



MOUNTAINSIDE SCHOOL DISTRICT

**BOROUGH OF MOUNTAINSIDE
BOARD OF EDUCATION**

**COUNTY OF UNION
MOUNTAINSIDE, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2020**

Mountainside School District

Mountainside, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Prepared by

Business Office

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Roster of Officials	5
Organizational Chart	6
Consultants and Advisors	7
FINANCIAL SECTION	
Independent Auditors' Report	8
Required Supplementary Information – Part I	
Management's Discussion and Analysis	11
Basic Financial Statements	
A. Government-wide Financial Statements	
A- 1 Statement of Net Position	22
A- 2 Statement of Activities	23
B. Fund Financial Statements	
Governmental Funds:	
B- 1 Balance Sheet	24
B- 2 Statement of Revenues, Expenses, and Change in Fund Balances	26
B- 3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B- 4 Statement of Net Position	28
B- 5 Statement of Revenues, Expenses, and Changes in Net Position	29
B- 6 Statement of Cash Flows	30

	<u>PAGE</u>
Fiduciary Funds:	
B- 7 Statement of Fiduciary Net Position	31
B- 8 Statement of Changes in Fiduciary Net Position	32
Notes to the Financial Statements	33 - 67
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C- 1 Budgetary Comparison Schedule – Budgetary Basis – General Fund	68
C- 1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget and Actual	N/A
C- 2 Budgetary Comparison Schedule – Budgetary Basis – Special Revenue Fund	78
Notes to the Required Supplementary Information – Part II	
C- 3 Budgetary Comparison Schedule – Note to RSI	79
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Section numbering as per the NJ Department of Education 2019-2020 Audit Program)	
L- 1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	80
L- 2 Schedule of District Contributions – PERS	81
L- 3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	82
Notes to the Required Supplementary Pension Information	83
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M- 1 Schedule of the District’s Share of the Net OPEB Liability (State Health Benefits Local Education Retired Employee Plan)	85
Notes to the Required Supplementary OPEB Information	86

PAGE

Other Supplementary Information

D. School Level Schedules

D- 1	Combining Balance Sheet	N/A
D- 2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D- 3	Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual	N/A

E. Special Revenue Fund:

E- 1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	87
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F. Capital Projects Fund:

F- 1	Summary Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgetary Basis	89
F- 2	Summary Statement of Project Expenditures	90
F- 2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Preliminary Pre- Referendum Costs - Improvements to District Schools	91
F- 2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Repairs, Renovations, & Improvements to District Schools	92

G. Proprietary Funds:

Enterprise Fund:

G- 1	Combining Statement of Net Position	N/A
G- 2	Combining Statement of Revenues, Expenses and Changes in Net Position	N/A
G- 3	Combining Statement of Cash Flows	N/A

Internal Service Fund:

G- 4	Combining Statement of Net Position	N/A
G- 5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G- 6	Combining Statement of Cash Flows	N/A

H. Fiduciary Funds:

H- 1	Combining Statement of Fiduciary Net Position	93
H- 2	Combining Statement of Changes in Fiduciary Net Position	94
H- 3	Schedule of Receipts and Disbursements - Student Activity Agency Fund	95
H- 4	Schedule of Receipts and Disbursements - Payroll Agency Fund	96
H- 5	Schedule of Receipts and Disbursements - Net Payroll Fund	97

I. Long-Term Debt:

I- 1	Schedule of Serial Bonds	98
I- 2	Schedule of Obligations Under Capital Leases	99
I- 3	Budgetary Comparison Schedule - Long Term Debt	100

STATISTICAL SECTION (Unaudited)

Financial Trends

J- 1	Net Position by Component	101
J- 2	Changes in Net Position	102
J- 3	Fund Balances, Governmental Funds	103
J- 4	Change in Fund Balances, Governmental Funds	104
J- 5	General Fund – Other Local Revenue by Source	105

Revenue Capacity

J- 6	Assessed Value and Actual Value of Taxable Property	106
J- 7	Direct and Overlapping Property Tax Rates	107
J- 8	Principal Property Taxpayers	108
J- 9	Property Tax Levies and Collections	109

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	110
J-11	Ratios of Net General Bonded Debt Outstanding	111
J-12	Direct and Overlapping Governmental Activities Debt	112
J-13	Legal Debt Margin Information	113

Demographic and Economic Information

J-14	Demographic and Economic Statistics	114
J-15	Principal Employers	115

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	116
J-17	Operating Statistics	117
J-18	School Building Information	118
J-19	Schedule of Required Maintenance	119
J-20	Insurance Schedule	120

PAGE

SINGLE AUDIT SECTION

K- 1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	122
K- 2	Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08	124
K- 3	Schedule of Expenditures of Federal Awards, Schedule A	127
K- 4	Schedule of Expenditures of State Financial Assistance, Schedule B	128
K- 5	Notes to the Schedules of Federal Awards and State Financial Assistance	129
K- 6	Schedule of Findings and Questioned Costs	131
K- 7	Summary Schedule of Prior Audit Findings	133

INTRODUCTORY SECTION



MOUNTAINSIDE BOARD OF EDUCATION

1497 WOODACRES DR., MOUNTAINSIDE, NJ 07092

908-232-3232

WWW.MOUNTAINSIDESCHOOLS.ORG

RAYMOND A. SLAMB MBA – BUSINESS ADMINISTRATOR/BOARD SECRETARY

February 3, 2021

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

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (C.A.F.R.) of the Mountainside Public School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8.

These services include general as well as special education (grades Pre-K through 8) programs. The District completed the 2019-2020 fiscal year with an in district enrollment of 746 students, which is 8 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over a five-year period. These figures do not include those students sent out of district for special education placements.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2019-2020	746	+1.9
2018-2019	732	+0.7
2017-2018	727	+1.3
2016-2017	718	- 2.8
2015-2016	734	- 3.7

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES CURRENTLY UNDERWAY:

This past year the District finished the facilities projects that were funded by the \$19 million bond referendum passed on March 11, 2014. Specifically, this involved the completion of a canopy walkway at Beechwood School. In addition, the Science Labs at Deerfield School were fully renovated through the use of capital reserve funds and classroom projectors were upgraded districtwide.

In 2019-2020 the District implemented an administrative structure change which allowed for the addition of a principal at Beechwood School and a 10.5 month Supervisor of Special Services position. This structure better streamlines oversight, communication, and support for staff and student needs.

The District continues to maintain current technology to support student needs. Additionally, the district expanded its 1:1 initiative to include grades at the elementary school level and procured new software in response to the COVID-19 Pandemic. These purchases allow our staff and students to effectively utilize technology to support curricular needs and new educational requirements while following public health safety protocols.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). An internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District'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 general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS:

A District's accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and government-wide financial statements are explained in "Notes to the Financial Statements" Note 1.

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2020, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenue	2019-20 Amount	Percent of Total	Increase (Decrease) From 2018-19	Percent of Increase (Decrease)
Local Sources	\$17,950,108	83.7%	\$286,970	1.6%
State Sources	3,236,806	15.1%	55,932	1.7%
Federal Sources	<u>251,572</u>	<u>1.2%</u>	<u>(5,235)</u>	<u>(2.1%)</u>
Totals	<u>\$21,438,486</u>	<u>100.00%</u>	<u>\$337,667</u>	<u>1.6%</u>

The following schedule presents a summary of the general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2020, and the amount and percentage of increase/(decrease) in relation to the prior year.

Expenditures	2019-20 Amount	Percent of Total	Increase (Decrease) From 2018-19	Percent of Increase (Decrease)
Current Expense	\$19,233,907	87.6%	\$1,100,698	5.7%
Capital Outlays	705,225	3.2%	580,828	82.4%
Special Revenues	328,820	1.5%	33,432	10.2%
Debt Service	<u>1,686,815</u>	<u>7.7%</u>	<u>(18,106)</u>	<u>(1.1%)</u>
Totals	<u>\$21,954,767</u>	<u>100.0%</u>	<u>\$1,696,852</u>	<u>7.7%</u>

8. DEBT ADMINISTRATION:

The Board was paying an interest rate of 4.625% on the remaining principal balance of \$3,463,000 on bonds issued in July of 2001. Market conditions dictated that refunding of this outstanding balance was in order. On February 24, 2011, the remaining balance was refinanced at an annual interest savings of \$21,803. At June 30, 2020, the District had \$905,000 of these school bonds issued and outstanding. As previously mentioned, the District sold \$19.484 million in bonds on July 8, 2014 at rates that were far below historical norms. The Board began making annual principal payments on this issue during 2015-16, and an outstanding balance of \$15.685 million remained at June 30, 2020.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial

Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in L970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, a Division of PKF O'Connor Davies, LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related New Jersey OMB Circular I 5-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

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

Respectfully Submitted,


Janet Walling
Superintendent of Schools



Raymond Slamb
School Business Administrator

Borough of Mountainside Board of Education
Union County, New Jersey

Roster of Officials

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Ruban, Jr., President	2022
Dana Guidicipietro, Vice President	2020
Bill Dillon	2022
Dante Gioia	2020
Jordan Hyman	2021
Candice Schiano	2021
Carmine Venes	2022

