus	325,000				325,000
Capital Projects			2,041,585		2,041,585
Debt Service				\$ 14,287	14,287
Assigned Fund Balance					
Year-End Encumbrances	100,839				100,839
Unassigned					
General Fund	402,215	-	-	-	402,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund balances	<u>2,190,626</u>	<u>-</u>	<u>2,041,585</u>	<u>14,287</u>	<u>4,246,498</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,497,272</u>	<u>\$ 47,834</u>	<u>\$ 2,067,295</u>	<u>\$ 14,287</u>	<u>\$ 4,626,688</u>

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

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

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 4,246,498

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,560,753 and the accumulated depreciation is \$12,498,272.

21,062,481

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

(100,592)

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

98,467

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

Bonds Payable	\$	(9,935,000)	
Unamortized Premium on Bond Issuances		(101,241)	
Capital Leases/Lease Purchase Agreements		(61,696)	
Compensated Absences Payable		(337,388)	
Net Pension Liability		<u>(7,110,920)</u>	
			<u>(17,546,245)</u>

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

Deferred Outflows of Resources		2,525,782	
Deferred Inflows of Resources		<u>(1,427,353)</u>	
			<u>1,098,429</u>

Net Position of Governmental Activities (Exhibit A-1) **\$ 8,859,038**

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 19,533,118			\$ 922,370	\$ 20,455,488
Tuition	40,750				40,750
Other Restricted Miscellaneous Revenues	1,434,683				1,434,683
Miscellaneous	30,001	-	-	-	30,001
Total - Local Sources	21,038,552	-	-	922,370	21,960,922
State Sources	3,792,487	\$ 193,158	\$ 31,771		4,017,416
Federal Sources	-	396,212	-	-	396,212
Total Revenues	24,831,039	589,370	31,771	922,370	26,374,550
EXPENDITURES					
Current					
Regular Instruction	9,401,849	110,237			9,512,086
Special Education Instruction	5,127,886	201,417			5,329,303
Other Instruction	766,767				766,767
School-Sponsored Activities and Athletics	791,643				791,643
Student and Instruction Related Services	3,373,291	277,716			3,651,007
General Administration Services	560,163				560,163
School Administration Services	1,457,922				1,457,922
Central Services	672,763				672,763
Plant Operations and Maintenance	2,002,056				2,002,056
Pupil Transportation	535,513				535,513
Debt Service					
Principal	16,204			650,000	666,204
Interest	266			274,475	274,741
Capital Outlay	561,788	-	139,481	-	701,269
Total Expenditures	25,268,111	589,370	139,481	924,475	26,921,437
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(437,072)	-	(107,710)	(2,105)	(546,887)
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds	77,900	-	-	-	77,900
Total Other Financing Sources and Uses	77,900	-	-	-	77,900
Net Change in Fund Balances	(359,172)	-	(107,710)	(2,105)	(468,987)
Fund Balance, Beginning of Year	2,549,798	-	2,149,295	16,392	4,715,485
Fund Balance, End of Year	\$ 2,190,626	\$ -	\$ 2,041,585	\$ 14,287	\$ 4,246,498

**MIDLAND PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (468,987)

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

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

Capital Outlay	\$ 701,269	
Depreciation Expense	<u>(1,080,791)</u>	(379,522)

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

Increase in Compensated Absences, Net	(18,511)	
Increase in Pension Expense	<u>(483,044)</u>	(501,555)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase. 13,910

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

Original Issue Premium	20,249	
Deferred Charge on Refunding of Debt	<u>(19,693)</u>	556

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

Debt Incurred:		
Capital Lease Financing	(77,900)	
Capital Leases/ Lease Purchase Agreements Principal Repayment	16,204	
Bonds Principal Repayment	<u>650,000</u>	588,304

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (747,294)

**MIDLAND PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	111,897
Accounts Receivable		
Federal		5,175
State		319
Other Accounts Receivable		248
Inventories		<u>5,438</u>
Total Current Assets		<u>123,077</u>
Capital Assets		
Equipment		271,865
Less: Accumulated Depreciation		<u>(207,457)</u>
Total Capital Assets, Net		<u>64,408</u>
Total Assets		<u>187,485</u>
LIABILITIES		
Current Liabilities		
Unearned Revenue		5,514
Accounts Payable		<u>7,295</u>
Total Current Liabilities		<u>12,809</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue		<u>1,514</u>
Total Deferred Inflows of Resources		<u>1,514</u>
Total Liabilities and Deferred Inflows of Resources		<u>14,323</u>
NET POSITION		
Investment in Capital Assets		64,408
Unrestricted		<u>108,754</u>
Total Net Position	\$	<u><u>173,162</u></u>

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

**MIDLAND PARK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales- Reimbursable Programs	\$ 185,493
Daily Sales- Non-Reimbursable Programs	128,016
Special Functions	<u>800</u>
 Total Operating Revenues	 <u>314,309</u>
OPERATING EXPENSES	
Cost of Sales- Reimbursable Programs	112,577
Cost of Sales- Non-Reimbursable Programs	54,149
Salaries and Employee Benefits	163,561
Purchased Services-Management Fee	20,377
Purchased Services	2,845
Repairs	3,089
Supplies and Materials	22,805
Miscellaneous Expenditures	940
Depreciation	<u>6,536</u>
 Total Operating Expenses	 <u>386,879</u>
 Operating Loss	 <u>(72,570)</u>
NONOPERATING REVENUES	
Local Sources	
Interest on Investments	207
State Sources	
School Lunch Program	3,859
Federal Sources	
School Breakfast Program	1,059
National School Lunch Program	61,702
Food Distribution Program	<u>23,153</u>
 Total Nonoperating Revenues	 <u>89,980</u>
 Change in Net Position	 17,410
 Total Net Position, Beginning of Year (Restated)	 <u>155,752</u>
 Total Net Position, End of Year	 <u>\$ 173,162</u>

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

**MIDLAND PARK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 314,359
Cash Payments for Employees' Salaries and Benefits	(163,561)
Cash Payments to Suppliers for Goods and Services	<u>(207,303)</u>
Net Cash Used by Operating Activities	<u>(56,505)</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(6,436)</u>
Net Cash Used by Capital Financing Activities	<u>(6,436)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	400
Cash Received from State and Federal Subsidy Reimbursements	<u>65,944</u>
Net Cash Provided by Noncapital Financing Activities	<u>66,344</u>
Cash Flows from Investing Activities	
Interest Received	<u>207</u>
Net Cash Provided by Investing Activities	<u>207</u>
Net Increase in Cash and Cash Equivalents	3,610
Cash and Cash Equivalents, Beginning of Year	<u>108,287</u>
Cash and Cash Equivalents, End of Year	<u>\$ 111,897</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ <u>(72,570)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	6,536
Non-Cash Federal Assistance - National School Lunch (Food Distribution)	23,153
Change in Assets, Liabilities and Deferred Inflows of Resources	
Increase/(Decrease) in Accounts Payable	(14,458)
Increase/(Decreased) in Unearned Revenue	50
Increase/(Decrease) in Deferred Commodities Revenue	(359)
(Increase)/Decrease in Other Accounts Receivable	(248)
(Increase)/Decrease in Inventories	<u>1,391</u>
Total Adjustments	<u>16,065</u>
Net Cash Used by Operating Activities	<u>\$ (56,505)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution Program)	\$ 22,794

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

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarships Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 179,905	\$ 7,537	\$ 269,491
Due from Other Funds	<u>-</u>	<u>-</u>	<u>1,250</u>
 Total Assets	 <u>179,905</u>	 <u>7,537</u>	 <u>\$ 270,741</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 52,457
Accrued Salaries and Wages			435
Reserve for Flexible Spending (Sect. 125) Plan			11,848
Due to Other Funds	1,250		760
Due to Student Groups		-	205,241
Due to the State Government	<u>856</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>2,106</u>	 <u>-</u>	 <u>\$ 270,741</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 177,799</u>	<u>\$ 7,537</u>	

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

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>	<u>Scholarships Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 41,934	
Donations	-	\$ 8,881
	<hr/>	<hr/>
Total Contributions	41,934	8,881
	<hr/>	<hr/>
Investment Earnings		
Interest	347	34
	<hr/>	<hr/>
Net Investment Earnings	347	34
	<hr/>	<hr/>
Total Additions	42,281	8,915
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		12,325
Unemployment Claims and Contributions	42,680	-
	<hr/>	<hr/>
Total Deductions	42,680	12,325
	<hr/>	<hr/>
Change in Net Position	(399)	(3,410)
Net Position, Beginning of the Year	178,198	10,947
	<hr/>	<hr/>
Net Position, End of the Year	\$ 177,799	\$ 7,537
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Prepaid Items

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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

7. Compensated Absences

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

8. Pensions

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations

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

10. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Adult Education Programs- Designated for Subsequent year's Expenditures- This designation was created to dedicate the portion of Adult Education Programs fund balance appropriated in the adopted 2018/19 District budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

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

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

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

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original general fund budget by \$989,161 and the original special revenue fund budget by \$226,463. The increase in the general fund budget was funded by the appropriation of prior year extraordinary aid, the appropriation of additional state aid received and the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund was funded by additional grant awards.

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 692,861
Increased by		
Interest earnings	\$ 1,263	
Deposits Approved by Board Resolution	<u>307,767</u>	
Total Increases		<u>309,030</u>
		1,001,891
Withdrawals:		
Approved in District Budget		<u>185,000</u>
Balance, June 30, 2018		<u>\$ 816,891</u>
Designated for Subsequent Year's Budget (2018/2019)	\$ 300,000	
Capital Reserve Available		<u>516,891</u>
		<u>\$ 816,891</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$300,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$700,000. Of this amount, \$375,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$325,000 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$3,903,827 and bank and brokerage firm balances of the Board's deposits amounted to \$4,313,373. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 3,989,432
Uninsured or uncollateralized	<u>323,941</u>
	<u>\$ 4,313,373</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balance of \$323,941 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department or agent not in the Board's name	\$ <u>323,941</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 27,826			\$ 248	\$ 28,074
Intergovernmental					
Federal		\$ 47,834		5,175	53,009
State	177	-	\$ 1,140,667	319	1,141,163
Gross Receivables	28,003	47,834	1,140,667	5,742	1,222,246
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 28,003</u>	<u>\$ 47,834</u>	<u>\$ 1,140,667</u>	<u>\$ 5,742</u>	<u>\$ 1,222,246</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Adult/Continuing Education Fees	\$ 84,476
Preschool Tuition	8,370
Special Revenue Fund	
Grant Drawdowns Reserved for Encumbrances	1,998
Capital Projects Fund	
Unrealized School Facilities Grants	<u>25,710</u>
Total Unearned Revenue of Governmental Funds	<u>\$ 120,554</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, July 1, 2017 (Restated)</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 28,714			\$ 28,714
Construction in Progress	9,982,854	-	\$ (9,982,854)	-
Total Capital Assets, Not Being Depreciated	<u>10,011,568</u>	<u>-</u>	<u>(9,982,854)</u>	<u>28,714</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	16,499,027	\$ 590,406	9,982,854	27,072,287
Site Improvements	2,779,523			2,779,523
Machinery and Equipment	3,569,366	110,863	-	3,680,229
Total Capital Assets Being Depreciated	<u>22,847,916</u>	<u>701,269</u>	<u>9,982,854</u>	<u>33,532,039</u>
Less Accumulated Depreciation for:				
Site Improvements	(592,960)	(150,113)		(743,073)
Buildings and Building Improvements	(8,614,641)	(725,987)		(9,340,628)
Machinery and Equipment	(2,209,880)	(204,691)	-	(2,414,571)
Total Accumulated Depreciation	<u>(11,417,481)</u>	<u>(1,080,791)</u>	<u>-</u>	<u>(12,498,272)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,430,435</u>	<u>(379,522)</u>	<u>9,982,854</u>	<u>21,033,767</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,442,003</u>	<u>\$ (379,522)</u>	<u>\$ -</u>	<u>\$ 21,062,481</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2017 (Restated)	Increases	Decreases	Balance, June 30, 2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 265,429	\$ 6,436	-	\$ 271,865
Total Capital Assets Being Depreciated	<u>265,429</u>	<u>6,436</u>	<u>-</u>	<u>271,865</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(200,921)</u>	<u>(6,536)</u>	<u>-</u>	<u>(207,457)</u>
Total Accumulated Depreciation	<u>(200,921)</u>	<u>(6,536)</u>	<u>-</u>	<u>(207,457)</u>
Total Capital Assets, Being Depreciated, Net	<u>64,508</u>	<u>(100)</u>	<u>-</u>	<u>64,408</u>
Business-Type Activities Capital Assets, Net	<u>\$ 64,508</u>	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 64,408</u>

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

Governmental Activities:

Instruction

Regular	\$ 518,780
Special Education	118,887
School-Sponsored Activities and Athletics	32,424
Other Instructional	<u>32,424</u>
Total Instruction	<u>702,515</u>

Support Services

Student and Instruction Related Services	183,734
General Administration Services	21,616
School Administration Services	64,847
Plant Operations and Maintenance	64,847
Pupil Transportation	10,808
Business / Central Services	<u>32,424</u>
Total Support Services	<u>378,276</u>

Total Depreciation Expense - Governmental Activities \$ 1,080,791

Business-Type Activities:

Food Service Fund	<u>\$ 6,536</u>
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**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
<u>Capital Projects Fund</u>	
Mechanical Upgrades - High School	\$ 29,043
District-Wide Window Replacement	<u>1,759,050</u>
	<u>\$ 1,788,093</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 2,999
General Fund	Payroll Agency Fund	760
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>1,250</u>
	Total	<u>\$ 5,009</u>

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

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

F. Leases

Capital Leases

The District is leasing a school bus totaling \$77,900 under a lease purchase agreement. The lease is for a term of 5 years.

The capital asset acquired through the lease purchase agreement is as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 77,900</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Fiscal Year <u>Ending June 30,</u>	Governmental <u>Activities</u>
2019	\$ 16,470
2020	16,470
2021	16,470
2022	<u>16,470</u>
Total Minimum Lease Payments	65,880
Less: Amount Representing Interest	<u>(4,184)</u>
Present Value of Minimum Lease Payments	<u>\$ 61,696</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$3,695,000, 2012 Refunding Bonds, due in annual installments of \$360,000 to \$395,000 through August 15, 2023, interest at 3.000%	\$2,290,000
\$8,500,000, 2015 School Bonds, due in annual installments of \$315,000 to \$540,000 through August 15, 2035, interest at 2.000% to 3.125%	<u>7,645,000</u>
Total	<u>\$9,935,000</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended June 30,	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 675,000	\$ 257,675	\$ 932,675
2020	695,000	240,325	935,325
2021	715,000	222,475	937,475
2022	735,000	204,125	939,125
2023	755,000	185,300	940,300
2024-2028	2,390,000	593,725	2,983,725
2029-2033	2,370,000	398,625	2,768,625
2034-2036	<u>1,600,000</u>	<u>74,138</u>	<u>1,674,138</u>
Total	<u>\$ 9,935,000</u>	<u>\$ 2,176,388</u>	<u>\$ 12,111,388</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 48,687,539
Less: Net Debt	<u>9,935,000</u>
Remaining Borrowing Power	<u>\$ 38,752,539</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	Additions	Reductions	Balance, June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 10,585,000	-	\$ 650,000	\$ 9,935,000	\$ 675,000
Add:					
Unamortized Premium	121,490	-	20,249	101,241	-
Bonds Payable, Gross	10,706,490	-	670,249	10,036,241	675,000
Lease Purchase Agreements		\$ 77,900	16,204	61,696	14,818
Compensated Absences Payable	318,877	46,685	28,174	337,388	30,000
Net Pension Liability	8,223,354	-	1,112,434	7,110,920	-
Governmental Activities Long-Term Liabilities	<u>\$ 19,248,721</u>	<u>\$ 124,585</u>	<u>\$ 1,827,061</u>	<u>\$ 17,546,245</u>	<u>\$ 719,818</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

Fiscal Year ended <u>June 30,</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	\$ 41,934	\$ 42,680	\$ 177,799
2017	35,753	20,946	178,198
2016	34,843	34,742	163,221

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 reached 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, tier 3 and 4 members with 25 or more years of service credit before age 62, 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 their 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 reached 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, tier 3 and 4 members with 25 or more years of service credit before age 62, 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans 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 TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of 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 committees 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 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 282,988	\$ 1,241,021	\$ 1,641
2017	246,665	901,624	2,698
2016	240,192	633,640	3,105

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$2,738 and \$1,035, respectively for PERS and the State contributed \$1,973 and \$2,017, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$696,509 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$7,110,920 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .03055 percent, which was an increase of .00278 percent from its proportionate share measured as of June 30, 2016 of .02777 percent.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$766,032 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 167,438	
Changes of Assumptions	1,432,605	\$ 1,427,353
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	48,421	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>877,318</u>	<u>-</u>
Total	<u>\$ 2,525,782</u>	<u>\$ 1,427,353</u>

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 411,067
2020	483,495
2021	340,798
2022	(56,787)
2023	(80,144)
Thereafter	<u>-</u>
	<u>\$ 1,098,429</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,744,009 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$54,045,652. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .08016 percent, which was an increase of .00102 percent from its proportionate share measured as of June 30, 2016 of .07914 percent.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2036

Municipal Bond Rate * From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 64,207,930</u>	<u>\$ 54,045,652</u>	<u>\$ 45,673,923</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$801,549, \$751,258 and \$754,491, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,725,529. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$43,145,237. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .08044 percent, which was an increase of .00008 percent from its proportionate share measured as of June 30, 2016 of .08036 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 46,476,017
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,957,283
Interest on the Total OPEB Liability	1,365,742
Changes of Assumptions	(5,700,110)
Gross Benefit Payments	(990,155)
Contributions from the Member	36,460
Net Changes	<u>\$ (3,330,780)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 43,145,237</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 51,216,509</u>	<u>\$ 43,145,237</u>	<u>\$ 36,743,027</u>

**MIDLAND PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>35,482,787</u>	\$ <u>43,145,237</u>	\$ <u>53,320,881</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. 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 school tax revenue 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 Midland Park Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

NOTE 5 RESTATEMENT

The District conducted an update and appraisal of its capital assets inventory during the 2017/18 fiscal year. The District has restated its July 1, 2017 capital asset values as well as the accumulated depreciation amounts to reflect the amounts reported in the updated capital asset report. The net effect of this restatement was an increase to governmental activities net position \$3,719,629 and an increase to business-type activities net position of \$38,883.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments/ Transfers	Final Budget	Actual	Variance- Final to Actual
REVENUES					
Local Sources					
Property Taxes	\$ 19,533,118		\$ 19,533,118	\$ 19,533,118	
Tuition from Individuals (Integrated Preschool)	40,600		40,600	40,750	\$ 150
Other Restricted Miscellaneous Revenues	1,460,327		1,460,327	1,434,683	(25,644)
Interest on Investments	7,000		7,000	10,697	3,697
Unrestricted Miscellaneous Revenues	15,500		15,500	18,041	2,541
Interest Earned on Capital Reserve Funds	500	-	500	1,263	763
Total Local Sources	<u>21,057,045</u>	<u>-</u>	<u>21,057,045</u>	<u>21,038,552</u>	<u>(18,493)</u>
State Sources					
Special Education Aid	531,756	\$ 11,648	543,404	543,404	-
Equalization Aid	33,981		33,981	33,981	-
Security Aid	18,299		18,299	18,299	-
Transportation Aid	22,354		22,354	22,354	-
PARCC Readiness	9,520		9,520	9,520	-
Per Pupil Growth Aid	9,520		9,520	9,520	-
Professional Learning Community Aid	10,080		10,080	10,080	-
Extraordinary Aid				381,523	381,523
Lead Testing for Drinking Water in Schools State Aid				3,420	3,420
On-behalf TPAF Normal Cost & Accrued Liab. (Non-Budgeted)				1,211,618	1,211,618
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)				29,403	29,403
On-behalf TPAF Long Term Disability Insurance (Non-budgeted)				1,973	1,973
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				801,549	801,549
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	696,509	696,509
Total State Sources	<u>635,510</u>	<u>11,648</u>	<u>647,158</u>	<u>3,773,153</u>	<u>3,125,995</u>
Total Revenues	<u>21,692,555</u>	<u>11,648</u>	<u>21,704,203</u>	<u>24,811,705</u>	<u>3,107,502</u>
EXPENDITURES					
CURRENT					
Regular Programs- Instruction					
Salaries of Teachers					
Kindergarten	265,299	(1,670)	263,629	263,629	-
Grades 1-5	2,279,740	(38,603)	2,241,137	2,234,654	6,483
Grades 6-8	1,090,997	17,938	1,108,935	1,108,882	53
Grades 9-12	2,080,585	(40,781)	2,039,804	2,033,599	6,205
Regular Programs - Home Instruction					
Salaries of Teachers	18,000	(59)	17,941	4,018	13,923
Other Salaries for Instruction		20,181	20,181	20,181	-
Purchased Professional/Educational Services	4,000	2,994	6,994	6,404	590
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	87,385	17,768	105,153	105,153	-
Purchased Professional/Educational Services	25,555	500	26,055	16,300	9,755
Other Purchased Services	75,800	8,079	83,879	80,746	3,133
General Supplies	374,175	(118,298)	255,877	202,551	53,326
Textbooks	66,550	(34,570)	31,980	20,195	11,785
Other Objects	3,020	(287)	2,733	1,588	1,145
Total Regular Programs	<u>6,371,106</u>	<u>(166,808)</u>	<u>6,204,298</u>	<u>6,097,900</u>	<u>106,398</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	110,850	(8,408)	102,442	102,442	-
Other Salaries for Instruction	129,200	23,839	153,039	153,039	-
Other Purchased Services	50	(50)	-	-	-
General Supplies	1,500	(986)	514	514	-
Textbooks	-	-	-	-	-
Total Learning and/or Language Disabilities	<u>241,600</u>	<u>14,395</u>	<u>255,995</u>	<u>255,995</u>	<u>-</u>

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 100,772	\$ (9,490)	\$ 91,282	\$ 91,282	
Other Salaries for Instruction	26,800	(19,897)	6,903	6,903	
Purchased Professional- Educational Services		1,500	1,500	1,350	\$ 150
Other Purchased Services	100	(100)	-	-	
General Supplies	3,150	(2,355)	795	722	73
Textbooks	50	(50)	-	-	-
	<u>130,872</u>	<u>(30,392)</u>	<u>100,480</u>	<u>100,257</u>	<u>223</u>
Resource Room/Resource Center					
Salaries of Teachers	1,148,783	(9,039)	1,139,744	1,139,743	1
Other Salaries for Instruction	371,125	67,678	438,803	438,803	-
Other Purchased Services	300	(300)	-	-	-
General Supplies	7,000	(3,079)	3,921	3,920	1
Textbooks	400	(400)	-	-	-
	<u>1,527,608</u>	<u>54,860</u>	<u>1,582,468</u>	<u>1,582,466</u>	<u>2</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	161,300	12,158	173,458	173,380	78
Other Salaries for Instruction	135,400	66,021	201,421	201,356	65
Other Purchased Services	50	(50)	-	-	-
General Supplies	4,550	(3,009)	1,541	1,541	-
	<u>301,300</u>	<u>75,120</u>	<u>376,420</u>	<u>376,277</u>	<u>143</u>
Home Instruction					
Purchased Professional-Educational Services	8,000	263	8,263	7,763	500
	<u>8,000</u>	<u>263</u>	<u>8,263</u>	<u>7,763</u>	<u>500</u>
	<u>2,209,380</u>	<u>114,246</u>	<u>2,323,626</u>	<u>2,322,758</u>	<u>868</u>
School Spons. Co-Curricular Activities-Instruction					
Salaries	85,000	3,212	88,212	88,212	-
Purchased Services	4,400	-	4,400	3,900	500
Supplies and Materials	12,850	-	12,850	12,540	310
Other Objects	1,200	-	1,200	500	700
	<u>103,450</u>	<u>3,212</u>	<u>106,662</u>	<u>105,152</u>	<u>1,510</u>
School Sponsored Athletics - Instruction					
Salaries	345,900	(1,212)	344,688	339,759	4,929
Purchased Services	56,800	(6,236)	50,564	46,824	3,740
Supplies and Materials	44,480	17,629	62,109	54,315	7,794
Other Objects	16,865	(126)	16,739	9,025	7,714
	<u>464,045</u>	<u>10,055</u>	<u>474,100</u>	<u>449,923</u>	<u>24,177</u>
	<u>9,147,981</u>	<u>(39,295)</u>	<u>9,108,686</u>	<u>8,975,733</u>	<u>132,953</u>