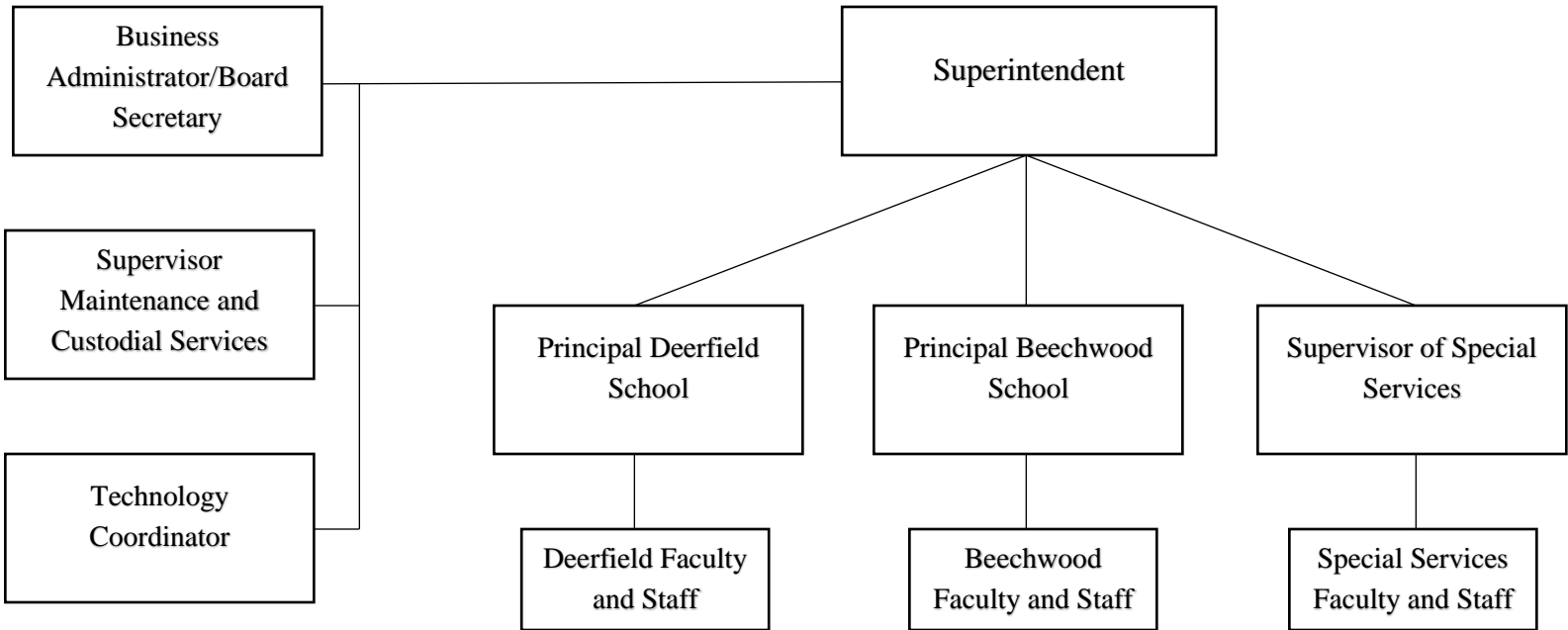
Other Officials

Janet Walling, Superintendent of Schools

Raymond Slamb, School Business Administrator/ Board Secretary

Isabel Machado, Esq., Board Attorney

**Mountainside School District
Organizational Chart**



MOUNTAINSIDE BOARD OF EDUCATION
Consultants and Advisors
As of June 30, 2020

Attorney

Machado Law Group
1 Cleveland Place
Springfield NJ, 07081

Bond Counsel

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

Audit Firm

Hodulik & Morrison. P.A., a Division
of PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, NJ 07016

Financial Advisor

Acacia Financial Group, Inc.
Marlton, NJ

Official Depository

Valley National Bank
882 Mountain Ave.
Mountainside, NJ 07092

InvestorsBank
101 Wood Avenue South
Iselin, NJ 08830

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable President and Members of the Board of Education

Borough of Mountainside School District
County of Union, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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**Honorable President and Members
of the Board of Education
Borough of Mountainside School District**

Page 2

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, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of June 30, 2020 and the respective changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

**Honorable President and Members
of the Board of Education
Borough of Mountainside School District**

Page 3

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

The introductory and statistical sections 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of your 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 District's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

February 3, 2021
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

REQUIRED SUPPLEMENTARY INFORMATION

PART I

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
Mountainside, New Jersey
Union County, New Jersey

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
(Unaudited)
June 30, 2020

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2020. The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2019-2020 fiscal year include the following:

The District's Governmental Activities net position increased by \$124,460 as reflected in Table 3, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation. The District's business-type activity revenues exceeded related expenses by \$17,745. This amount was entirely comprised of net profits from food service operations. The breakdown of these amounts is reflected in Schedule A-2 of the Government-wide Financial Statements. The District's Governmental Funds Fund reported a decrease in Fund Balance of \$516,281, to \$2,174,853 at year-end. This decrease resulted primarily from utilization of fund balance as a funding source in the 2019-2020 budget. The revenues, expenses and changes in fund balances for the Governmental Funds are reflected in Exhibit B-2 of the Financial Statements.

The general or operating fund balance was reported for GAAP purposes at \$2,158,798 which represents a decrease of \$444,326 over the prior year. Of this total, \$442,802 of excess surplus was appropriated toward the 2020-2021 budget, and an additional \$155,000 has been designated for the 2020-2021 budget. \$50,000 of general fund balance was committed to cover open purchase orders at year-end. Based upon the reduction imposed by S1701 in the calculation of maximum restricted fund balance that the District is allowed to retain, the amount of general fund balance required to be reserved for tax relief in the 2021-2022 budget is \$375,000. The unassigned general fund balance is reported at \$295,312. General fund balance is at the maximum permitted under the Department of Education regulations based upon 2% of general fund expenditures, with specified modifications. Total spending for all governmental funds was \$21,954,767. Total revenues were \$21,438,486 resulting in an excess of expenditures over revenues of \$516,281 for the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district’s operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

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

Table - 1

Organization of the School District Annual Financial Report

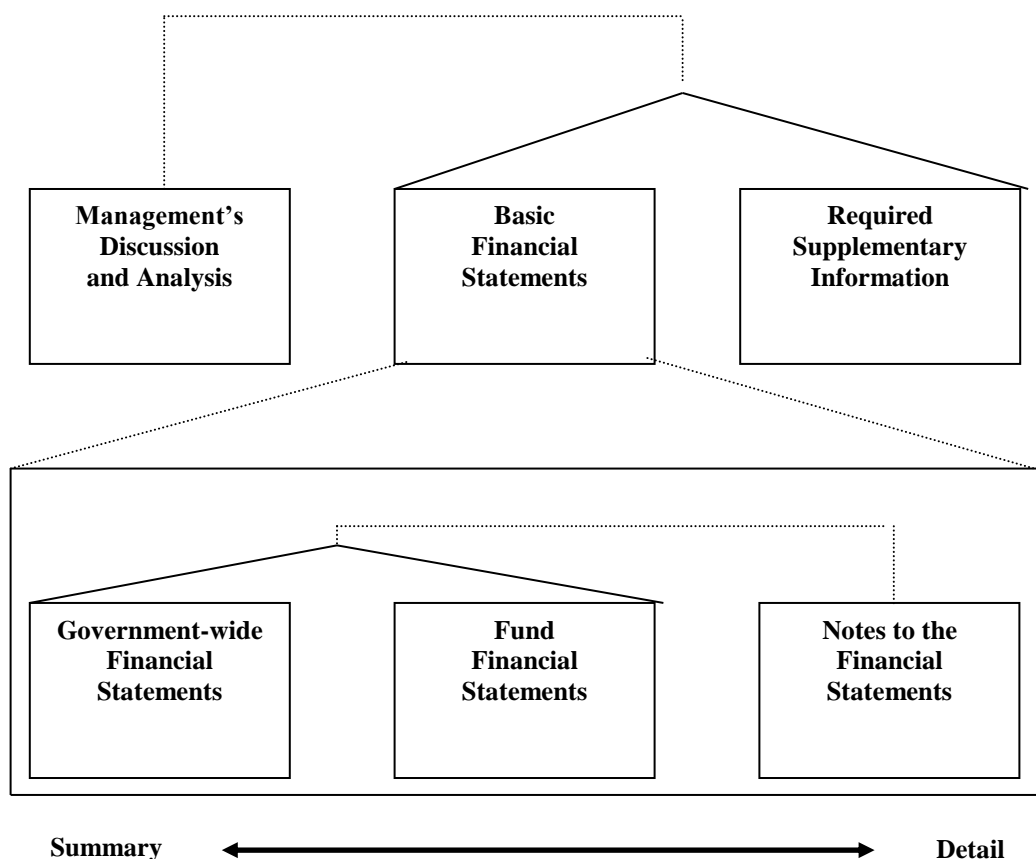


Table - 2 summarizes the major features of the district's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Table - 2 Major Features of the District-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of Revenues, Expenses and Changes in Net Position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liability-ties, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out-flow 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 de-dictions during the year, regardless of when cash is received or paid

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities, and deferred outflows and inflows. 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 Government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and deferred outflows and its liabilities and deferred inflows - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider that the District's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the District.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school District's Governmental Activities net position was \$7,310,175 at June 30, 2020. Of this amount, a deficit amount of \$2,893,817 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS defined benefit pension systems. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. The school district's Business-Type Activities net position was \$90,218 at June 30, 2020. Of this amount, \$71,557 was reported as unrestricted net position, with the balance of \$18,661 representing the district's investment in capital assets. Our analysis below focuses on the net position (Table - 3) and change in net position (Table - 4) of the school district's government-wide activities.

Table - 3
Changes in Net Position

A. Governmental Activities

	Year Ended June 30		Amount Difference	% Increase (Decrease)
	2019	2020		
Assets				
Current and other assets	\$ 3,063,072	\$ 2,922,345	\$ (140,728)	-4.59%
Capital assets	<u>25,253,962</u>	<u>25,039,192</u>	<u>(214,770)</u>	-0.85%
Total Assets	\$ <u>28,317,035</u>	\$ <u>27,961,537</u>	\$ <u>(355,498)</u>	-1.26%
Deferred Outflows of Resources	<u>796,844</u>	<u>602,150</u>	<u>(194,694)</u>	-24.43%
Total Deferred Outflows of Resources	\$ <u>796,844</u>	\$ <u>602,150</u>	\$ <u>(194,694)</u>	-24.43%
Liabilities				
Current and other liabilities	715,178	1,093,547	378,369	52.91%
Long-term liabilities	<u>20,307,355</u>	<u>19,033,491</u>	<u>(1,273,864)</u>	-6.27%
Total Liabilities	\$ <u>21,022,533</u>	\$ <u>20,127,038</u>	\$ <u>(895,495)</u>	-4.26%
Deferred Inflows of Resources	<u>905,630</u>	<u>1,126,474</u>	<u>220,844</u>	24.39%
Total Deferred Inflows of Resources	\$ <u>905,630</u>	\$ <u>1,126,474</u>	\$ <u>220,844</u>	24.39%
Net Position				
Net Investment in capital assets	7,542,000	8,459,987	917,987	12.17%
Restricted	1,950,212	1,744,006	(206,206)	-10.57%
Unrestricted	<u>(2,306,496)</u>	<u>(2,893,817)</u>	<u>(587,321)</u>	25.46%
Total Net Position	\$ <u>7,185,716</u>	\$ <u>7,310,175</u>	\$ <u>124,460</u>	1.73%

B. Business-Type Activities

	Year Ended June 30		Amount Difference	% Increase (Decrease)
	2019	2020		
Current and other assets	\$ 71,589	\$ 86,300	\$ 14,712	20.55%
Capital assets	<u>18,059</u>	<u>18,662</u>	<u>603</u>	3.34%
Total Assets	\$ <u>89,648</u>	\$ <u>104,962</u>	\$ <u>15,314</u>	17.08%
Liabilities				
Current and other liabilities	<u>17,175</u>	<u>14,744</u>	<u>(2,431)</u>	-14.15%
Total Liabilities	\$ <u>17,175</u>	\$ <u>14,744</u>	\$ <u>(2,431)</u>	-14.15%
Net Position				
Investment in capital assets	18,059	18,661	602	3.33%
Unrestricted	<u>54,414</u>	<u>71,557</u>	<u>17,142</u>	31.50%
Total Net Position	\$ <u>72,473</u>	\$ <u>90,218</u>	\$ <u>17,744</u>	24.48%

The results of this year's operations for the school District Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Table - 4, below, takes the information from that financial statement, rounds off the numbers, and rearranges them so you can see the District's total revenues and expenses for the year.