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	\$ 97,470	\$ (37,863)	\$ 59,607	\$ 57,643	\$ 1,964
Tuition to Other LEA's Within the State - Special	276,675	28,879	305,554	305,554	-
Tuition to Vocational School Districts- Regular	72,828	(16,054)	56,774	56,774	-
Tuition to Vocational School Districts- Special	26,700	-	26,700	26,700	-
Tuition to County Special Services School Districts and Regional Day Schools	247,740	(29,392)	218,348	218,348	-
Tuition to Private Schools for the Disabled Within the State	1,094,558	(59,103)	1,035,455	979,320	56,135
Total Undistributed Expenditures - Instruction	1,815,971	(113,533)	1,702,438	1,644,339	58,099
Health Services					
Salaries	241,805	3,743	245,548	245,482	66
Purchased Professional Educational Services	7,000	2,997	9,997	9,997	-
Supplies and Materials	6,250	(2,321)	3,929	3,929	-
Total Health Services	255,055	4,419	259,474	259,408	66
Other Support Services - Speech, OT, PT & Related Svcs					
Salaries	457,853	1,188	459,041	459,041	-
Purchased Professional/Educational Services	5,000	(5,000)	-	-	-
Supplies and Materials	1,000	(333)	667	667	-
Total Other Support Services - Speech, OT, PT & Related Svcs	463,853	(4,145)	459,708	459,708	-
Other Support Services - Extra. Serv.					
Purchased Professional/Education Services	267,300	249,430	516,730	462,960	53,770
Total Other Support Services - Extra. Serv.	267,300	249,430	516,730	462,960	53,770
Other Support Services - Guidance					
Salaries of Other Professional Staff	260,325	18,040	278,365	278,365	-
Salaries of Secretarial and Clerical Assistants	37,350	352	37,702	37,701	1
Purchased Professional- Educational Services	5,760	344	6,104	4,614	1,490
Supplies and Materials	6,400	(1,538)	4,862	4,084	778
Other Objects	10,305	(344)	9,961	8,120	1,841
Total Other Support Services - Guidance	320,140	16,854	336,994	332,884	4,110
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	349,320	(5,892)	343,428	343,314	114
Salaries of Secretarial and Clerical Assistants	36,560	(200)	36,360	36,360	-
Purchased Professional/Educational Services	38,500	(24,049)	14,451	14,451	-
Other Purchased Professional and Tech. Services	10,000	(10,000)	-	-	-
Misc. Purchased Services	1,200	(1,200)	-	-	-
Supplies and Materials	15,000	(9,829)	5,171	4,866	305
Other Objects	2,500	(1,391)	1,109	1,109	-
Total Other Support Services - Child Study Teams	453,080	(52,561)	400,519	400,100	419

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 65,183	\$ 576	\$ 65,759	\$ 65,759	
Salaries of Other Professional Staff	33,275	(32)	33,243	33,243	\$ -
Salaries of Secretarial and Clerical Assistants	26,156	(5,013)	21,143	21,143	-
Other Salaries	22,200	-	22,200	11,300	10,900
Other Purchased Services	51,725	(17,298)	34,427	19,533	14,894
Supplies and Materials	6,000	7,579	13,579	11,096	2,483
Other Objects	900	-	900	25	875
	<u>205,439</u>	<u>(14,188)</u>	<u>191,251</u>	<u>162,099</u>	<u>29,152</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	126,370	16,560	142,930	142,930	-
Salaries of Technology Coordinators	221,270	(2,670)	218,600	206,875	11,725
Purchased Professional and Technical Services	8,900	-	8,900	8,612	288
Supplies and Materials	13,350	6,847	20,197	19,503	694
Other Objects	600	-	600	33	567
	<u>370,490</u>	<u>20,737</u>	<u>391,227</u>	<u>377,953</u>	<u>13,274</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	65,182	577	65,759	65,759	-
Salaries of Other Professional Staff	33,275	(32)	33,243	33,243	-
Other Salaries	26,156	(2,213)	23,943	22,749	1,194
Other Purchased Professional and Technical Serv.	40,000	(23,196)	16,804	6,417	10,387
Supplies and Materials	520	(168)	352	216	136
Other Objects	12,100	986	13,086	11,572	1,514
	<u>177,233</u>	<u>(24,046)</u>	<u>153,187</u>	<u>139,956</u>	<u>13,231</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	232,500	55,262	287,762	287,762	-
Legal Services	35,000	3,125	38,125	31,378	6,747
Audit Fees	24,000	465	24,465	24,465	-
Architectural/Engineering Services		28,500	28,500	28,500	-
Other Purchased Professional Services	5,150	185	5,335	5,335	-
Purchased Technical Services	2,000	-	2,000	1,104	896
Communications/Telephone	21,450	253	21,703	21,040	663
BOE Other Purchased Services	3,000	630	3,630	3,466	164
Misc. Purchased Services	12,600	(2,892)	9,708	6,129	3,579
General Supplies	6,000	(1,093)	4,907	4,303	604
BOE In-House Training/Meeting Supplies	100	50	150	144	6
Miscellaneous Expenditures	4,650	(5)	4,645	4,142	503
Board of Education Membership Dues and Fees	9,436	(1)	9,435	9,435	-
	<u>355,886</u>	<u>84,479</u>	<u>440,365</u>	<u>427,203</u>	<u>13,162</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	565,776	55,776	621,552	567,876	53,676
Salaries of Other Professional Staff	102,146	85,268	187,414	187,414	-
Salaries of Secretarial and Clerical Assistants	139,575	68,023	207,598	205,439	2,159
Purchased Professional and Technical Services	5,000	230	5,230	3,106	2,124
Other Purchased Services	17,000	7,771	24,771	16,236	8,535
Supplies and Materials	6,000	20,078	26,078	9,418	16,660
Other Objects	8,500	(720)	7,780	4,106	3,674
	<u>843,997</u>	<u>236,426</u>	<u>1,080,423</u>	<u>993,595</u>	<u>86,828</u>
Total Support Services School Administration					

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments/ Transfers	Final Budget	Actual	Variance- Final to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 358,980	\$ 35,521	\$ 394,501	\$ 392,995	\$ 1,506
Purchased Professional Services	1,000	5,553	6,553	6,553	
Purchased Technical Services	5,470	(10)	5,460	5,460	
Miscellaneous Purchased Services	1,500	106	1,606	1,606	
Supplies and Materials	2,500	4,527	7,027	6,983	44
Interest on Current Loans		267	267	267	-
Miscellaneous Expenditures	1,340	(100)	1,240	1,240	-
Total Central Services	370,790	45,864	416,654	415,104	1,550
Admin. Information Technology					
Salaries	29,422	87	29,509	29,509	-
Purchased Professional Services	7,100	31,603	38,703	8,409	30,294
Purchased Technical Services	25,480	22,016	47,496	43,846	3,650
Other Purchased Services	11,500	17,276	28,776	13,875	14,901
Supplies and Materials	500	2,500	3,000		3,000
Other Objects	1,000	(203)	797	243	554
Total Admin. Information Technology	75,002	73,279	148,281	95,882	52,399
Required Maintenance for School Facilities					
Salaries	233,780	-	233,780	212,861	20,919
Cleaning, Repair and Maintenance Services	115,000	237,364	352,364	333,501	18,863
General Supplies	30,000	23,496	53,496	53,496	-
Total Required Maintenance for School Facilities	378,780	260,860	639,640	599,858	39,782
Custodial Services					
Salaries	485,350	17,988	503,338	461,537	41,801
Salaries of Non-Instructional Aides	127,000	878	127,878	127,878	-
Unused Vacation Payment to Terminated/Retired Staff		-			
Purchased Professional and Technical Services	42,445	2,273	44,718	44,718	-
Cleaning, Repair and Maintenance Services	89,710	(22,869)	66,841	61,843	4,998
Other Purchased Property Services	18,000	1,800	19,800	18,752	1,048
Insurance	103,000	3,723	106,723	106,723	-
General Supplies	37,000	(3,338)	33,662	31,008	2,654
Energy (Natural Gas)	115,000	(5,123)	109,877	71,591	38,286
Energy (Electricity)	170,000	(16,252)	153,748	144,220	9,528
Other Objects	350	150	500	425	75
Total Custodial Services	1,187,855	(20,770)	1,167,085	1,068,695	98,390
Security					
Purchased Professional and Technical Services	14,650	15,578	30,228	26,310	3,918
General Supplies	-	-	-	-	-
Total Security	14,650	15,578	30,228	26,310	3,918

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 70,000	\$ (5,277)	\$ 64,723	\$ 63,494	\$ 1,229
Salaries for Pupil Transportation (Between Home and School)-Special Education	172,500	(10,734)	161,766	149,036	12,730
Cleaning, Repair and Maintenance Services	13,000	(1,181)	11,819	11,819	-
Lease Purchase Payments - School Buses		16,204	16,204	16,204	-
Contracted Services (Other than Between Home and School) - Vendors	21,650	(1,491)	20,159	20,159	-
Contracted Services (Between Home and School) - Joint Agreements	45,000	(3,039)	41,961	41,961	-
Contracted Services (Special Education Students) - Joint Agreements	142,037	8,386	150,423	150,423	-
Transportation Supplies	5,000	(3,131)	1,869	1,869	-
Other Objects	25,500	(6,895)	18,605	15,640	2,965
Total Student Transportation Services	494,687	(7,158)	487,529	470,605	16,924
Unallocated Benefits					
Group Insurance	5,650	-	5,650	5,631	19
Social Security Contributions	260,000	(84)	259,916	247,531	12,385
Other Retirement Contributions - PERS	310,000	(7,576)	302,424	302,424	-
Other Retirement Contributions - Regular	2,500	(700)	1,800	1,641	159
Unemployment Compensation	30,000	(30,000)	-	-	-
Workmen's Compensation	125,000	-	125,000	108,367	16,633
Health Benefits	3,280,314	(9,224)	3,271,090	3,204,421	66,669
Tuition Reimbursement	34,000	(11,191)	22,809	13,023	9,786
Other Employee Benefits	93,300	(11,382)	81,918	76,008	5,910
Unused Sick Payment to Terminated/Retired Staff	-	28,174	28,174	28,174	-
Total Unallocated Benefits	4,140,764	(41,983)	4,098,781	3,987,220	111,561
On-Behalf TPAF Normal & Accrued Liab. Contribution (Non-Budgeted)				1,211,618	(1,211,618)
On-behalf TPAF NCGI Premium Contribution				29,403	(29,403)
On-behalf TPAF Long Term Disability Insurance (Non-budgeted)				1,973	(1,973)
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				801,549	(801,549)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	696,509	(696,509)
Total On-Behalf Payments	-	-	-	2,741,052	(2,741,052)
Total Undistributed Expenditures	12,190,972	729,542	12,920,514	15,064,931	(2,144,417)
Total Expenditures-Current Expense	21,338,953	690,247	22,029,200	24,040,664	(2,011,464)

**MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
Equipment					
School Sponsored and Other Instructional Programs		\$ 8,954	8,954	\$ 8,954	
School Buses- Special		24,034	24,034	24,009	25
School Buses- Special- Acquired Under Lease Purchase (Non-Budget)	-	-	-	77,900	(77,900)
Total Equipment	<u>-</u>	<u>32,988</u>	<u>32,988</u>	<u>110,863</u>	<u>(77,875)</u>
Facilities Acq. And Construction Services					
Architectural/Engineering Services		10,734	10,734	10,734	-
Construction Services	185,000	255,192	440,192	440,191	1
Other Objects-Debt Service Assessment	22,775	-	22,775	22,775	-
Total Facilities Acq. And Contr. Services	<u>207,775</u>	<u>265,926</u>	<u>473,701</u>	<u>473,700</u>	<u>1</u>
Total Capital Outlay	<u>208,275</u>	<u>298,914</u>	<u>507,189</u>	<u>584,563</u>	<u>(77,374)</u>
SPECIAL SCHOOLS					
Adult Education - Local - Instruction					
Salaries of Teachers	112,000	(12,888)	99,112	90,312	8,800
Purchased Professional and Technical Services	151,700	-	151,700	137,290	14,410
Other Purchased Services	266,500	-	266,500	206,300	60,200
General Supplies	6,000	-	6,000	3,791	2,209
Textbooks	3,000	-	3,000	1,186	1,814
Other Objects	100	(31)	69	59	10
Total Adult Education - Local - Instruction	<u>539,300</u>	<u>(12,919)</u>	<u>526,381</u>	<u>438,938</u>	<u>87,443</u>
Adult Education - Local - Support Services					
Salaries	120,913	12,888	133,801	133,801	-
Personal Services-Employee Benefits	70,114	31	70,145	70,145	-
Total Adult Education - Local - Support Services	<u>191,027</u>	<u>12,919</u>	<u>203,946</u>	<u>203,946</u>	<u>-</u>
Total Special Schools	<u>730,327</u>	<u>-</u>	<u>730,327</u>	<u>642,884</u>	<u>87,443</u>
Total Expenditures	<u>22,277,555</u>	<u>989,161</u>	<u>23,266,716</u>	<u>25,268,111</u>	<u>(2,001,395)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(585,000)	(977,513)	(1,562,513)	(456,406)	1,106,107
Other Financing Sources (Uses)					
Lease Purchase Proceeds	-	-	-	77,900	77,900
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,900</u>	<u>77,900</u>

MIDLAND PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditure and Other Financing Uses	\$ (585,000)	\$ (977,513)	\$ (1,562,513)	\$ (378,506)	\$ 1,184,007
Fund Balances, Beginning of Year	<u>2,997,423</u>	<u>-</u>	<u>2,997,423</u>	<u>2,997,423</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,412,423</u>	<u>\$ (977,513)</u>	<u>\$ 1,434,910</u>	<u>\$ 2,618,917</u>	<u>\$ 1,184,007</u>
<u>Recapitulation of Fund Balance</u>					
Restricted Fund Balance					
Capital Reserve				\$ 516,891	
Capital Reserve - Designated for Subsequent Year's Budget (2018/19 Budget)				300,000	
Adult Education Programs				59,735	
Adult Education Program - Designated for Subsequent Year's Budget (2018/19 Budget)				110,946	
Excess Surplus - Designated for Subsequent Year's Budget (2018/19 Budget)				375,000	
Excess Surplus				325,000	
Assigned Fund Balance					
Year-End Encumbrances				100,839	
Unassigned Fund Balance				<u>830,506</u>	
				2,618,917	
Reconciliation to Governmental Fund Statement (GAAP)					
State Aid Payments Not Recognized on GAAP Basis				(46,768)	
Extraordinary Aid Payment Not Recognized on GAAP Basis				<u>(381,523)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,190,626</u>	

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 135,271	\$ 88,969	\$ 224,240	\$ 193,158	\$ (31,082)
Federal	288,350	137,494	425,844	398,210	(27,634)
Total Revenues	<u>423,621</u>	<u>226,463</u>	<u>650,084</u>	<u>591,368</u>	<u>(58,716)</u>
EXPENDITURES					
Instruction					
Purchased Prof. and Technical Services		78,748	78,748	78,748	-
Other Purchased Services	212,615	(11,196)	201,419	201,419	-
General Supplies	86,350	(49,109)	37,241	23,707	13,534
Textbooks	7,738	3,163	10,901	9,778	1,123
Total Instruction	<u>306,703</u>	<u>21,606</u>	<u>328,309</u>	<u>313,652</u>	<u>14,657</u>
Support Services					
Salaries		5,746	5,746	4,580	1,166
Employee Benefits		440	440	417	23
Purchased Professional/Technical Svcs.		87,599	87,599	74,623	12,976
Purchased Professional/Educational Svcs.	116,918	70,810	187,728	160,357	27,371
Other Purchased Services		22,015	22,015	22,014	1
General Supplies	-	18,247	18,247	15,725	2,522
Total Support Services	<u>116,918</u>	<u>204,857</u>	<u>321,775</u>	<u>277,716</u>	<u>44,059</u>
Total Expenditures	<u>423,621</u>	<u>226,463</u>	<u>650,084</u>	<u>591,368</u>	<u>58,716</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MIDLAND PARK BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 24,811,705	\$ 591,368
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2018		(1,998)
Extraordinary aid payments recognized for GAAP purpose not recognized for budgetary statements (2016/2017 State aid)	447,625	
State aid and Extraordinary aid payments recognized for budgetary purpose not recognized for GAAP statements (2017/2018 State aid)	<u>(428,291)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 24,831,039</u>	<u>\$ 589,370</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 25,268,111	\$ 591,368
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the orders is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2018	<u>-</u>	<u>(1,998)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 25,268,111</u>	<u>\$ 589,370</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03055%	0.02777%	0.02722%	0.02596%	0.02324%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 7,110,920</u>	<u>\$ 8,223,354</u>	<u>\$ 6,109,692</u>	<u>\$ 4,861,274</u>	<u>\$ 4,442,294</u>
District's Covered-Employee Payroll	<u>\$ 2,146,732</u>	<u>\$ 2,021,935</u>	<u>\$ 1,860,340</u>	<u>\$ 1,791,926</u>	<u>\$ 1,695,648</u>
68 District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331%	407%	328%	271%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 282,988	\$ 246,665	\$ 233,994	\$ 214,048	\$ 175,135
Contributions in Relation to the Contractually Required Contribution	<u>282,988</u>	<u>246,665</u>	<u>233,994</u>	<u>214,048</u>	<u>175,135</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
⁸⁸ District's Covered-Employee Payroll	<u>\$ 2,146,732</u>	<u>\$ 2,021,935</u>	<u>\$ 1,860,340</u>	<u>\$ 1,791,926</u>	<u>\$ 1,695,648</u>
Contributions as a Percentage of Covered-Employee Payroll	13.18%	12.20%	12.58%	11.95%	10.33%

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ <u>54,045,652</u>	\$ <u>62,258,043</u>	\$ <u>52,884,457</u>	\$ <u>43,394,304</u>	\$ <u>41,140,249</u>
⁶⁸ Total	\$ <u>54,045,652</u>	\$ <u>62,258,043</u>	\$ <u>52,884,457</u>	\$ <u>43,394,304</u>	\$ <u>41,140,249</u>
District's Covered-Employee Payroll	\$ <u>8,898,145</u>	\$ <u>8,402,337</u>	\$ <u>8,106,217</u>	\$ <u>8,146,793</u>	\$ <u>8,201,607</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**MIDLAND PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

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

**MIDLAND PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 1,957,283
Interest on Total OPEB Liability	1,365,742
Changes of Assumptions	(5,700,110)
Gross Benefit Payments	(990,155)
Contribution from the Member	36,460
Net Change in Total OPEB Liability	(3,330,780)
Total OPEB Liability - Beginning	46,476,017
Total OPEB Liability - Ending	\$ 43,145,237
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	43,145,237
Total OPEB Liability - Ending	\$ 43,145,237
District's Covered-Employee Payroll	\$ 11,044,877
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MIDLAND PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>I.D.E.A. Part B Preschool</u>	<u>I.D.E.A. Part B Basic</u>	<u>Total Exhibit E-1A</u>	<u>Total Exhibit E-1B</u>	<u>Total 2017/18</u>
REVENUES							
Intergovernmental							
State	\$ 9,778	\$ 19,627			\$ 148,228	\$ 15,525	\$ 193,158
Federal	-	-	\$ 22,014	\$ 241,044	96,964	38,188	398,210
	<u>9,778</u>	<u>19,627</u>	<u>22,014</u>	<u>241,044</u>	<u>245,192</u>	<u>53,713</u>	<u>591,368</u>
Total Revenues	<u>\$ 9,778</u>	<u>\$ 19,627</u>	<u>\$ 22,014</u>	<u>\$ 241,044</u>	<u>\$ 245,192</u>	<u>\$ 53,713</u>	<u>\$ 591,368</u>
EXPENDITURES							
Instruction							
Purchased Prof. and Technical Services					\$ 77,514	\$ 1,234	78,748
Other Purchased Services				\$ 201,419		-	201,419
General Supplies					21,751	1,956	23,707
Textbooks	\$ 9,778	-	-	-	-	-	9,778
	<u>9,778</u>	<u>-</u>	<u>-</u>	<u>201,419</u>	<u>99,265</u>	<u>3,190</u>	<u>313,652</u>
Total Instruction	<u>9,778</u>	<u>-</u>	<u>-</u>	<u>201,419</u>	<u>99,265</u>	<u>3,190</u>	<u>313,652</u>
Support Services							
Salaries					4,580		4,580
Employee Benefits					417	-	417
Purchased Prof. And Technical Svcs.				39,625	-	34,998	74,623
Purchased Prof. - Educational Svc		\$ 19,427			140,930	-	160,357
Other Purchased Services			\$ 22,014			-	22,014
General Supplies	-	200	-	-	-	15,525	15,725
	<u>-</u>	<u>19,427</u>	<u>22,014</u>	<u>-</u>	<u>140,930</u>	<u>15,525</u>	<u>201,419</u>
Total Support Services	<u>-</u>	<u>19,427</u>	<u>22,014</u>	<u>39,625</u>	<u>140,930</u>	<u>50,523</u>	<u>277,716</u>
Total Expenditures	<u>\$ 9,778</u>	<u>\$ 19,627</u>	<u>\$ 22,014</u>	<u>\$ 241,044</u>	<u>\$ 245,192</u>	<u>\$ 53,713</u>	<u>\$ 591,368</u>

MIDLAND PARK BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Chapter 192 Auxiliary Services</u>			<u>Chapter 193 Handicapped Services</u>			<u>Nonpublic Technology</u>	<u>Title I</u>	<u>Total</u>
	<u>Nonpublic Comp. Ed.</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Suppl. Inst.</u>	<u>Nonpublic Exam. and Class</u>	<u>Nonpublic Speech Corr.</u>			
REVENUES									
Intergovernmental									
State	\$ 49,341	\$ 1,355	\$ 15,575	\$ 19,824	\$ 24,569	\$ 30,266	\$ 7,298		\$ 148,228
Federal	-	-	-	-	-	-	-	\$ 96,964	96,964
Total Revenues	<u>\$ 49,341</u>	<u>\$ 1,355</u>	<u>\$ 15,575</u>	<u>\$ 19,824</u>	<u>\$ 24,569</u>	<u>\$ 30,266</u>	<u>\$ 7,298</u>	<u>\$ 96,964</u>	<u>\$ 245,192</u>
EXPENDITURES									
Instruction									
Purchased Prof. & Tech. Svcs.								\$ 77,514	\$ 77,514
Other Purchased Services									-
General Supplies	-	-	-	-	-	-	\$ 7,298	14,453	21,751
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,298</u>	<u>91,967</u>	<u>99,265</u>
Support Services									
Salaries								4,580	4,580
Employee Benefits								417	417
Purchased Prof. - Educational Svc	\$ 49,341	\$ 1,355	\$ 15,575	\$ 19,824	\$ 24,569	\$ 30,266	-	-	140,930
Purchased Prof. and Technical Svcs.	-	-	-	-	-	-	-	-	-
Total Support Services	<u>49,341</u>	<u>1,355</u>	<u>15,575</u>	<u>19,824</u>	<u>24,569</u>	<u>30,266</u>	<u>-</u>	<u>4,997</u>	<u>145,927</u>
Total Expenditures	<u>\$ 49,341</u>	<u>\$ 1,355</u>	<u>\$ 15,575</u>	<u>\$ 19,824</u>	<u>\$ 24,569</u>	<u>\$ 30,266</u>	<u>\$ 7,298</u>	<u>\$ 96,964</u>	<u>\$ 245,192</u>