Table - 4
Change in Net Position

	<u>Governmental Activities</u>		<u>Amount Difference</u>	<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2020</u>		
Revenues:				
Program revenue				
Operating Grants and Contributions	\$ 3,840,201	\$ 356,951	\$ (3,483,250)	-90.70%
General revenue				
Local tax levy	17,269,965	17,586,858	316,893	1.83%
Federal and state aid	1,219,133	4,167,644	2,948,511	241.85%
Miscellaneous revenues	354,592	257,870	(96,721)	-27.28%
Total revenues	<u>\$ 22,683,891</u>	<u>\$ 22,369,324</u>	<u>\$ (314,567)</u>	<u>-1.39%</u>
Function/program expense:				
Instruction				
Regular programs	\$ 4,189,376	\$ 6,493,063	\$ 2,303,688	54.99%
Special programs	1,009,032	2,014,117	1,005,084	99.61%
Other Instructional programs	478,946	828,224	349,278	72.93%
Support services				
Student services	1,288,926	1,873,868	584,942	45.38%
Tuition	5,443,120	6,434,452	991,331	18.21%
General administration and				
business services	615,653	1,181,011	565,358	91.83%
School administration	410,515	751,255	340,741	83.00%
Plant services	914,446	1,401,990	487,544	53.32%
Pupil transportation	615,923	710,107	94,183	15.29%
Unallocated benefits	5,062,325		(5,062,325)	-100.00%
Unallocated depreciation and amortization	314,566		(314,566)	-100.00%
Interest on long-term debt	613,730	556,778	(56,952)	-9.28%
Total expenses	<u>\$ 20,956,559</u>	<u>\$ 22,244,864</u>	<u>\$ 1,288,305</u>	<u>6.15%</u>
Increase (Decrease) net position	<u><u>\$ 1,727,332</u></u>	<u><u>\$ 124,460</u></u>	<u><u>\$ (1,602,872)</u></u>	<u><u>-92.79%</u></u>

Table - 4
Change in Net Position

	<u>Business-Type Activities</u>		<u>Amount Difference</u>	<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2020</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 183,910	\$ 143,125	\$ (40,786)	-22.18%
Operating Grants and Contributions	28,772	28,868	96	0.33%
Miscellaneous revenues	1,743	1,404	(339)	-19.47%
Total revenues	\$ 214,425	\$ 173,396	\$ (41,029)	-23.66%
Business-Type Activities :				
Food Service	\$ 196,258	\$ 155,651	\$ 40,607	20.69%
Total expenses	\$ 196,258	\$ 155,651	\$ (40,607)	-20.69%
Increase (Decrease) net position	\$ 18,167	\$ 17,745	\$ (422)	-2.32%

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$2,174,853, which is a decrease of \$516,281 from last year. This amount includes the general fund (decrease of \$444,326), capital projects fund (decrease of \$71,955), and debt service fund (unchanged). The primary reasons for the increase/decrease are:

1. Favorable budget variances of the general fund balance, and contributions to capital and maintenance reserve accounts.
2. Expenditures of funds to complete capital projects.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the District's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus. Actual revenues reflect a positive variance of \$1.80 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$1.80 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) requires to be included in the final audited financial statements.

Actual expenditures reflect a negative variance of \$1.01 million even though all budget categories show a positive variance. This again is primarily due to the State requirement to include TPAF pension and post retirement and social security contributions in the audit.

Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2019-20 budget and the variances in actual revenues and expenditures. Revenue realization for the 2019-20 school year was positive for governmental activities when compared to the 2018-19 school year. A conversion schedule from the budgetary basis to the GAAP basis follows. As shown in Table 4 (GAAP Basis), the Tax needed to support the District's budget increased by 1.83% for the 2019-20 school year. The largest non-tax revenue of the District during the year continues to be state aid, which, excluding on-behalf payments, amounted to \$991,042. A favorable variance of \$94,408 was reported for this revenue category. Table – 5 compares governmental fund type revenues and expenditures for the current and prior year.

Table - 5
Governmental Fund Type Revenues and Expenditures

	<u>Year Ended June 30</u>		<u>Increase (Decrease)</u>	
	<u>2019</u>	<u>2020</u>	<u>\$</u>	<u>%</u>
Revenue by Source:				
Local Tax Levy	\$ 17,269,965	\$ 17,586,858	\$ 316,893	1.8%
Other Local Sources	393,173	363,250	(29,923)	-7.6%
Total Local Sces	<u>17,663,138</u>	<u>17,950,108</u>	<u>286,970</u>	<u>1.6%</u>
State Sources	3,180,874	3,236,806	55,933	1.8%
Federal Sources	256,807	251,572	(5,235)	-2.0%
Total Revenues	<u>\$ 21,100,818</u>	<u>\$ 21,438,486</u>	<u>\$ 337,668</u>	<u>1.6%</u>
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 3,755,028	\$ 3,708,801	\$ (46,226)	-1.2%
Special programs	1,009,032	1,138,547	129,514	12.8%
Other Instructional programs	478,946	464,384	(14,562)	-3.0%
Support services				
Student services	1,288,926	1,481,870	192,944	15.0%
Tuition	5,636,888	6,078,363	441,474	7.8%
Instructional staff support				
General administration and business services	505,656	445,147	(60,509)	-12.0%
School administration	410,515	379,281	(31,233)	-7.6%
Plant services	914,446	970,422	55,976	6.1%
Student transportation	615,923	670,809	54,885	8.9%
Unallocated benefits	3,813,237	4,225,104	411,867	10.8%
Debt Service				
Principal	1,095,000	1,115,000	20,000	1.8%
Interest and Other Charges	609,921	571,815	(38,106)	-6.2%
Capital Outlay	154,297	705,225	550,928	357.1%
Total	<u>\$ 20,287,815</u>	<u>\$ 21,954,767</u>	<u>\$ 1,666,952</u>	<u>8.2%</u>

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$21.95 million or an 8.2% increase from the preceding year. The primary driver for this increase was capital outlay costs, which increased by \$550,928, student support services costs, which increased by \$1.7 million as referendum approved projects were substantially completed. Increased employee benefit costs of \$411,867 are entirely attributable to an increase in the contributions made by the State of New Jersey into the Teachers' Pension and Annuity Fund and the State Health Benefits Fund on-behalf of the District as required by the state constitution. That increase is also reflected in the year-to-year increase in state aid revenues.

Increased costs were funded by increases in the property tax. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$17.59 million of those activities through property taxes, which reflect only a 1.83 % increase over the prior year. As shown above, \$3.24 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$1.80 million represents on-behalf contributions for the district's (employer) share of TPAF (Teachers' Pension & Annuity Fund) pension, retiree health benefits and employer social security and Medicare contributions as prescribed by state statute.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the school district reported \$33,518,348 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net decrease (including additions, trade-ins and retirements) of \$85,802 from the prior year. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table - 6
Governmental Activity Capital Assets at Year-End

	<u>FY 2019</u>	<u>FY 2020</u>	<u>Increase (Decrease)</u>
Land	\$ 1,875,070	\$ 1,875,070	\$ -
Construction in Progress	47,651	-	(47,651)
Improvements Other than Buildings	487,954	311,673	(176,281)
Buildings and Improvements	30,206,575	30,892,982	686,407
Furniture, Equipment and Vehicles	986,900	438,623	(548,277)
Total	<u>\$ 33,604,150</u>	<u>\$ 33,518,348</u>	<u>\$ (85,802)</u>

Long-Term Debt

At the end of this year, the school district had \$16,590,000 in bonds (Type II debt) outstanding versus \$17,705,000 last year – a decrease of 6.72%. The summary of year-end long-term debt and changes for the 2019-2020 school year is as follows:

Table - 7
Outstanding Long-Term Debt at Year-End

	Governmental Activities		Increase (Decrease)
	2019	2020	
School Serial Bonds Payable	\$ 17,705,000	\$ 16,590,000	\$ (1,115,000)
Other Long Term Debt:			
Net Pension Liability	2,366,299	2,210,387	(155,912)
Compensated Absences Payable	220,076	230,240	10,164
Obligations Under Capital Lease	6,963	-	(6,963)
Unamortized Premium on Bonds	9,017	2,866	(6,151)
Total	<u>\$ 20,307,355</u>	<u>\$ 19,033,493</u>	<u>\$ (1,273,862)</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SECTION - A

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,513,237.91	\$ 77,132.53	\$ 2,590,370.44
Receivables, Net	409,106.68	1,271.84	410,378.52
Inventory		7,895.90	7,895.90
Capital Assets, Net	25,039,192.46	18,661.60	25,057,854.06
Total Assets	27,961,537.05	104,961.87	28,066,498.92
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	588,490.00		588,490.00
Deferred Amount on Refinancing	13,660.07		13,660.07
Total Deferred Outflows of Resources	602,150.07	-	602,150.07
<u>LIABILITIES</u>			
Accounts Payable	823,069.64	2,075.92	825,145.56
Accrued Interest Payable	207,811.93		207,811.93
Unearned Revenue	62,665.37	12,667.76	75,333.13
Noncurrent Liabilities:			
Due Within One Year	1,137,866.20		1,137,866.20
Due Beyond One Year	15,685,237.67		15,685,237.67
Net Pension Liability	2,210,387.00		2,210,387.00
Total liabilities	20,127,037.81	14,743.68	20,141,781.49
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	1,126,474.00		1,126,474.00
Total Deferred Inflows of Resources	1,126,474.00	-	1,126,474.00
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	8,459,986.66	18,661.60	8,478,648.26
Restricted for:			
Excess Surplus	817,801.92		817,801.92
Capital Reserve	496,725.40		496,725.40
Maintenance Reserve	153,423.26		153,423.26
Tuition Reserve	260,000.00		260,000.00
Capital Projects	16,055.08		16,055.08
Unrestricted (Deficit)	(2,893,817.01)	71,556.59	(2,822,260.42)
Total Net Position	\$ 7,310,175.31	\$ 90,218.19	\$ 7,400,393.50

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 6,493,063.12			\$ (6,493,063.12)		\$ (6,493,063.12)
Special Education	2,014,116.59		\$ 55,522.00	(1,958,594.59)		(1,958,594.59)
Other Instruction	828,223.52			(828,223.52)		(828,223.52)
Support Services:						
Tuition	6,434,451.88		149,970.00	(6,284,481.88)		(6,284,481.88)
Student & Instruction Related Services	1,873,867.76		103,895.49	(1,769,972.27)		(1,769,972.27)
School Administrative Services	751,255.43			(751,255.43)		(751,255.43)
General and Business Administrative Services	1,181,011.31		19,433.00	(1,161,578.31)		(1,161,578.31)
Plant Operations and Maintenance	1,401,989.69		28,130.65	(1,373,859.04)		(1,373,859.04)
Pupil Transportation	710,106.96			(710,106.96)		(710,106.96)
Interest on Long-Term Debt	556,777.77			(556,777.77)		(556,777.77)
Total Governmental Activities	22,244,864.03	-	356,951.14	\$ (21,887,912.89)	-	\$ (21,887,912.89)
Business-Type Activities:						
Food Service	155,651.25	\$ 143,124.75	28,867.57		\$ 16,341.07	16,341.07
Total Business-Type Activities	155,651.25	143,124.75	28,867.57	-	16,341.07	16,341.07
Total Primary Government	\$ 22,400,515.28	\$ 143,124.75	\$ 385,818.71	(21,887,912.89)	16,341.07	(21,871,571.82)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				16,353,419.00		16,353,419.00
Taxes Levied for Debt Service				1,233,439.00		1,233,439.00
Federal and State Aid not Restricted				4,167,644.21		4,167,644.21
Investment Earnings					1,404.02	1,404.02
Miscellaneous Income				257,870.48		257,870.48
Total General Revenues and Transfers				22,012,372.69	1,404.02	22,013,776.71
Change in Net Position				124,459.80	17,745.09	142,204.89
Net Position—Beginning				7,185,715.51	72,473.10	7,258,188.61
Net Position—Ending				\$ 7,310,175.31	\$ 90,218.19	\$ 7,400,393.50

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

FUND FINANCIAL STATEMENTS

SECTION - B

GOVERNMENTAL FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,497,182.83	\$	\$ 16,055.08	\$ -	\$ 2,513,237.91
Interfund Accounts Receivable	154,516.93				154,516.93
Receivables from Other Governments	149,736.00	251,572.00			401,308.00
Other Accounts Receivable	6,805.49				6,805.49
Total Assets	\$ 2,808,241.25	\$ 251,572.00	\$ 16,055.08	\$ -	\$ 3,075,868.33
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 613,118.75	\$ 70,807.89	\$ -	\$ -	\$ 683,926.64
Interfund Accounts Payable	900.00	153,523.74			154,423.74
Unearned Revenue	35,425.00	27,240.37	-		62,665.37
Total Liabilities	649,443.75	251,572.00	-	-	901,015.75
Fund Balances:					
Restricted:					
Excess Surplus	375,000.00				375,000.00
Excess Surplus-Designated for Subsequent Year Expenditures	442,801.92				442,801.92
Capital Reserve Account	446,725.40				446,725.40
Capital Reserve Account-Designated for Subsequent Year Expenditures	50,000.00				50,000.00
Maintenance Reserve Account	153,423.26				153,423.26
Tuition Reserve Account- Designated for Subsequent Year Expenditures	105,000.00				105,000.00
Tuition Reserve Account	155,000.00				155,000.00
Capital Projects			16,055.08		16,055.08
Assigned:					
Year-end Encumbrances	50,000.00				50,000.00
Designated for Subsequent Year's Expenditures	85,535.00				85,535.00
Unassigned:					
General Fund	295,311.92				295,311.92
Total Fund Balances	2,158,797.50	-	16,055.08	-	2,174,852.58
Total Liabilities and Fund Balances	\$ 2,808,241.25	\$ 251,572.00	\$ 16,055.08	\$ -	\$ 3,075,868.33

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

MOUNTAINSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Total Fund Balances Reported on Governmental Funds Balance Sheet (B-1)	\$ 2,174,852.58
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$33,518,348, and the accumulated depreciation is \$8,479,155.	25,039,192.46
Long-term liabilities, including bonds (net of premiums and/or discounts), capital lease obligations, judgments payable and other obligations that are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(16,823,105.87)
The liability for pension expense that is not payable from currently available resources is not recorded in the fund financial statements	(138,241.00)
Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(207,811.93)
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$2,748,371. The carrying amounts of the individual components are as follows:	
Deferred Outflows of Resources:	
Change in Pension Assumptions	220,715.00
Change in Pension Proportion	189,858.00
Difference in Pension Experience	39,674.00
Pension Payment Subsequent to Measurement Date	138,243.00
Net Pension Liability	(2,210,387.00)
Deferred Inflows of Resources:	
Change in Pension Assumptions	(767,218.00)
Change in Pension Proportion	(314,599.00)
Difference in Pension Earnings	(34,892.00)
Difference in Expected and Actual Experience	(9,765.00)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$75,921 and accumulated amortization is \$62,261	<u>13,660.07</u>
Net position of governmental activities	<u>\$ 7,310,175.31</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>					
Local Tax Levy	\$ 16,353,419.00	\$	\$	\$ 1,233,439.00	\$ 17,586,858.00
Other Local Sources	257,870.46	105,379.14		0.02	363,249.62
State Sources	2,783,430.29			453,376.00	3,236,806.29
Federal Sources	-	251,572.00			251,572.00
Total Revenues	<u>19,394,719.75</u>	<u>356,951.14</u>	-	<u>1,686,815.02</u>	<u>21,438,485.91</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	3,708,801.29				3,708,801.29
Special Education Instruction	1,083,024.59	55,522.00			1,138,546.59
Other Instruction	464,383.52				464,383.52
Support Services and Undistributed Costs:					-
Tuition	5,928,392.88	149,970.00			6,078,362.88
Student & Instruction Related Services	1,377,974.27	103,895.49			1,481,869.76
School Administrative Services	379,281.43				379,281.43
Other Administrative Services	445,147.31				445,147.31
Plant Operations and Maintenance	970,421.69				970,421.69
Pupil Transportation	670,808.96				670,808.96
Unallocated Benefits	4,205,671.08	19,433.00			4,225,104.08
Debt Service:					
Principal				1,115,000.00	1,115,000.00
Interest Charges				571,815.02	571,815.02
Capital Outlay	605,139.03	28,130.65	71,955.00		705,224.68
Total Expenditures	<u>19,839,046.05</u>	<u>356,951.14</u>	<u>71,955.00</u>	<u>1,686,815.02</u>	<u>21,954,767.21</u>
Net Change in Fund Balances	(444,326.30)	-	(71,955.00)	-	(516,281.30)
Fund Balance—Beginning	2,603,123.80	-	88,010.08	-	2,691,133.88
Fund Balance—Ending	<u>\$ 2,158,797.50</u>	<u>\$ -</u>	<u>\$ 16,055.08</u>	<u>\$ -</u>	<u>\$ 2,174,852.58</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2)	\$	(516,281.30)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	\$	(898,525.39)	
Capital Outlays		<u>683,755.68</u>	(214,769.71)

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

1,121,962.56

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

(10,162.00)

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

15,576.52

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

(271,327.00)

Transactions related to a current refunding of a long-term debt, refinancing of lease obligations, (premium on refinancing, deferred amount on refinancing) are amortized over the life of the bonds

Premium on Refunding Bonds		6,151.45	
Deferred Amount from Refunding		<u>(6,690.72)</u>	<u>(539.27)</u>

Change in net position of governmental activities (A-2)

\$ 124,459.80

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

PROPRIETARY FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPPRIETARY FUNDS
JUNE 30, 2020

		BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND <u>FOOD SERVICE</u>
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$	77,132.53
Accounts Receivable		1,271.84
Inventory		<u>7,895.90</u>
Total Current Assets		<u>86,300.27</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment		162,654.90
Less Accumulated Depreciation		<u>(143,993.30)</u>
Total Noncurrent Assets		<u>18,661.60</u>
Total Assets		<u>104,961.87</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable		2,075.92
Unearned Revenue		<u>12,667.76</u>
Total liabilities		<u>14,743.68</u>
<u>NET POSITION</u>		
Invested in Capital Assets		18,661.60
Unrestricted		<u>71,556.59</u>
Total Net Position	\$	<u><u>90,218.19</u></u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Program Sales	\$ 91,245.00
Non-Program Sales	<u>51,879.75</u>
Total Operating Revenues	<u>143,124.75</u>
Operating Expenses:	
Cost of Sales:	
Program Costs	57,991.92
Non-Program Costs	<u>14,825.46</u>
Subtotal-Cost of Sales	72,817.38
Personnel Costs	53,062.59
Administrative Expenses	7,721.57
Miscellaneous Expenses	1,636.07
Repairs	624.95
Transportation	1,182.30
Furniture	5,013.00
Management Fee	8,856.00
Depreciation	<u>4,737.39</u>
Total Operating Expenses	<u>155,651.25</u>
Operating (Loss)	<u>(12,526.50)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,571.10
Federal Sources:	
USDA Commodities	12,258.82
National School Lunch Program	15,037.65
Interest and Investment Revenue	<u>1,404.02</u>
Total Nonoperating Revenues (Expenses)	<u>30,271.59</u>
Change in Net Position	17,745.09
Total Net Position—Beginning	<u>72,473.10</u>
Total Net Position—Ending	<u>\$ 90,218.19</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	\$ 147,823.16
Payments to Suppliers	(151,224.10)
Net Cash (Used for) Operating Activities	<u>(3,400.94)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal and State Sources	<u>20,567.42</u>
Net Cash Provided by Non-capital Financing Activities	<u>20,567.42</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Equipment	<u>(5,340.00)</u>
Net cash (used for) capital and Related Financing Activities	<u>(5,340.00)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and dividends	<u>1,404.02</u>
Net cash provided by investing activities	<u>1,404.02</u>
Net Increase in Cash and Cash Equivalents	13,230.50
Balances—Beginning of Year	<u>63,902.03</u>
Balances—End of Year	\$ <u><u>77,132.53</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating (Loss)	\$ (12,526.50)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	4,737.39
USDA Commodities	12,258.82
Decrease in Accounts Receivable	44.35
(Increase) in Inventory	(5,484.03)
Increase in Unearned Revenue	4,654.06
(Decrease) in Accounts Payable	<u>(7,085.03)</u>
Total Adjustments	<u>9,125.56</u>
Net Cash (Used for) Operating Activities	\$ <u><u>(3,400.94)</u></u>
Noncash noncapital financing activities: The District received \$11,602.54 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2020.	