MIDLAND PARK BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title II A</u>	<u>Nonpublic Security Aid</u>	<u>Title IV</u>	<u>Total</u>
REVENUES				
Intergovernmental				
State		\$ 15,525		\$ 15,525
Federal	\$ 34,998	-	\$ 3,190	\$ 38,188
Total Revenues	\$ 34,998	\$ 15,525	\$ 3,190	\$ 53,713
EXPENDITURES				
Instruction				
Purchased Prof. and Technical Services			\$ 1,234	\$ 1,234
Other Purchased Services				-
General Supplies			1,956	1,956
Other Objects	-	-	-	-
Total Instruction	-	-	3,190	3,190
Support Services				
Purchased Prof. and Technical Svcs.	\$ 34,998			34,998
Purchased Prof. - Educational Svc				-
Other Purchased Services				-
General Supplies	-	\$ 15,525	-	15,525
Total Support Services	34,998	15,525	-	50,523
Total Expenditures	\$ 34,998	\$ 15,525	\$ 3,190	\$ 53,713

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Federal Reimbursement Grant</u>	<u>Expenditures to Date Prior Years</u>	<u>Expenditures</u>	<u>Balance June 30, 2018</u>
Various Improvements and Renovations to Midland Park High School and Highland/Godwin School	\$ 11,596,307	\$ 60,000	\$ 9,580,138	\$ 137,723	\$ 1,938,446
Godwin School Entrance Modification	<u>134,160</u>	<u>-</u>	<u>3,553</u>	<u>1,758</u>	<u>128,849</u>
	<u>\$ 11,596,307</u>	<u>\$ 60,000</u>	<u>\$ 9,580,138</u>	<u>\$ 139,481</u>	<u>\$ 2,067,295</u>

Project Balance	\$ 2,067,295
Less:	
Unrealized SDA Grant Revenue	<u>(25,710)</u>
Fund Balance - June 30, 2018 (GAAP)	<u>\$ 2,041,585</u>

Reconciliation of Fund Balance

Restricted	
Year-End Encumbrances	\$ 1,789,083
Available for Capital Projects	<u>252,502</u>
Total Fund Balance- Restricted for Capital Projects	<u>\$ 2,041,585</u>

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Expenditures and Other Financing Uses	
Purchased Professional Services	\$ 24,076
Construction Services	<u>115,405</u>
 Total Expenditures and Other Financing Uses	 <u>139,481</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	 (139,481)
 Fund Balance- Beginning of Year	 <u>2,206,776</u>
 Fund Balance - End of Year	 <u>\$ 2,067,295</u>
 Fund Balance (Budgetary Basis)	 \$ 2,067,295
Reconciliation to Governmental Fund Statements (GAAP):	
Less: Unrealized SDA Grant Revenue Not Recognized on GAAP Basis	<u>(25,710)</u>
 Fund Balance - Per Governmental Funds (GAAP)	 <u>\$ 2,041,585</u>

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
VARIOUS IMPROVEMENTS AND RENOVATIONS TO THE MIDLAND PARK
HIGH SCHOOL AND THE HIGHLAND AVENUE AND GODWIN ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Period</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 8,500,000		\$ 8,500,000	\$ 8,500,000
State Sources- SDA Grant	2,859,807		2,859,807	2,859,807
Federal Sources	60,000		60,000	60,000
Transfers from Capital Reserve	<u>236,500</u>	<u>-</u>	<u>236,500</u>	<u>236,500</u>
Total Revenues and Other Financing Sources	<u>11,656,307</u>	<u>-</u>	<u>11,656,307</u>	<u>11,656,307</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	1,303,831	\$ 22,318	1,326,149	1,303,831
Construction Services	<u>8,276,307</u>	<u>115,405</u>	<u>8,391,712</u>	<u>10,352,476</u>
Total Expenditures and Other Financing Uses	<u>9,580,138</u>	<u>137,723</u>	<u>9,717,861</u>	<u>11,656,307</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 2,076,169</u>	<u>\$ (137,723)</u>	<u>\$ 1,938,446</u>	<u>\$ -</u>
Additional Project Information:				
			<u>State Share</u>	
Project Numbers	3170-050-14-1001-G04		\$ 1,421,765	
	3170-050-14-1002-G04		179,541	
	3170-070-14-1003-G04		<u>1,258,501</u>	
Grant Date	2/24/2014			
Bond Authorization Date	1/15/2015		<u>\$ 2,859,807</u>	
Proceeds Issued	\$ 8,500,000			
Original Authorized Cost	\$ 11,509,807			
Revised Authorized Cost	\$ 11,656,307			
Percentage Increase Over Original Authorized Cost	1.2%			
Percentage Completion	83%			
Original Target Completion Date	2015/2016			
Revised Target Completion Date	2018/2019			

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
GODWIN SCHOOL ENTRANCE MODIFICATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Period</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfers from Capital Reserve	\$ 134,160	-	\$ 134,160	134,160
Total Revenues and Other Financing Sources	<u>134,160</u>	<u>-</u>	<u>134,160</u>	<u>134,160</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	3,553	\$ 1,758	5,311	6,300
Construction Services	-	-	-	127,860
Total Expenditures and Other Financing Uses	<u>3,553</u>	<u>1,758</u>	<u>5,311</u>	<u>134,160</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 130,607</u>	<u>\$ (1,758)</u>	<u>\$ 128,849</u>	<u>\$ -</u>
Additional Project Information:				
Project Numbers	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Proceeds Issued	N/A			
Original Authorized Cost	\$ 134,160			
Percentage Increase Over Original Authorized Cost	0%			
Percentage Completion	4%			
Original Target Completion Date	2017/2018			
Revised Target Completion Date	2018/2019			

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 205,241	\$ 64,250	\$ 269,491
Due from Other Funds	<u>-</u>	<u>1,250</u>	<u>1,250</u>
Total Assets	<u>\$ 205,241</u>	<u>\$ 65,500</u>	<u>\$ 270,741</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 52,457	\$ 52,457
Accrued Salaries and Wages		435	435
Reserve for Flexible Spending (Sect. 125) Plan		11,848	11,848
Due to Other Funds		760	760
Due to Student Groups	<u>\$ 205,241</u>	<u>-</u>	<u>205,241</u>
Total Liabilities	<u>\$ 205,241</u>	<u>\$ 65,500</u>	<u>\$ 270,741</u>

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MIDLAND PARK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>		<u>Cash</u> <u>Receipts</u>		<u>Cash</u> <u>Disbursements</u>		<u>Balance,</u> <u>June 30, 2018</u>
ELEMENTARY SCHOOLS							
Student activity	\$ 13,431	\$	34,440	\$	14,756	\$	33,115
HIGH SCHOOL							
Student activity	<u>178,218</u>		<u>321,688</u>		<u>327,780</u>		<u>172,126</u>
	<u>\$ 191,649</u>	\$	<u>356,128</u>	\$	<u>342,536</u>	\$	<u>205,241</u>

**MIDLAND PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 22,454	\$ 14,599,046	\$ 14,557,250	\$ 64,250
Due from Other Funds	-	1,250	-	1,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 22,454</u>	<u>\$ 14,600,296</u>	<u>\$ 14,557,250</u>	<u>\$ 65,500</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 8,072	\$ 6,294,279	\$ 6,249,894	\$ 52,457
Accrued Salaries and Wages	407	8,278,852	8,278,824	435
Reserve for Flexible Spending (Sect. 125) Plan	13,975	26,405	28,532	11,848
Due to Other Funds	-	760	-	760
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 22,454</u>	<u>\$ 14,600,296</u>	<u>\$ 14,557,250</u>	<u>\$ 65,500</u>

LONG-TERM DEBT

**MIDLAND PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Bonds</u>	<u>Amount of Bonds</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
2012 Refunding Bonds	3/28/2012	\$ 3,695,000	8/15/2018	\$ 360,000	3.000 %	\$ 2,640,000	\$ 350,000	\$ 2,290,000
			8/15/2019	370,000	3.000			
			8/15/2020	380,000	3.000			
			8/15/2021	390,000	3.000			
			8/15/2022	395,000	3.000			
			8/15/2023	395,000	3.000			
2015 School Bonds	2/5/2015	8,500,000	8/15/2018	315,000	2.000	7,945,000	300,000	7,645,000
			8/15/2019	325,000	2.000			
			8/15/2020	335,000	2.000			
			8/15/2021	345,000	2.000			
			8/15/2022	360,000	2.000			
			8/15/2023	370,000	2.000			
			8/15/2024	385,000	2.000			
			8/15/2025	400,000	2.000			
			8/15/2026	415,000	2.000			
			8/15/2027	425,000	3.000			
			8/15/2028	440,000	3.000			
			8/15/2029	460,000	3.000			
			8/15/2030	475,000	3.000			
			8/15/2031	490,000	3.000			
			8/15/2032	505,000	3.000			
			8/15/2033	525,000	3.000			
8/15/2034	535,000	3.000						
8/15/2035	540,000	3.125						
						<u>7,945,000</u>	<u>300,000</u>	<u>7,645,000</u>
						<u>\$ 10,585,000</u>	<u>\$ 650,000</u>	<u>\$ 9,935,000</u>
Paid by Budget Appropriation							<u>\$ 650,000</u>	

MIDLAND PARK BOARD OF EDUCATION
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 922,370	-	\$ 922,370	\$ 922,370	-
Total Revenues	922,370	-	922,370	922,370	-
EXPENDITURES					
Debt Service					
Principal on Bonds	650,000		650,000	650,000	
Interest on Bonds	274,475	-	274,475	274,475	-
Total Expenditures	924,475	-	924,475	924,475	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,105)	-	(2,105)	(2,105)	-
Net Change in Fund Balance	(2,105)	-	(2,105)	(2,105)	-
Fund Balances, Beginning of Year	16,392	-	16,392	16,392	-
Fund Balances, End of Year	\$ 14,287	\$ -	\$ 14,287	\$ 14,287	\$ -

Recapitulation of fund Balance:

Designated for Subsequent Year's
 Expenditures (2018/19 Budget) \$ 14,287

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012 (Restated)	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 2,871,852	\$ 2,958,287	\$ 2,890,629	\$ 3,734,127	\$ 3,978,371	\$ 5,850,681	\$ 5,436,490	\$ 6,957,794	\$ 12,872,361	\$ 12,975,747
Restricted	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161	943,530	950,806	1,130,708
Unrestricted	276,821	580,254	1,284,612	1,276,874	1,594,958	(2,983,237)	(2,925,558)	(2,736,476)	(4,216,835)	(5,247,417)
Total governmental activities net position	<u>\$ 3,389,674</u>	<u>\$ 3,741,688</u>	<u>\$ 4,527,116</u>	<u>\$ 5,977,861</u>	<u>\$ 6,603,384</u>	<u>\$ 3,993,204</u>	<u>\$ 4,029,093</u>	<u>\$ 5,164,848</u>	<u>\$ 9,606,332</u>	<u>\$ 8,859,038</u>
Business-Type Activities										
Investment in Capital Assets	\$ 13,782	\$ 11,787	\$ 9,793	\$ 61,733	\$ 53,102	\$ 50,501	\$ 39,561	\$ 42,166	\$ 64,508	\$ 64,408
Restricted										
Unrestricted	37,914	51,303	66,196	78,731	79,357	75,320	74,201	69,014	91,244	108,754
Total Business-Type Activities Net Position	<u>\$ 51,696</u>	<u>\$ 63,090</u>	<u>\$ 75,989</u>	<u>\$ 140,464</u>	<u>\$ 132,459</u>	<u>\$ 125,821</u>	<u>\$ 113,762</u>	<u>\$ 111,180</u>	<u>\$ 155,752</u>	<u>\$ 173,162</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,885,634	\$ 2,970,074	\$ 2,900,422	\$ 3,795,860	\$ 4,031,473	\$ 5,901,182	\$ 5,476,051	\$ 6,999,960	\$ 12,936,869	\$ 13,040,155
Restricted	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161	943,530	950,806	1,130,708
Unrestricted	314,735	631,557	1,350,808	1,355,605	1,674,315	(2,907,917)	(2,851,357)	(2,667,462)	(4,125,591)	(5,138,663)
Total District Net Position	<u>\$ 3,441,370</u>	<u>\$ 3,804,778</u>	<u>\$ 4,603,105</u>	<u>\$ 6,118,325</u>	<u>\$ 6,735,843</u>	<u>\$ 4,119,025</u>	<u>\$ 4,142,855</u>	<u>\$ 5,276,028</u>	<u>\$ 9,762,084</u>	<u>\$ 9,032,200</u>

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

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

Note 3- Net Position at June 30, 2017 restated for updated capital asset and accumulated depreciation values.