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

FIDUCIARY FUNDS

MOUNTAINSIDE SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Nonexpendable Trust Fund	AGENCY			Expendable Trust Fund			TOTALS
	Rosenstiehl Scholarship Fund	Student Activity	Payroll Agency	Net Payroll	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	
ASSETS								
Cash and Cash Equivalents	\$ 94,096.30	\$ 33,911.39	\$ 118,840.92	\$ 20.92	\$ 10,493.63	\$ 47,223.46	\$ 57,481.68	\$ 362,068.30
Interfund Accounts Receivable	900.00							900.00
Accounts Receivable							10,337.68	10,337.68
Total Assets	\$ 94,996.30	\$ 33,911.39	\$ 118,840.92	\$ 20.92	\$ 10,493.63	\$ 47,223.46	\$ 67,819.36	\$ 373,305.98
LIABILITIES								
Liabilities:								
Interfund Accounts Payable	\$	\$	\$ 935.82	\$ 20.92	\$	\$	\$ 36.45	\$ 993.19
Unemployment Benefits Payable							18,750.52	18,750.52
Payroll Deductions and Withholdings			117,905.10					117,905.10
Due to Student Groups		33,911.39						33,911.39
Total Liabilities	-	33,911.39	118,840.92	20.92	-	-	18,786.97	171,560.20
NET POSITION								
Net Position Restricted for:								
Unemployment Compensation Insurance							49,032.39	49,032.39
Principal Portion - Nonexpandable Trust	94,996.30							94,996.30
Unrestricted					10,493.63	47,223.46		57,717.09
Total Net Position	\$ 94,996.30	\$ -	\$ -	\$ -	\$ 10,493.63	\$ 47,223.46	\$ 49,032.39	\$ 201,745.78

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

MOUNTAINSIDE SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Expendable Trust Fund			Nonexpendable	Totals
	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	Rosenstiehl Scholarship Fund	
<u>ADDITIONS:</u>					
Deductions from Employees' Salaries Interest	\$ 144.65	\$ 658.02	\$ 15,519.06	\$ 1,423.84	\$ 15,519.06
CARES ACT Federal Contribution Contributions	3,820.00	25,225.00	10,337.68	500.00	29,545.00
Total Additions	<u>3,964.65</u>	<u>25,883.02</u>	<u>25,856.74</u>	<u>1,923.84</u>	<u>57,628.25</u>
<u>DEDUCTIONS:</u>					
Unemployment Benefits Scholarship Payments	1,425.00	525.00	49,803.77	400.00	49,803.77
Total Deductions	<u>1,425.00</u>	<u>525.00</u>	<u>49,803.77</u>	<u>400.00</u>	<u>52,153.77</u>
Change in Net Position	<u>2,539.65</u>	<u>25,358.02</u>	<u>(23,947.03)</u>	<u>1,523.84</u>	<u>5,474.48</u>
Net Position - Beginning	<u>7,953.98</u>	<u>21,865.44</u>	<u>72,979.42</u>	<u>93,472.46</u>	<u>196,271.30</u>
Net Position - Ending	<u>\$ 10,493.63</u>	<u>\$ 47,223.46</u>	<u>\$ 49,032.39</u>	<u>\$ 94,996.30</u>	<u>\$ 201,745.78</u>

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

Borough of Mountainside School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Borough of Mountainside School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Borough of Mountainside School District in the Mountainside, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The government-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 District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education (“DOE”) requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A one year availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other post-employment benefit obligations are recorded only when payment is due. 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state equalization monies 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 year.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

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

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges 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 taxes.

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 District enterprise funds are charges for sales of food and tuition. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

In accordance with P.L. 2011, which became effective January 17, 2012, the District elected to move the annual school board election from April to the date of the annual November general election, thereby eliminating the vote on the annual based budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Ocean County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2020 and were not significant.

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 with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

E. Interfund Receivables/Payables

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

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2020, the District had inventories in the Food Service Enterprise fund of \$7,896.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Buildings, machinery and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Machinery and equipment	5-15
Buildings	50
Building improvements	20
Vehicles	5-15

H. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$230,240 and no liability existed for compensated absences in the proprietary fund types.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

J. Long-Term Obligations

In the government-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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

K. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2020, the District has recorded an unamortized balance of \$13,660 as a deferred outflow of resources and recognized amortization expense of \$6,691.

L. Net Position

Net Position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in the government-wide financial statements. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (the “Board”) and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

authority to assign amounts to be used for specific purposes, including the encumbering of funds.

- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$2,158,797 of fund balances in the General Fund, \$85,535 is assigned to designated for subsequent years expenditures, \$50,000 of encumbrances is assigned to other purposes, \$442,802 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$910,148 has been classified as restricted for capital, maintenance, and tuition reserve in the amounts of \$496,725, \$153,423, and \$260,000, respectively, \$375,000 has been restricted for excess surplus – current year and \$295,312 is classified as unassigned. Of the fund balance in the Capital Projects Fund, \$16,055 is restricted for capital projects.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material.

O. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions and retiree health costs in the government-wide financial statements have been increased by \$930,837 to adjust for the full accrual basis expense incurred by

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

O. On-Behalf Payments (continued)

the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

P. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$817,802. Of this amount, \$442,802 has been appropriated in the 2020/21 budget and remaining \$375,000 is required to be appropriated in the 2021/22 budget.

Q. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school districts. The User-Friendly Budgets for the Borough of Mountainside reported no tax abatements granted for calendar year 2020.

R. Recently Issued Accounting Pronouncements to be Implemented in Future Years

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2020 through February 3, 2021, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

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

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$16,823,106 difference are as follows:

General Obligation Debt	\$	16,590,000
Premium on bonds		2,866
Compensated absences		230,240
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>16,823,106</u>

3. Cash and Equivalents

Cash and equivalents – Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

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

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

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

Deposits

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

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

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

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

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

Operating cash accounts are held in the District's name by one institution. At June 30, 2020 the carrying amount of the District's bank balance was \$2,801,125.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2020 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$3,061,243. \$125,831 held in the District's payroll and agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”). The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District’s shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit.

Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2020, the District’s balance was \$152,213. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2020, all of the District’s cash investments were invested at the NJCMF.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District’s investments in the NJCMF and certificates of deposit, are less than one year.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,875,070			\$ 1,875,070
Construction in progress	47,651		\$ (47,651)	
Total capital assets, not being depreciated	1,922,721		(47,651)	1,875,070
Capital assets, being depreciated:				
Buildings and building improvements	30,206,575	\$ 638,756	47,651	30,892,982
Improvements other than Building	487,954	-	(176,281)	311,673
Machinery, equipment and vehicles	986,900	45,000	(593,277)	438,623
Total capital assets being depreciated	31,681,429	683,756	(721,907)	31,643,278
Less accumulated depreciation for:				
Buildings and building improvements	7,014,519	863,775		7,878,294
Improvements other than Building	487,954	-	(176,281)	311,673
Machinery, equipment and vehicles	847,715	34,751	(593,277)	289,189
Total accumulated depreciation	8,350,188	898,525	(769,558)	8,479,156
Total capital assets, being depreciated, net	23,331,241	(214,770)	47,651	23,164,122
Governmental activities capital assets, net	<u>\$ 25,253,962</u>	<u>\$ (214,770)</u>	<u>\$ -</u>	<u>\$ 25,039,192</u>

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

Instruction	\$ 217,273
Special education instruction	66,700
Other instruction	27,205
Tuition	356,089
Student & Instruction Related Services	86,813
School administration services	22,219
Other Administration services	26,078
Plant operation and maintenance	56,850
Student transportation	39,298
Total depreciation expense – governmental activities	<u>\$ 898,525</u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets (continued)

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Ending Balance
Business-type Activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 157,315	\$ 5,340	\$ 162,655
Less accumulated depreciation for:			
Equipment and vehicles	139,256	4,737	143,993
Total business-type activities			
Capital assets, net	<u>\$ 18,059</u>	<u>\$ 603</u>	<u>\$ 18,662</u>

5. Long-Term Liabilities

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 220,076	\$ 10,164	\$ -	\$ 230,240	\$ -
Bonds payable	17,705,000	-	1,115,000	16,590,000	1,135,000
Premium on bonds	9,017	-	6,151	2,866	2,866
Obligations under capital leases	6,963	-	6,963	-	-
Subtotal	<u>17,941,056</u>	<u>10,164</u>	<u>1,128,114</u>	<u>16,823,106</u>	<u>1,137,866</u>
Net pension liability	<u>2,366,299</u>		<u>155,912</u>	<u>2,210,387</u>	<u>-</u>
Governmental activity long-term liabilities	<u><u>\$ 20,307,355</u></u>	<u><u>\$ 10,164</u></u>	<u><u>\$ 1,284,026</u></u>	<u><u>\$ 19,033,493</u></u>	<u><u>\$ 1,137,866</u></u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

The District expects to liquidate the balance in compensated absences and the net pension liability with payments made from the District's general fund. Bonds payable will be liquidated with payments from the debt service fund.

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

2011 Refunding School Bonds, originally issued February 24, 2011 in the amount of \$3,130,000. The outstanding balance of this issue at June 30, 2020 was \$905,000, which is payable in annual installments due July 15, 2020 through July 15, 2022 at interest rates ranging from 4.000% to 4.875%. Interest on the Bonds is paid semi-annually.

2014 School Bonds, originally issued July 17, 2014 in the amount of \$19,484,000. The outstanding balance of this issue at June 30, 2020 was \$15,685,000, which is payable in annual installments due August 15, 2020 through August 15, 2034 at interest rates ranging from 3.000% to 3.700%. Interest on the Bonds is paid semi-annually.