Source: District financial statements

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

	2009	2010	2011	2012	Fiscal Year Ended June 30,		2015	2016	2017	2018
					2013	2014				
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,735,674	\$ 7,464,207	\$ 6,901,491	\$ 7,688,003	\$ 8,084,461	\$ 7,938,421	\$ 9,804,531	\$ 10,844,538	\$ 12,073,475	\$ 12,408,806
Special education	3,920,717	4,393,254	4,774,144	4,419,116	4,587,358	4,501,769	5,193,170	5,290,136	5,921,928	6,400,761
Other instruction	621									
School Sponsored Activities and Athletics	688,805	646,706	538,492	584,681	670,894	669,528	759,684	839,587	968,669	999,843
Other	420,414	433,849	337,381	726,031	633,752	671,286	886,952	858,751	802,493	894,828
Support Services:										
Student & instruction related services	3,905,599	3,270,124	2,838,277	2,894,049	2,823,942	2,887,818	3,310,290	3,554,681	3,767,826	4,370,983
General and Business Admin/Central Svcs.	1,024,063	1,061,754	1,162,374	1,230,311	1,209,666	1,194,263	1,323,919	1,178,620	1,338,159	1,474,254
School Administration services	1,058,664	1,062,906	1,000,521	1,074,035	1,195,229	1,167,881	1,386,281	1,535,558	1,762,734	1,858,822
Plant operations and maintenance	1,529,510	1,649,030	1,521,540	1,672,952	1,724,253	1,895,075	1,834,810	1,901,845	2,347,506	2,278,130
Pupil transportation	517,610	601,594	565,859	545,018	560,515	545,022	539,909	589,466	509,474	602,110
Interest on long-term debt	211,268	201,294	198,631	154,502	122,852	107,932	194,909	388,045	197,330	260,275
Total governmental activities expenses	20,112,945	20,784,718	19,838,710	20,988,698	21,612,922	21,578,995	25,234,455	26,981,227	29,689,594	31,548,812
Business-type activities:										
Food service	333,321	322,503	305,068	340,708	339,638	332,467	326,525	372,199	390,965	386,879
Total business-type activities expense	333,321	322,503	305,068	340,708	339,638	332,467	326,525	372,199	390,965	386,879
Total district expenses	\$ 20,446,266	\$ 21,107,221	\$ 20,143,778	\$ 21,329,406	\$ 21,952,560	\$ 21,911,462	\$ 25,560,980	\$ 27,353,426	\$ 30,080,559	\$ 31,935,691
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 42,241	\$ 2,624		\$ 27,700	\$ 26,482	\$ 25,644	\$ 31,195	\$ 29,875	\$ 46,397	\$ 40,750
Adult education	645,601	626,761	561,131	631,163	553,341	529,773	708,635	672,598	637,458	702,619
Operating grants and contributions	2,532,761	2,974,870	1,891,083	2,554,206	2,889,511	2,654,539	4,834,961	5,875,726	7,546,882	8,775,232
Capital grants and contributions	-	-	-	-	-	-	278,254	1,160,454	1,480,801	31,771
Total governmental activities program revenues	3,220,603	3,604,255	2,452,214	3,213,069	3,469,334	3,209,956	5,853,045	7,738,653	9,711,538	9,550,372
Business-type activities:										
Charges for services:										
Food service	284,316	280,468	259,182	277,845	255,620	247,855	239,912	283,963	301,684	314,309
Operating grants and contributions	46,666	58,809	58,513	70,470	75,845	77,687	74,471	85,579	94,894	89,773
Total business-type activities program revenues	330,982	339,277	317,695	348,315	331,465	325,542	314,383	369,542	396,578	404,082
Total district program revenues	\$ 3,551,585	\$ 3,943,532	\$ 2,769,909	\$ 3,561,384	\$ 3,800,799	\$ 3,535,498	\$ 6,167,428	\$ 8,108,195	\$ 10,108,116	\$ 9,954,454
Net (Expense)/Revenue										
Governmental activities	\$ (16,892,342)	\$ (17,180,463)	\$ (17,386,496)	\$ (17,775,629)	\$ (18,143,588)	\$ (18,369,039)	\$ (19,381,410)	\$ (19,242,574)	\$ (19,978,056)	\$ (21,598,440)
Business-type activities	(2,339)	10,774	12,627	7,607	(8,173)	(6,925)	(12,142)	(2,657)	5,613	17,203
Total district-wide net expense	\$ (16,894,681)	\$ (17,169,689)	\$ (17,373,869)	\$ (17,768,022)	\$ (18,151,761)	\$ (18,375,964)	\$ (19,393,552)	\$ (19,245,231)	\$ (19,972,443)	\$ (21,981,237)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 15,538,133	\$ 16,171,595	\$ 16,818,459	\$ 17,154,828	\$ 17,497,925	\$ 18,802,959	\$ 18,204,842	\$ 18,705,258	\$ 19,079,363	\$ 19,533,118
Property Taxes levied for debt service	451,615	451,509	450,990	450,059	423,524	423,472	415,162	910,587	911,236	922,370
Unrestricted grants and contributions	169,274	136,320	77,936		30,576	34,660	34,980	35,320	33,651	33,593
Investment earnings	26,001	40,282	14,723	8,397		8,256	7,234	4,712	3,511	20,329
Miscellaneous income	787,294	732,671	809,816	799,462	808,830	936,551	755,081	722,452	655,332	750,105
Loss on Disposal of Capital Assets										
Transfers										
Total governmental activities	16,972,317	17,532,377	18,172,924	18,412,746	18,769,111	20,201,153	19,417,299	20,378,329	20,699,911	21,251,146
Business-type activities:										
Investment Earnings	1,478	620	272	179	168	287	83	75	76	207
Transfers										
Total business-type activities	1,478	620	272	179	168	287	83	75	76	207
Total district-wide	\$ 16,973,795	\$ 17,532,997	\$ 18,173,196	\$ 18,412,925	\$ 18,769,279	\$ 20,201,440	\$ 19,417,382	\$ 20,378,404	\$ 20,699,987	\$ 21,251,353
Change in Net Position										
Governmental activities	\$ 79,975	\$ 351,914	\$ 785,428	\$ 637,117	\$ 625,523	\$ 1,832,114	\$ 35,889	\$ 1,135,755	\$ 721,855	\$ (747,294)
Business-type activities	(861)	11,394	12,899	7,786	(8,005)	(6,638)	(12,059)	(2,582)	5,689	17,410
Total district	\$ 79,114	\$ 363,308	\$ 798,327	\$ 644,903	\$ 617,518	\$ 1,825,476	\$ 23,830	\$ 1,133,173	\$ 727,544	\$ (729,884)

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

	2009	2010	2011	2012	Fiscal Year Ended June 30,		2015	2016	2017	2018
					2013	2014				
General Fund										
Reserved	\$ 755,309	\$ 889,847								
Unreserved	203,045	364,406								
Nonspendable			\$ 39,783	\$ 36,057	\$ 40,349					
Restricted			1,051,968	1,560,054	1,518,044	\$ 1,797,257	\$ 1,860,868	\$ 1,561,986	\$ 1,578,807	\$ 1,687,572
Committed			214,375	267,345	493,776	267,213	-	1,099,894	424,924	
Assigned			278,788	332,789	138,120	255,094	750,726	239,122	143,643	100,839
Unassigned			376,893	357,065	371,248	390,357	371,735	381,585	402,424	402,215
Total general fund	<u>\$ 958,354</u>	<u>\$ 1,254,253</u>	<u>\$ 1,961,807</u>	<u>\$ 2,553,310</u>	<u>\$ 2,561,537</u>	<u>\$ 2,709,921</u>	<u>\$ 2,983,329</u>	<u>\$ 3,282,587</u>	<u>\$ 2,549,798</u>	<u>\$ 2,190,626</u>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 197	\$ 197								
Nonspendable										
Restricted			\$ 197	\$ 197	\$ 185,233	\$ 9,088	\$ 7,824,556	\$ 5,184,166	\$ 2,165,687	\$ 2,055,872
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 185,233</u>	<u>\$ 9,088</u>	<u>\$ 7,824,556</u>	<u>\$ 5,184,166</u>	<u>\$ 2,165,687</u>	<u>\$ 2,055,872</u>

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

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax Levy	\$ 15,989,748	\$ 16,623,104	\$ 17,269,449	\$ 17,604,887	\$ 17,921,449	\$ 19,226,431	\$ 18,620,004	\$ 19,615,845	\$ 19,990,599	\$ 20,455,488
Tuition charges	42,241	2,624					31,195	29,875	46,397	40,750
Miscellaneous	1,458,896	1,452,435	1,402,226	1,509,910	1,404,173	1,496,862	1,470,950	1,401,021	1,313,245	1,464,684
State sources	2,386,727	2,487,932	1,540,475	2,142,303	2,574,234	2,375,839	2,975,866	4,055,059	4,832,728	4,017,416
Federal sources	315,308	570,537	411,988	368,715	338,589	311,977	289,671	419,750	405,495	396,212
Total revenue	20,192,920	21,136,632	20,624,138	21,625,815	22,238,445	23,411,109	23,387,686	25,521,550	26,588,464	26,374,550
Expenditures										
Instruction										
Regular Instruction	7,983,918	7,680,945	7,153,897	7,479,148	7,884,907	7,742,389	8,086,962	8,694,063	9,209,223	9,512,086
Special education instruction	3,881,499	4,351,749	4,730,555	4,373,319	4,526,493	4,464,400	4,644,281	4,596,055	4,911,320	5,329,303
Other instruction	621			708,818	658,391	658,817	831,109	758,385	683,099	766,767
School sponsored activities and athletics	675,498	634,001	524,949	572,551	777,943	657,398	643,844	695,288	765,323	791,643
Support Services:										
Student & inst. related services	2,949,599	3,206,329	2,798,410	2,824,804	2,629,669	2,818,165	3,051,762	3,207,911	3,252,306	3,651,007
General Administration Services	491,657	470,720	518,720	497,309	509,185	536,758	501,429	510,788	504,226	560,163
School Administrative services	1,052,965	1,042,408	979,136	1,046,950	1,165,179	1,143,805	1,192,378	1,283,252	1,401,483	1,457,922
Business / Central Services	524,244	574,047	624,925	614,018	676,271	635,392	616,081	692,515	661,858	672,763
Plant operations and maintenance	1,532,899	1,628,801	1,500,746	1,654,691	1,699,994	1,870,816	1,757,337	1,782,408	2,148,118	2,002,056
Pupil transportation	515,441	598,848	562,851	540,975	556,472	540,979	522,680	558,202	462,610	535,513
Unallocated Employee benefits										
Capital outlay	156,042	183,282	213,455	234,690	614,394	1,923,905	1,446,206	4,074,043	5,346,153	701,269
Debt service:										
Principal	240,000	267,741	291,301	323,066	406,690	447,234	401,725	697,413	702,724	666,204
Interest and other charges	211,615	201,862	197,639	189,473	115,739	113,571	103,994	312,359	291,289	274,741
Cost of Issuance on Refunding Bonds				78,110						
Cost of Issuance Bonds							133,459	-		
Payment to Refunding Escrow Agent				216,625						
Total expenditures	20,215,998	20,840,733	20,096,584	21,354,547	22,221,327	23,553,629	23,933,247	27,862,682	30,339,732	26,921,437
Excess (Deficiency) of revenues over (under) expenditures	(23,078)	295,899	527,554	271,268	17,118	(142,520)	(545,561)	(2,341,132)	(3,751,268)	(546,887)
Other Financing sources (uses)										
Serial bonds issued				3,695,000			8,500,000	-		
Payments to Refunding Escrow Agent				(3,623,000)						
Premium on Issuance of Bonds	81,490			222,735			134,437	-		
Capital Lease issued			180,000	25,500		114,759	-	-		77,900
Lease Purchase Proceeds					176,145	-	-	-		
Transfers in		21,440	3,150	197	211	154,439	2,105	238,947		
Transfers out		(21,440)	(3,150)	(197)	(211)	(154,439)	(2,105)	(238,947)		
Total other financing sources (uses)	81,490	-	180,000	320,235	176,145	114,759	8,634,437	-	-	77,900
Net Change in Fund Balances	\$ 58,412	\$ 295,899	\$ 707,554	\$ 591,503	\$ 193,263	\$ (27,761)	\$ 8,088,876	\$ (2,341,132)	\$ (3,751,268)	\$ (468,987)
Debt service as a percentage of noncapital expenditures	2.25%	2.27%	2.46%	2.43%	2.42%	2.59%	2.84%	4.24%	3.98%	3.59%