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

	Principal	Interest	Total
Year ending June 30:			
2021	\$ 1,135,000	\$ 532,728	\$ 1,667,728
2022	1,150,000	492,971	1,642,971
2023	1,170,000	453,859	1,623,859
2024	895,000	421,384	1,316,384
2025	925,000	394,084	1,319,084
2026-2030	5,125,000	1,522,789	6,647,789
2031-2035	6,190,000	579,031	6,769,031
	<u>\$ 16,590,000</u>	<u>\$ 4,396,844</u>	<u>\$ 20,986,844</u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was 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 public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was 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 Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service.

Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to P.L. 2011, c.78 (Chapter 78), the Pension and Health Benefit Reform, the PERS and TPAF employees' pension contribution rates have increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2020, the State of New Jersey contributed \$1,409,352 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$390,848 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statement.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2020, 2019, and 2018 was \$119,325, \$120,197 and \$109,917, respectively, equal to the required contributions for each year. 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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

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

Public Employee's Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$2,210,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.0122673315% percent, which was an increase of 0.0120433070% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$155,912 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 220,715	\$ 767,218
Net difference between projected and actual earnings on pension plan investments		34,892
Changes in proportion	189,858	314,599
Difference between expected and actual experience	39,674	9,765
District contributions subsequent to the measurement date	138,243	
	<u>\$ 588,490</u>	<u>\$ 1,126,474</u>

\$138,243 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ended June 30:	
2021	\$ (73,455)
2022	(292,255)
2023	(236,350)
2024	(67,831)
2025	(6,336)
	<u>\$ (676,227)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	<u>June 30, 2019</u>
Price	2.75%
Wage	3.25%
Salary increases	
Through - 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.86%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100%	

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of			
the net pension liability	\$ 2,792,078	\$ 2,210,387	\$ 1,720,230

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	7,645,087,574
Net pension liability	18,143,832,135
District's proportion	0.0122673315%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2019 was \$27,932,028. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0455134403%, which was a decrease of 0.0032815247% from its proportion measured as of June 30, 2018.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$1,647,506 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

2020		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's proportionate share of the District's net pension liability	\$ 32,938,043	\$ 27,932,028	\$ 23,778,616

Pension plan fiduciary net position

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

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 10,129,162,237
Deferred inflows of resources	17,736,240,004
Net pension liability	61,519,112,443
District's proportion	0.0455134403%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,628,861,805.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the “SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State’s contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019, and 2018 were \$380,743, \$414,533, and \$475,377, respectively, which equaled the required contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$41,729,081,045.

The following members were covered by the benefit terms:

Local Education	June 30, 2018
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,943

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2019 was \$17,187,793, or 0.04%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service

Actuarial Assumptions and Other Inputs

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based in the Pub-2010 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the MP-2019 Headcount-Weighted Disabled

Male/Female mortality table with fully generational improvements projections from the central year using the MP-2019 scale. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Healthcare Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2019	\$ 18,847,349
Increased by:	
Service cost	794,911
Interest cost	750,343
Changes in Assumptions	256,271
Member contributions	15,640
	20,664,514
Decreased by:	
Differences between expected and actual experience	2,949,107
Member contributions	527,614
	3,476,721
Balance at June 30, 2020	\$ 17,187,793

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2019 was \$1,447,109 and \$7,812,110, respectively.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate:

	1% Decrease <u>(2.50%)</u>	At Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 20,305,576	\$ 17,187,793	\$ 14,711,197

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The following presents the State’s proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% Decrease	At Healthcare Cost Trend Rates	At 1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 14,161,975	\$ 17,187,793	\$ 21,193,354

OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$691,126 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB expense	\$ 1,015,664,874

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2020 amounted to \$155,417 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 154,517	\$ 900
Special Revenue Fund		153,524
Trust and Agency Fund	900	993
	<u>\$ 155,417</u>	<u>\$ 155,417</u>

The interfund payable in the General Fund represents amounts owed to the Rosenstiehl Scholarship Fund. The interfund payable in the Special Revenue Fund represents a short term loan until grant reimbursements are received. The interfund payable in the Trust & Agency fund resulted from additional amounts due from the general fund. All interfunds are expected to be liquidated within one year.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus

Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

11. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

12. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Citistreet, permits participants to defer a portion of their salary until future years. Amounts unearned under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

13. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

13. Capital Reserve Account

During the 2019-20 school year, there was a withdrawal from Capital Reserve in the amount of \$370,000. No additional deposits of investment earnings were credited to this account in the current year. At June 30, 2020, the balance in the Capital Reserve Account was \$496,725, of which, \$50,000 is designated for expenditures in the 2020-21 Budget.

14. Other Reserve Account

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve Funds for Maintenance and Emergencies. The activity of these reserved accounts and their status at June 30, 2020 is as follows:

Emergency Reserve: The District had no funds reserved at June 30, 2020.

Maintenance Reserve: A balance of \$130,409 existed at June 30, 2019. An additional \$98,014 was deposited into this account. After a withdrawal of \$75,000 during the year, the year-end Maintenance Reserve balance was \$153,423.

Tuition Reserve: A balance of \$245,000 existed at June 30, 2019. Of that total \$140,000 was utilized in the 2019-20 budget and an additional \$155,000 was designated for tuition adjustments and transferred to this account. Of the \$260,000 balance at June 30, 2020, \$105,000 is designated for expenditures in the 2020-21 Budget and the balance of \$155,000 is legally required to be designated for the 2021-22 Budget.

15. Commitments

The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$50,000.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION - C

MOUNTAINSIDE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,353,419.00		\$ 16,353,419.00	\$ 16,353,419.00	
Preschool Tuition-Individuals	125,000.00		125,000.00	119,180.00	\$ (5,820.00)
Transportation Fees-Individuals	45,000.00		45,000.00	34,650.00	(10,350.00)
Interest Earned on Investments				66,352.87	66,352.87
Other Restricted Miscellaneous Revenue	28,000.00		28,000.00	18,118.81	(9,881.19)
Unrestricted Miscellaneous Revenue	30,000.00		30,000.00	19,568.78	(10,431.22)
Total - Local Sources	16,581,419.00	-	16,581,419.00	16,611,289.46	29,870.46
State Sources:					
Transportation Aid	307,722.00		307,722.00	307,722.00	
Special Ed. Aid	513,853.00		513,853.00	513,853.00	
Security Aid	19,731.00		19,731.00	19,731.00	
Extraordinary Aid	133,218.00		133,218.00	149,736.00	16,518.00
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				380,943.00	380,943.00
On-behalf TPAF Pension Payments (non-budgeted)				1,008,771.00	1,008,771.00
On-behalf TPAF Non-Contributory Insurance CLI & LTDI (non-budgeted)				19,638.00	19,638.00
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				390,848.29	390,848.29
Total - State Sources	974,524.00	-	974,524.00	2,791,242.29	1,816,718.29
Total Revenues	17,555,943.00	-	17,555,943.00	19,402,531.75	1,846,588.75

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 2 of 10

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 275,627.00	\$ (26,052.24)	\$ 249,574.76	\$ 201,512.48	\$ 48,062.28
Kindergarten	286,554.00	26,052.24	312,606.24	303,561.24	9,045.00
Grades 1- 5	1,908,890.00	(46,028.18)	1,862,861.82	1,729,850.20	133,011.62
Grades 6- 8	1,205,510.00		1,205,510.00	1,199,195.07	6,314.93
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000.00	(4,697.75)	5,302.25	5,302.25	
Purchased Professional-Educational Services	2,000.00	6,333.42	8,333.42	8,333.42	
Regular Programs- Undistributed Instruction:					
Other Purchased Services	48,719.00	1,000.00	49,719.00	49,684.17	34.83
General Supplies	150,338.00	3,913.40	154,251.40	148,169.50	6,081.90
Textbooks	69,000.00	(7,547.84)	61,452.16	61,452.16	
Other Objects	3,000.00		3,000.00	1,740.80	1,259.20
Total Regular Programs	3,959,638.00	(47,026.95)	3,912,611.05	3,708,801.29	203,809.76
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	929,462.00	(37,072.54)	892,389.46	837,073.40	55,316.06
Other Salaries for Instruction	199,889.00	48,845.28	248,734.28	243,770.98	4,963.30
General Supplies	8,000.00	(4,391.79)	3,608.21	2,180.21	1,428.00
Total Resource Room/Resource Center	1,137,351.00	7,380.95	1,144,731.95	1,083,024.59	61,707.36
Home Instruction:					
Salaries of Teachers	2,000.00	-	2,000.00	-	2,000.00
Total Home Instruction	2,000.00	-	2,000.00	-	2,000.00
Total Special Education	1,139,351.00	7,380.95	1,146,731.95	1,083,024.59	63,707.36