Source: District financial statements

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Facility Charge	Tuition	Interest on Investments	Continuing Education Program Fees	Refunds	Rentals	Miscellaneous	Total
2009	\$ 709,361	\$ 42,241	\$ 26,001	\$ 645,601	\$ 41,317	\$ 23,440	\$ 13,176	\$ 1,501,137
2010	688,772	2,624	18,842	626,761	142	26,330	17,427	1,380,898
2011	794,654		11,574	534,074	2,289	26,485	13,443	1,382,519
2012	774,605	27,700	8,397	596,165	1,220	34,998	23,637	1,466,722
2013	775,000	26,482	8,256	553,341	1,511	20,917	2,511	1,388,018
2014	889,192	25,644	3,497	529,773	2,953	6,750	37,656	1,495,465
2015	675,229	31,195	4,173	696,975	4,000	-	87,512	1,499,084
2016	690,619	29,875	4,712	672,598	8,111	700	20,917	1,427,532
2017	637,123	46,397	6,042	637,458	438	700	17,072	1,345,230
2018	732,064	40,750	11,960	702,619	5,398	1,228	11,415	1,505,434

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 6,401,700	\$ 692,690,200	\$ 111,611,600	\$ 41,638,900	\$ 11,974,800	\$ 864,317,200	\$ 1,140,767	\$ 865,457,967	\$ 1,331,434,940	\$ 1.92
2010	6,401,700	694,016,400	112,029,300	40,861,500	9,474,800	862,783,700	1,143,758	863,927,458	1,312,973,700	2.00
2011	6,401,700	695,491,500	110,107,300	40,861,500	9,474,800	862,336,800	1,342,664	863,679,464	1,322,372,357	2.04
* 2012	8,447,400	860,521,700	130,551,300	47,833,500	14,160,100	1,061,514,000	1,298,959	1,062,812,959	1,172,997,775	1.69
2013	7,242,400	860,794,000	129,396,241	47,833,500	14,160,100	1,059,426,241	1,298,959	1,060,725,200	1,195,418,944	1.81
2014	7,538,700	862,904,800	138,901,400	37,931,400	14,160,100	1,061,436,400	-	1,061,436,400	1,130,631,018	1.76
2015	6,663,100	863,292,200	140,382,600	37,931,400	14,160,100	1,062,429,400	-	1,062,429,400	1,152,684,604	1.85
2016	6,594,300	865,538,000	141,082,300	37,931,400	14,160,100	1,065,306,100	-	1,065,306,100	1,199,693,915	1.88
2017	6,317,300	868,299,100	141,838,200	37,931,400	14,160,100	1,068,546,100	-	1,068,546,100	1,244,623,991	1.91
2018	6,317,300	869,806,700	140,795,800	37,931,400	14,160,100	1,069,011,300	-	1,069,011,300	1,252,223,630	1.96

Source: County Abstract of Ratables

N/A - Not Available
 a Tax rates are per \$100

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

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

Calendar Year	<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Municipality	County	
2009	\$ 1.92	\$ 0.74	\$ 0.30	\$ 2.96
2010	2.00	0.75	0.30	3.05
2011	2.04	0.78	0.32	3.14
2012 *	1.69	0.63	0.25	2.57
2013	1.81	0.65	0.26	2.72
2014	1.76	0.69	0.25	2.69
2015	1.85	0.70	0.26	2.81
2016	1.88	0.70	0.28	2.86
2017	1.91	0.72	0.29	2.93
2018	1.96	0.74	0.29	2.99

Source: County Abstract of Ratables

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

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
UB Midland Park LLC	\$ 20,372,400	1.91%		
Mid Park, Hye Partners			\$ 16,178,400	1.87%
Marlow Park LLC	8,531,600	0.80%	10,313,800	1.19%
MW Midpark Grocery, LLC	9,849,500	0.92%	7,500,000	0.87%
Mature Environment	7,169,800	0.67%	7,177,400	0.83%
Oak Trail II LLC			4,038,100	0.47%
Henpal Realty Co	4,880,500	0.46%	4,000,000	0.46%
Vander Sterre Bros.	4,672,700	0.44%	3,750,000	0.43%
Tenastic, Inc.,	4,614,300	0.43%		
Vander Sterre Bros.	3,856,600	0.36%	3,300,000	0.38%
Rigs Development	3,482,000	0.33%		
Texel Apartments, L.P.	3,306,900	0.31%	3,075,000	0.36%
The Kentshire Land LLC			2,726,900	0.32%
	<u>\$ 70,736,300</u>	<u>6.62%</u>	<u>\$ 62,059,600</u>	<u>7.18%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 15,989,748	\$ 15,989,748	100.00%	
2010	16,623,104	16,623,104	100.00%	
2011	17,269,449	17,269,449	100.00%	
2012	17,604,887	17,604,887	100.00%	
2013	17,921,449	17,921,449	100.00%	
2014	19,226,431	19,226,431	100.00%	
2015	18,620,004	18,620,004	100.00%	
2016	19,615,845	19,615,845	100.00%	
2017	19,990,599	19,990,599	100.00%	
2018	20,455,488	20,455,488	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase	Grant Anticipation Notes (GANs)			
2009	\$ 4,973,000	\$ 81,490	\$ 499,345	\$ 5,553,835	6,743	\$ 824
2010	3,950,000	269,337	499,345	4,718,682	6,759	698
2011	4,463,000	212,448	315,055	4,990,503	7,148	698
2012	4,265,000	184,882		4,449,882	7,203	618
2013	3,950,000	269,337		4,219,337	7,243	583
2014	3,635,000	251,862		3,886,862	7,282	534
2015	11,810,000	175,137		11,985,137	7,303	1,641
2016	11,210,000	77,724		11,287,724	7,334	1,539
2017	10,585,000			10,585,000	7,344	1,441
2018	9,935,000	61,696		9,996,696	7,384	1,354

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2009	\$ 4,973,000		\$ 4,973,000	0.57%	\$ 738
2010	3,950,000		3,950,000	0.46%	584
2011	4,463,000		4,463,000	0.52%	624
2012	4,265,000		4,265,000	0.40%	592
2013	3,950,000		3,950,000	0.37%	545
2014	3,635,000		3,635,000	0.34%	499
2015	11,810,000	\$ 4,439	11,805,561	1.11%	1,617
2016	11,210,000	6,544	11,203,456	1.05%	1,528
2017	10,585,000	16,392	10,568,608	0.99%	1,439
2018	9,935,000	14,287	9,920,713	0.93%	1,344

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**MIDLAND PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Midland Park Board of Education	\$ 9,935,000	\$ 9,935,000	
Borough of Midland Park	<u>310,826</u>	<u>-</u>	<u>\$ 310,826</u>
	<u>\$ 10,245,826</u>	<u>\$ 9,935,000</u>	<u>310,826</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			\$ 9,145,163
Northwest Bergen County Utilities Authority (B)			<u>1,659,671</u>
			<u>10,804,834</u>
Total Direct and Overlapping Debt			<u>\$ 11,115,660</u>

Source:

(1) Borough's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Midland Park by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Bergen County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2017	\$ 1,239,468,855
2016	1,228,726,759
2015	<u>1,183,369,793</u>
	<u>\$ 3,651,565,407</u>
Average equalized valuation of taxable property	\$ 1,217,188,469
Debt limit (4% of average equalization value)	48,687,539
Total Net Debt Applicable to Limit	<u>9,935,000</u>
Legal debt margin	<u>\$ 38,752,539</u>

911

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 52,998,876	\$ 52,483,634	\$ 52,395,585	\$ 51,536,771	\$ 49,965,865	\$ 47,566,471	\$ 46,201,991	\$ 46,198,007	\$ 47,516,051	\$ 48,687,539
Total net debt applicable to limit	<u>5,472,345</u>	<u>5,222,345</u>	<u>4,778,055</u>	<u>4,265,000</u>	<u>3,950,000</u>	<u>3,635,000</u>	<u>11,810,000</u>	<u>11,210,000</u>	<u>10,585,000</u>	<u>9,935,000</u>
Legal debt margin	<u>\$ 47,526,531</u>	<u>\$ 47,261,289</u>	<u>\$ 47,617,530</u>	<u>\$ 47,271,771</u>	<u>\$ 46,015,865</u>	<u>\$ 43,931,471</u>	<u>\$ 34,391,991</u>	<u>\$ 34,988,007</u>	<u>\$ 36,931,051</u>	<u>\$ 38,752,539</u>
Total net debt applicable to the limit as a percentage of debt limit	10.33%	9.95%	9.12%	8.28%	7.91%	7.64%	25.56%	24.27%	22.28%	20.41%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	6,743	\$ 67,772	3.40%
2010	6,759	68,124	3.50%
2011	7,148	65,097	3.50%
2012	7,203	66,080	3.50%
2013	7,243	69,044	4.50%
2014	7,282	71,953	4.90%
2015	7,303	71,449	4.60%
2016	7,334	73,293	3.90%
2017	7,344	76,388	3.90%
2018	7,384	77,187	N/A

(1) - Estimated

N/A - Not Available

Source: New Jersey State Department of Education

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

	<u>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2018</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>
Instruction										
Regular	80.3	81.5	79.1	73.2	74.6	75.4	71.4	73.0	78.0	98.0
Special education	50.2	44.3	41.9	38.3	35.9	34.5	33.0	34.5	40.6	35.5
Adult/Continuing Education Programs	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	3.7	4.0
Support Services:										
Student and instruction related services	25.0	24.8	25.3	25.2	24.8	26.4	25.1	25.3	11.0	11.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	10.3	10.0	9.5	9.5	9.5	9.5	9.5	8.5	9.8	9.0
Other Administrative Services			-				0.5	0.5	2.0	2.0
Central services	4.5	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0
Plant operations and maintenance	18.5	17.0	18.0	17.1	16.5	18.5	18.5	18.0	24.5	17.5
Pupil transportation	4.5	4.5	5.5	6.5	5.0	2.5	2.0	2.5	2.0	2.0
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>197.7</u>	<u>191.0</u>	<u>188.3</u>	<u>178.8</u>	<u>175.3</u>	<u>175.8</u>	<u>168.5</u>	<u>170.8</u>	<u>177.6</u>	<u>185.0</u>

119 Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2009	1,126	\$ 19,608,341	\$ 17,414	3.20%	113	11.8:1	24:1	8.3:1	1,124	1,071	-0.43%	95.23%
2010	1,132	20,187,848	16,433	-5.63%	113	11.9:1	24:1	11.0:1	1,128	1,072	0.35%	95.04%
2011	1,111	19,394,189	15,993	-2.68%	116	11.9:1	24:1	11.0:1	1,083	1,029	-3.99%	95.01%
2012	1,102	20,312,583	16,679	4.29%	117	11.9:1	24:1	11.0:1	1,088	1,039	0.46%	95.50%
2013	1,055	21,084,504	17,931	7.51%	118	11.9:1	24:1	11.0:1	1,045	1,006	-3.95%	96.27%
2014	1,001	21,068,919	21,048	17.38%	119	11.8:1	24:1	11.0:1	996	956	-4.69%	95.98%
2015	1,076	21,847,863	20,305	-3.53%	121	11.8:1	24:1	11.0:1	987	948	-0.90%	96.07%
2016	1,069	22,778,867	21,309	4.94%	114	11.8:1	24:1	11.0:1	964	926	-2.37%	96.12%
2017	942	23,999,566	25,477	19.56%	122	11.8:1	24:1	11.0:1	952	911	-1.23%	95.70%
2018	933	25,279,223	27,095	6.35%	123	11.8:1	24:1	11.0:1	936	907	-1.65%	96.90%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
<u>Godwin/Highland Elementary School</u>										
Square Feet	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment	620	637	595	582	548	511	593	577	494	494
<u>Jr./Sr. High School</u>										
Square Feet	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776
Capacity (students)	586	586	586	586	586	586	586	586	586	586
Enrollment	506	491	507	508	528	490	518	492	448	439

Number of Schools at June 30, 2018
 Elementary = 1
 Junior / Senior High School = 1

Source: District Records

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

		<u>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>2018</u>
SCHOOL FACILITIES	PROJECT #										
Elementary- Godwin/Highland	N/A	\$ 134,398	\$ 140,281	\$ 107,779	\$ 188,358	\$ 138,858	\$ 182,258	\$ 165,580	\$ 109,525	\$ 117,952	\$ 278,714
Midland Park Jr/Sr High School	N/A	<u>201,598</u>	<u>210,422</u>	<u>135,372</u>	<u>252,158</u>	<u>160,343</u>	<u>255,873</u>	<u>276,925</u>	<u>368,795</u>	<u>396,901</u>	<u>321,144</u>
GRAND TOTAL		<u>\$ 335,996</u>	<u>\$ 350,703</u>	<u>\$ 243,151</u>	<u>\$ 440,516</u>	<u>\$ 299,201</u>	<u>\$ 438,131</u>	<u>\$ 442,505</u>	<u>\$ 478,320</u>	<u>\$ 514,853</u>	<u>\$ 599,858</u>

Source: District Records

**MIDLAND PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

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

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Midland Park Board of Education's basic financial statements and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

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

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

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

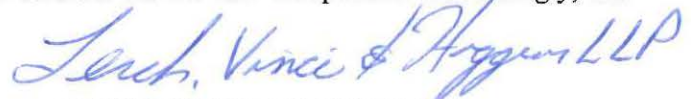
Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Midland Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 22, 2019.