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 3 of 10

EXPENDITURES (CONT'D):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd):					
Instruction-Other:					
Basic Skills/Remedial Instruction:					
Salaries of Teachers	\$ 358,833.00	\$ 11,808.97	\$ 370,641.97	\$ 361,483.95	\$ 9,158.02
General Supplies	1,620.00		1,620.00	107.18	1,512.82
Total Basic Skills/Remedial Instruction	<u>360,453.00</u>	<u>11,808.97</u>	<u>372,261.97</u>	<u>361,591.13</u>	<u>10,670.84</u>
School Sponsored					
Co-Curricular Activities:					
Salaries	51,314.00	-	51,314.00	44,044.35	7,269.65
Purchased Services		75.00	75.00	75.00	
Supplies	8,000.00	(75.00)	7,925.00	3,213.91	4,711.09
Other Objects	10,000.00	-	10,000.00		10,000.00
Total Co-Curricular Activities:	<u>69,314.00</u>	<u>-</u>	<u>69,314.00</u>	<u>47,333.26</u>	<u>21,980.74</u>
School Sponsored					
Athletic Activities:					
Salaries	40,000.00		40,000.00	31,483.80	8,516.20
Supplies	10,500.00	(2,776.33)	7,723.67	7,723.67	
Other Objects	1,000.00	2,776.33	3,776.33	3,438.14	338.19
Total Athletic Activities	<u>51,500.00</u>	<u>-</u>	<u>51,500.00</u>	<u>42,645.61</u>	<u>8,854.39</u>
Other Supp. Instructional Programs					
Salaries of Teachers	20,801.00		20,801.00	8,301.81	12,499.19
Other Salaries for Instruction	15,201.00		15,201.00	4,511.71	10,689.29
Total Other Instructional Programs	<u>36,002.00</u>	<u>-</u>	<u>36,002.00</u>	<u>12,813.52</u>	<u>23,188.48</u>
Total Instruction	<u>5,616,258.00</u>	<u>(27,837.03)</u>	<u>5,588,420.97</u>	<u>5,256,209.40</u>	<u>332,211.57</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 4 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State- Regular	\$ 4,494,292.00	\$ (13,238.00)	\$ 4,481,054.00	\$ 4,481,054.00	
Tuition to Other LEAs Within the State- Special	627,961.00	(47,085.85)	580,875.15	580,680.99	\$ 194.16
Tuition to Cty. Vocational Sch. Dist.- Regular	207,600.00	2,100.00	209,700.00	209,700.00	
Tuition to Private Schools for the Disabled- Within State	<u>577,070.00</u>	<u>83,902.85</u>	<u>660,972.85</u>	<u>656,957.89</u>	<u>4,014.96</u>
Total Undistrib. Expend. - Instruction:	<u>5,906,923.00</u>	<u>25,679.00</u>	<u>5,932,602.00</u>	<u>5,928,392.88</u>	<u>4,209.12</u>
Health Services:					
Salaries	138,720.00	(1,100.00)	137,620.00	134,294.00	3,326.00
Purchased Profess. and Tech. Serv.	4,000.00	(1,750.00)	2,250.00	2,250.00	
Supplies and Materials	5,000.00		5,000.00	3,990.99	1,009.01
Other Objects	<u>500.00</u>		<u>500.00</u>		<u>500.00</u>
Total Health Services:	<u>148,220.00</u>	<u>(2,850.00)</u>	<u>145,370.00</u>	<u>140,534.99</u>	<u>4,835.01</u>
Speech, OT, PT & Related Services:					
Salaries	89,069.00	32,522.43	121,591.43	121,425.16	166.27
Purchased Professional/Educational Services	16,788.00	2,457.00	19,245.00	19,245.00	
Travel	1,000.00	(616.27)	383.73	383.73	
Supplies and Materials	<u>200.00</u>	<u>(200.00)</u>			
Total Speech, OT, PT & Related Services:	<u>107,057.00</u>	<u>34,163.16</u>	<u>141,220.16</u>	<u>141,053.89</u>	<u>166.27</u>
Other Support Services-Student Extra:					
Purchased Professional/Educational Services	<u>49,500.00</u>	<u>(3,381.45)</u>	<u>46,118.55</u>	<u>43,842.01</u>	<u>2,276.54</u>
Total Other Support Services- Student Extra:	<u>49,500.00</u>	<u>(3,381.45)</u>	<u>46,118.55</u>	<u>43,842.01</u>	<u>2,276.54</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 5 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Other Support Services-Guidance:					
Salaries of Other Professional Staff	\$ 119,670.00	\$ 556.74	\$ 120,226.74	\$ 119,548.89	\$ 677.85
Other Purchased Services	3,000.00	(3,000.00)			
Supplies and Materials	500.00		500.00	112.89	387.11
Total Guidance:	123,170.00	(2,443.26)	120,726.74	119,661.78	1,064.96
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	323,565.00	(20,870.37)	302,694.63	302,082.68	611.95
Salaries of Secret. & Clerical Assts.	65,268.00	(1,571.03)	63,696.97	60,667.94	3,029.03
Purchased Professional/Educational Services	12,000.00	898.55	12,898.55	12,898.55	
Other Purchased Prof./Tech. Services	22,691.00	(3,945.60)	18,745.40	16,249.13	2,496.27
Misc. Purchased Services	500.00	135.00	635.00	125.06	509.94
Supplies and Materials	7,075.00	-	7,075.00	3,388.51	3,686.49
Other Objects	1,500.00	(135.00)	1,365.00	150.00	1,215.00
Total Child Study Teams:	432,599.00	(25,488.45)	407,110.55	395,561.87	11,548.68
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	153,288.00	(3,065.00)	150,223.00	133,587.61	16,635.39
Other Salaries	1,228.00		1,228.00		1,228.00
Mentoring		3,065.00	3,065.00	3,065.00	
Other Purchased Services	20,000.00		20,000.00	15,522.00	4,478.00
Supplies and Materials	13,000.00		13,000.00	10,715.31	2,284.69
Other Objects	7,000.00		7,000.00	3,500.00	3,500.00
Total Improvement of Instructional Services:	194,516.00	-	194,516.00	166,389.92	28,126.08
Educational Media Services/School Library:					
Salaries	190,941.00		190,941.00	189,152.40	1,788.60
Salaries-Technology Coordinators	85,059.00		85,059.00	85,058.90	0.10
Other Purchased Services	104,350.00		104,350.00	84,900.80	19,449.20
Supplies and Materials	10,500.00		10,500.00	8,953.79	1,546.21
Total Educational Media Services/School Library:	390,850.00	-	390,850.00	368,065.89	22,784.11

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 6 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Instructional Staff Training Services:					
Other Purchased Services	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 2,863.92	\$ 2,136.08
Total Instructional Staff Training Services:	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>2,863.92</u>	<u>2,136.08</u>
Support Services- General Administration:					
Salaries	102,095.00		102,095.00	95,793.86	6,301.14
Legal Services	25,000.00	10,000.00	35,000.00	24,596.70	10,403.30
Audit Fees	30,000.00		30,000.00	25,950.00	4,050.00
Architectural/Engineering Services	5,000.00	5,195.01	10,195.01	10,195.01	10,195.01
Purchased Technical Services	56,789.00	(11,808.97)	44,980.03	35,347.51	9,632.52
Communications/Telephone	33,890.00		33,890.00	17,973.36	15,916.64
BOE Other Purchased Services	2,000.00		2,000.00	739.35	1,260.65
Misc. Purchased Services	15,318.00	2,526.49	17,844.49	13,892.87	3,951.62
General Supplies	5,896.00	1,678.50	7,574.50	4,824.17	2,750.33
Misc. Expenditures	4,756.00		4,756.00	2,587.64	2,168.36
BOE Membership Dues & Fees	8,062.00	800.00	8,862.00	8,354.00	508.00
Total Support Svcs. - General Administration:	<u>288,806.00</u>	<u>8,391.03</u>	<u>297,197.03</u>	<u>230,059.46</u>	<u>67,137.57</u>
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	196,036.00	30,000.00	226,036.00	208,468.12	17,567.88
Salaries of Secretarial and Clerical Assistants	166,001.00	4,000.00	170,001.00	163,095.01	6,905.99
Other Purchased Services	8,078.00		8,078.00	4,078.00	4,000.00
Supplies and Materials	6,000.00	2,000.00	8,000.00	1,540.67	6,459.33
Other Objects	3,000.00	1,000.00	4,000.00	2,099.63	1,900.37
Total Support Serv. - School Administration:	<u>379,115.00</u>	<u>37,000.00</u>	<u>416,115.00</u>	<u>379,281.43</u>	<u>36,833.57</u>
Central Services:					
Salaries	210,418.00	4,000.00	214,418.00	210,426.43	3,991.57
Misc. Purchased Services	1,000.00		1,000.00	275.00	725.00
Supplies and Materials	2,000.00	4,000.00	6,000.00	3,456.79	2,543.21
Misc. Expenditures	2,400.00		2,400.00	929.63	1,470.37
Total Central Services:	<u>215,818.00</u>	<u>8,000.00</u>	<u>223,818.00</u>	<u>215,087.85</u>	<u>8,730.15</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 7 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd):					
Required Maint. For School Facilities:					
Salaries	\$ 103,065.00	\$ (2,575.00)	\$ 100,490.00	\$ 100,353.38	\$ 136.62
Cleaning, Repair, and Maintenance services	89,000.00	(27,050.00)	61,950.00	61,333.20	616.80
General Supplies	20,500.00	22,441.07	42,941.07	42,486.88	454.19
Other Objects	500.00		500.00		500.00
Total Required Maint. For School Facilities:	213,065.00	(7,183.93)	205,881.07	204,173.46	1,707.61
Custodial Services:					
Salaries	372,342.00	(23,154.34)	349,187.66	345,453.85	3,733.81
Salaries of Non-Instructional Aides	29,726.00	(3,432.86)	26,293.14	26,216.74	76.40
Purchased Profess. And Tech. Svcs.	6,800.00	-	6,800.00	3,376.00	3,424.00
Cleaning, Repair, and Maintenance Services	14,000.00	1,673.44	15,673.44	12,835.61	2,837.83
Other Purchased Property Svcs.	14,000.00	-	14,000.00	8,758.08	5,241.92
Insurance	50,573.00	3,465.00	54,038.00	54,038.00	
General Supplies	39,260.00	23,419.83	62,679.83	61,052.26	1,627.57
Energy (Natural Gas)	55,000.00	576.20	55,576.20	55,156.56	419.64
Energy (Electricity)	155,000.00	5,636.66	160,636.66	160,572.94	63.72
Total Custodial Services:	736,701.00	8,183.93	744,884.93	727,460.04	17,424.89
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000.00	-	25,000.00	17,610.36	7,389.64
Total Care & Upkeep of Grounds	25,000.00	-	25,000.00	17,610.36	7,389.64
Security:					
General Supplies	35,000.00	-	35,000.00	21,177.83	13,822.17
Total Security	35,000.00	-	35,000.00	21,177.83	13,822.17

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 8 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services:					
Contracted Services - Aid in Lieu of Payments	\$ 90,000.00		\$ 90,000.00	\$ 83,998.80	\$ 6,001.20
Contracted Services (Between Home & School) - Vendors	310,000.00	\$ 10,000.00	320,000.00	273,291.29	46,708.71
Contracted Services (Other Than Between Home & School) - Vendors	20,000.00		20,000.00	14,518.87	5,481.13
Contracted Services (Special Ed. Students) - Vendors	319,000.00		319,000.00	299,000.00	20,000.00
Total Student Transportation Services:	739,000.00	10,000.00	749,000.00	670,808.96	78,191.04
Unallocated Employee Benefits:					
Social Security Contributions	132,000.00	6,385.25	138,385.25	138,385.25	
Other Retirement Contribs. - PERS	144,500.00	4,047.54	148,547.54	133,547.54	15,000.00
Workmen's Compensation	63,848.00	(1,883.00)	61,965.00	61,470.91	494.09
Health Benefits	2,111,777.00	(44,235.63)	2,067,541.37	1,982,264.25	85,277.12
Tuition Reimbursements	16,000.00	(7,050.91)	8,949.09	8,949.09	
Other Employee Benefits	50,000.00	30,853.75	80,853.75	80,853.75	
Total Unallocated Employee Benefits:	2,518,125.00	(11,883.00)	2,506,242.00	2,405,470.79	100,771.21
On-behalf TPAF payments (Non-budgeted):					
On-behalf TPAF Post-Retirement Medical Contrib.				380,943.00	(380,943.00)
On-behalf TPAF Pension Payments				1,008,771.00	(1,008,771.00)
On-behalf TPAF Non-Contributory Insurance CLI & LTDI (non-budgeted)				19,638.00	(19,638.00)
On-behalf TPAF Employer FICA Contrib.				390,848.29	(390,848.29)
Total On-behalf Employee Benefits				1,800,200.29	(1,800,200.29)
Total Undistributed Expenditures	12,508,465.00	78,187.03	12,586,652.03	13,977,697.62	(1,391,045.59)