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2019



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Midland Park Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Midland Park Board of Education's major state programs for the fiscal year ended June 30, 2018. The Midland Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Midland Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major state program is not modified with respect to these matters.

The Midland Park Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Midland Park Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 22, 2019

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2017		Carryover Amount	Adjust Receivable	Cash Received	Budgetary Expenditures	Adjustments	(Accounts	Unearned	Due to	MEMO GAAP Receivable
						Receivable)	Revenue						Grantor at June 30, 2018			
U.S. Department of Agriculture Passed-through State Department of Education																
Enterprise Fund:																
National School Lunch Program																
National School Lunch Program-Non-Cash	10.555			7/1/17-6/30/18	\$ 23,153	\$ 1,873				\$ 22,794	\$ 23,153			\$ 1,514		
National School Lunch Program-Non-Cash	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	61,702					56,611	61,702		\$ (5,091)			\$ (5,091)
National School Lunch Program-Cash	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	65,896	(4,516)				4,516						
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	1,059					975	1,059		(84)			(84)
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	845	(72)				72						
Total National School Lunch Program Cluster						(2,715)				84,968	85,914		(5,175)	1,514		(5,175)
Total Enterprise Fund						(2,715)				84,968	85,914		(5,175)	1,514		(5,175)
U.S. Department of Education Passed-through State Department of Education																
Special Revenue Fund:																
I.D.E.A. Part B, Basic Regular																
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA-3170-18	7/1/17-6/30/18	243,142		\$ 6,703	\$ (6,703)		230,681	241,044		(19,164)	8,801		(10,363)
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA-3170-17	7/1/16-6/30/17	250,012	(9,331)		(6,703)	6,703	9,331						
I.D.E.A. Part B, Preschool	84.173	H173A170114	IDEA-3170-18	7/1/17-6/30/18	20,870			(1,144)	(1,144)	22,014	22,014					
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA-3170-17	7/1/16-6/30/17	20,977	(14,749)		(1,144)	1,144	14,749						
Total Special Education (IDEA) - Cluster						(24,080)				276,775	263,058		(19,164)	8,801		(10,363)
Title I																
Title I	84.010A	S010A170030	ESSEA-3170-18	7/1/17-6/30/18	103,376		1,436	(1,436)		86,859	96,964		(17,953)	7,848		(10,105)
Title I	84.010A	S010A160030	NCLB-3170-17	7/1/16-6/30/17	100,973			(1,436)	1,436							
Total Title I Cluster										86,859	96,964		(17,953)	7,848		(10,105)
Title II Part A																
Title II Part A	84.367A	S367A170029	ESSEA-3170-18	7/1/17-6/30/18	22,901		16,272	(16,272)		10,570	34,998		(28,603)	4,175		(24,428)
Title II Part A	84.367A	S367A160029	NCLB-3170-17	7/1/16-6/30/17	31,799	(2,659)		(16,272)	16,272	2,659						
Total Title II Cluster						(2,659)				13,229	34,998		(28,603)	4,175		(24,428)
Title IV	84.424	S424A170031	ESSEA-3170-18	7/1/17-6/30/18	10,000					252	3,190		(9,748)	6,810		(2,938)
Total Special Revenue Fund						(26,739)				377,115	398,210		(75,468)	27,634		(47,834)
Total Federal Awards					\$ (29,454)	\$ -	\$ -	\$ -	\$ -	\$ 462,083	\$ 484,124	\$ -	\$ (80,643)	\$ 29,148	\$ -	\$ (53,009)

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

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

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2018		Due to Grantor June 30, 2018	MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Combined Total Expenditures
State Department of Education													
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 33,981			\$ 31,525	\$ 33,981		\$ (2,456)				\$ 33,981
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	33,981	(2,068)		2,068			-				-
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	18,299			16,977	18,299		(1,322)				18,299
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	18,299	(1,114)		1,114			-				-
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	543,404			504,133	543,404		(39,271)				543,404
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	531,756	(32,364)		32,364			-				-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	9,520			8,832	9,520		(688)				9,520
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,520	(579)		579			-				-
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	9,520			8,832	9,520		(688)				9,520
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	9,520	(579)		579			-				-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	10,080			9,352	10,080		(728)				10,080
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	10,080	(613)		613			-				-
Total State Aid Public Cluster				(37,317)		616,968	624,804		(45,153)				624,804
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	22,354			20,739	22,354		(1,615)				22,354
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	22,354	(1,362)		1,362			-				-
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	381,523			381,523			(381,523)				381,523
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	408,946	(408,946)		408,946			-				-
On-Behalf TPAF Pension System Contributions (NCGI)	18-495-034-5094-004	7/1/17-6/30/18	29,403			29,403	29,403						29,403
On-Behalf TPAF Pension System Contributions (Normal and Accrued Liability)	18-495-034-5094-002	7/1/17-6/30/18	1,211,618			1,211,618	1,211,618						1,211,618
On-Behalf TPAF Pension System Contributions (Long Term Disability Insurance)	18-495-034-5094-004	7/1/17-6/30/18	1,973			1,973	1,973						1,973
On-Behalf TPAF Post Retirement Medical Contr.	18-495-034-5094-001	7/1/17-6/30/18	801,549			801,549	801,549						801,549
Total On-Behalf TPAF Contributions Cluster						2,044,543	2,044,543						2,044,543
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	696,509			696,332	696,509		(177)			\$ (177)	696,509
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	657,979	(32,287)		32,287			-				-
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	3,420			3,420	3,420						3,420
Total General Fund				(479,912)		3,824,597	3,773,153		(428,468)				(177)
New Jersey Nonpublic Aid													
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	\$ 10,901			\$ 10,901	\$ 9,778			\$ 1,123			9,778
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	10,317		\$ 219			\$ 219					-
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	20,079			20,079	19,627			452			19,627
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	7,363			7,363	7,298			65			7,298
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	15,525			15,525	15,525						15,525
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	9,500		139			139					-
Auxiliary Services													
Transportation	17-100-034-5120-067	7/1/16-6/30/17	15,575			15,575	15,575						15,575
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	56,694			56,694	49,341			7,353			49,341
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	63,602		1,971			1,971					-
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	4,517			4,517	1,355			3,162			1,355
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	8,222		4,842			4,842					-
Total Nonpublic Auxiliary Services (Chap. 192) Cluster					6,813	76,786	66,271	6,813			10,515		66,271
Handicapped Services													
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	23,631			23,631	19,824			3,807			19,824
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	20,245		1,726			1,726					-
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	26,208			26,208	24,569			1,639			24,569
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	21,610		1			1					-
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	43,747			43,747	30,266			13,481			30,266
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	40,906		2,474			2,474					-
Total Nonpublic Handicapped Services (Chap. 193) Cluster					4,201	93,586	74,659	4,201			18,927		74,659
Total Special Revenue Fund					11,372	224,240	193,158	11,372			31,082		193,158

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2018		Due to Grantor June 30, 2018	MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Combined Total Expenditures
State of New Jersey Schools Development Authority													
High School Improvements	3170-050-14-1001		\$ 1,421,765	\$ (1,222,107)		\$ 426,530	\$ 31,771		\$ (853,058)	\$ 25,710		\$ (853,058)	\$ 31,771
Elementary School Improvements	3170-050-14-1003		1,258,501	(755,101)		503,400			(251,701)			(251,701)	
High School Auditorium	3170-050-14-1002		179,541	(161,587)		125,679			(35,908)			(35,908)	
Total SDA Cluster				(2,138,795)		1,055,609	31,771		(1,140,667)	25,710		(1,140,667)	31,771
Total Capital Projects Fund				(2,138,795)		1,055,609	31,771		(1,140,667)	25,710		(1,140,667)	31,771
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	3,859	-		3,540	3,859		(319)			(319)	3,859
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	3,313	(230)		230							
Total Food Service Fund				(230)		3,770	3,859		(319)			(319)	3,859
Total State Financial Assistance Subject to Single Audit Determination				(2,618,937)	\$ 11,372	5,108,216	4,001,941	\$ 11,372	(1,569,454)	25,710	\$ 31,082	(1,141,163)	4,001,941
State Financial Assistance Not Subject to Major Program Determination													
General Fund													
Less: On-Behalf TPAF NCGI Premium	18-495-034-5095-004	7/1/17-6/30/18	29,403			29,403	29,403						29,403
On-Behalf TPAF Pension	18-495-034-5095-006	7/1/17-6/30/18	1,211,618			1,211,618	1,211,618						1,211,618
On-Behalf TPAF Pension- Long Term Disability	18-495-034-5095-004	7/1/17-6/30/18	1,973			1,973	1,973						1,973
On-Behalf TPAF Post-Retirement Medical	18-495-034-5095-001	7/1/17-6/30/18	801,549			801,549	801,549						801,549
Total State Financial Assistance Subject to Major Program Determination				(2,618,937)	\$ 11,372	\$ 3,063,673	\$ 1,957,398	\$ 11,372	(1,569,454)	\$ 25,710	\$ 31,082	(1,141,163)	\$ 1,957,398

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

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$19,334 for the general fund and a decrease of \$1,998 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,792,487	\$ 3,792,487
Special Revenue Fund	\$ 396,212	193,158	589,370
Capital Projects Fund		31,771	31,771
Food Service Fund	<u>85,914</u>	<u>3,859</u>	<u>89,773</u>
Total Financial Assistance	<u>\$ 482,126</u>	<u>\$ 4,021,275</u>	<u>\$ 4,503,401</u>

**MIDLAND PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$696,509 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,241,021, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$801,549 and TPAF Long-Term Disability Insurance in the amount of \$1,973 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

Not Applicable

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

(1) Material weaknesses identified? yes X no

2) Significant deficiencies identified that are not considered to be material weakness(es)? yes X no

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08? X yes no

Identification of major state programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>18-100-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

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

Auditee qualified as low-risk auditee? X yes no

**MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

**MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-001

Our audit of the District's Extraordinary Aid Application noted numerous instances where the intensive services(s) indicated in the application did not agree to what was in the student's Individualized Education Plan (IEP).

State Program Information

Extraordinary Aid 100-034-5120-473

Criteria or Specific Requirement

NJ Department of Education – Grant Compliance Supplement

Condition

Services provided on detailed supporting schedules and documented in individual student's Individualized Education Plan (IEP) did not always agree to services reported on the Extraordinary Aid Application.

Questioned Costs

Unknown.

Context

See condition.

Effect

Certain services reported on the application could not be verified to student's IEP.

Cause

Unknown.

Recommendation

Greater care be exercised over the preparation of the Extraordinary Aid Application to ensure services claimed agree to services provided in the student's Individualized Education Plan (IEP).

Views of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**MIDLAND PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

Our audit of the District's Extraordinary Aid Application noted that detailed workpapers to support each student's costs reported on the application are not being maintained.

Current Status

Corrective action has been taken.