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 9 of 10

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Expenditures - Current Expense	\$ 18,124,723.00	\$ 50,350.00	\$ 18,175,073.00	\$ 19,233,907.02	\$ (1,058,834.02)
CAPITAL OUTLAY:					
Equipment:					
Support Services		45,000.00	45,000.00	45,000.00	
Total Equipment	-	45,000.00	45,000.00	45,000.00	-
Facilities Acquisition and Construction:					
Architect/Engineering Services	28,000.00	-	28,000.00	23,701.10	4,298.90
Construction Services	308,750.00	253,302.22	562,052.22	514,968.93	47,083.29
Other Objects	33,250.00	(33,250.00)			
Debt Service Assessment-SDA Funding	21,469.00		21,469.00	21,469.00	
Total Facil. Acquis./Const. Svcs.:	391,469.00	220,052.22	611,521.22	560,139.03	51,382.19
Total Capital Outlay:	391,469.00	265,052.22	656,521.22	605,139.03	51,382.19
Total Expenditures	18,516,192.00	315,402.22	18,831,594.22	19,839,046.05	(1,007,451.83)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(960,249.00)	(315,402.22)	(1,275,651.22)	(436,514.30)	839,136.92
Net Change in Fund Balance	(960,249.00)	(315,402.22)	(1,275,651.22)	(436,514.30)	839,136.92
Fund Balances, July 1	2,677,294.80		2,677,294.80	2,677,294.80	
Fund Balances, June 30	\$ 1,717,045.80	\$ (315,402.22)	\$ 1,401,643.58	\$ 2,240,780.50	\$ 839,136.92

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-1
 Page 10 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balances, June 30 (Carried Forward)	\$ 1,717,045.80	\$ (315,402.22)	\$ 1,401,643.58	\$ 2,240,780.50	\$ 839,136.92
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year Expenditures				\$ 442,801.92	
Excess Surplus - Current Year				375,000.00	
Capital Reserve - Designated for Subsequent Year Expenditures				50,000.00	
Capital Reserve				446,725.40	
Maintenance Reserve				153,423.26	
Tuition Reserve - Designated for Subsequent Year Expenditures				105,000.00	
Tuition Reserve				155,000.00	
Assigned:					
Year-End Encumbrances				50,000.00	
Designated for Subsequent Year Expenditures				85,535.00	
Unrestricted/Unassigned				377,294.92	
				\$ 2,240,780.50	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not recognized on GAAP basis				(81,983.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,158,797.50	

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit C-2

REVENUES:	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Local Sources					
Revenues from Local Sources	\$ 36,488.60	\$ 93,352.55	\$ 129,841.15	\$ 77,260.36	\$ (52,580.79)
Total Local Revenues	<u>36,488.60</u>	<u>93,352.55</u>	<u>129,841.15</u>	<u>77,260.36</u>	<u>(52,580.79)</u>
Federal Sources					
Title I	67,776.00	7,179.00	74,955.00	74,955.00	
Title II	15,184.00	1,463.00	16,647.00	16,647.00	
Title IV	8,500.00	1,500.00	10,000.00	10,000.00	
IDEA Part B	126,827.00	15,391.00	142,218.00	142,218.00	
IDEA Preschool	-	7,752.00	7,752.00	7,752.00	
Total Federal Revenues	<u>218,287.00</u>	<u>33,285.00</u>	<u>251,572.00</u>	<u>251,572.00</u>	<u>-</u>
Total Revenues	<u>254,775.60</u>	<u>126,637.55</u>	<u>381,413.15</u>	<u>328,832.36</u>	<u>(52,580.79)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	61,382.00	(5,860.00)	55,522.00	55,522.00	-
Total Instruction	<u>61,382.00</u>	<u>(5,860.00)</u>	<u>55,522.00</u>	<u>55,522.00</u>	<u>-</u>
Support Services					
Personal Services-Fringe Benefits	6,394.00	13,039.00	19,433.00	19,433.00	
Purch. Prof. - Educ. Services	15,184.00	1,463.00	16,647.00	16,647.00	
Purchased Technical Services	8,500.00	1,500.00	10,000.00	10,000.00	
Tuition	126,827.00	23,143.00	149,970.00	149,970.00	
Other Objects	36,488.60	65,221.90	101,710.50	49,129.71	52,580.79
Total Support Services	<u>193,393.60</u>	<u>104,366.90</u>	<u>297,760.50</u>	<u>245,179.71</u>	<u>52,580.79</u>
EXPENDITURES (CONT'D.)					
Facilities Acquisition and Construction Services:					
Buildings	-	28,130.65	28,130.65	28,130.65	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>28,130.65</u>	<u>28,130.65</u>	<u>28,130.65</u>	<u>-</u>
Total Expenditures	<u>254,775.60</u>	<u>126,637.55</u>	<u>381,413.15</u>	<u>328,832.36</u>	<u>52,580.79</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION – PART II**

MOUNTAINSIDE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2020

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 19,402,531.75	(C-2)	\$ 328,832.36
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:				
Deduct Current Year-End Encumbrances				
Add Prior Encumbrances Paid in Current Period				28,118.78
State aid payment recognized for budgetary purposes, not recognized for GAAP statements:				
Deduct Current Year Budgetary Revenue not Recognized		(81,983.00)		
Add Prior Budgetary Revenue Recognized in Current Period		<u>74,171.00</u>		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	<u>\$ 19,394,719.75</u>	(B-2)	<u>\$ 356,951.14</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 19,839,046.05	(C-2)	\$ 328,832.36
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Deduct Current Year-End Encumbrances				
Add Prior Encumbrances Paid in Current Period				<u>28,118.78</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u>\$ 19,839,046.05</u>	(B-2)	<u>\$ 356,951.14</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

SECTION – L

MOUNTAINSIDE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's Proportion of the Net Pension Liability	0.01265555 %	0.012124254 %	0.013324735 %	0.014983017 %	0.01186505 %	0.012018075 %	0.012267332 %
District's Proportionate Share of the Net Pension Liability	\$ 2,418,727	\$ 2,269,592	\$ 2,991,136	\$ 4,437,540	\$ 2,761,994	\$ 2,366,299	\$ 2,210,387
District's Covered-Employee Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347	\$ 863,294	\$ 913,837	\$ 957,762
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	294.33%	255.19%	238.26%	552.38%	319.94%	258.94%	230.79%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	47.93%	40.17%	48.10%	53.60%	56.27%

* Amounts presented for each fiscal year were determined as of June 30.
 This schedule is presented to illustrate the requirement to show information for ten years.
 However, until a full ten-year trend is compiled, governments should present information for those years for which information are available.

See Notes to Required Supplementary Information

MOUNTAINSIDE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 95,357	\$ 99,933	\$ 114,557	\$ 133,107	\$ 109,917	\$ 120,197	\$ 119,325
Contribution in Relation to Contractually Required Contribution	<u>\$ (95,357)</u>	<u>\$ (99,933)</u>	<u>\$ (114,557)</u>	<u>\$ (133,107)</u>	<u>\$ (109,917)</u>	<u>\$ (120,197)</u>	<u>\$ (119,325)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347	\$ 863,294	\$ 913,837	\$ 957,762
Contributions as a percentage of Covered Employee Payroll	11.60%	11.24%	9.13%	16.57%	12.73%	13.15%	12.46%

* Amounts presented for each fiscal year were determined as of June 30.
 This schedule is presented to illustrate the requirement to show information for ten years.
 However, until a full ten-year trend is compiled, governments should present information for
 those years for which information are available.

See Notes to Required Supplementary Information

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

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.044825672 %	0.0412358 %	0.046246037 %	0.046125631 %	0.044063791 %	0.048794900 %	0.0455134403 %
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$ 22,654,542	\$ 22,039,193	\$ 29,229,470	\$ 36,285,358	\$ 29,709,397	\$ 31,042,309	\$ 27,932,028
District's Covered-Employee Payroll	\$ 4,219,516	\$ 4,532,156	\$ 4,875,421	\$ 4,746,097	\$ 4,898,914	\$ 5,230,583	\$ 5,532,815
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	536.90%	486.28%	599.53%	764.53%	606.45%	593.48%	504.84%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

* Amounts presented for each fiscal year were determined as of June 30.
 This schedule is presented to illustrate the requirement to show information for ten years.
 However, until a full ten-year trend is compiled, governments should present information for
 those years for which information are available.

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

See Notes to Required Supplementary Information

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2020

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2019, dated March 27, 2020. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at the prior-year rate of 7.0%. Demographic assumptions were unchanged.

For 2018, the discount rate changed to 5.66% and the long-term expected rate of return remained at the prior-year rate of 7.0%. Demographic assumptions were unchanged.

For 2017, the discount rate changed to 5.00%, the long-term expected rate of return changed to 7.00%. Demographic assumptions were unchanged.

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%. Demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the discount rate changed to 4.90% and the long-term expected rate of return remained unchanged at 7.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually,

For 2014, the discount rate was 5.39% and the long-term expected rate of return was 7.90%.

TPAF

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate was changed to 5.60%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2020**

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS (Cont'd.)

TPAF (Cont'd.)

For 2018, the discount rate was changed to 4.86%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2017, the discount rate was changed to 4.25%, the long-term expected rate of return changed to 7.00%, there were no changes to demographic assumptions.

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

For 2015, the discount rate was changed to 4.13%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2014, the discount rate was 4.68% and the long-term expected rate of return was 7.90%.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) (NEW)**

SECTION – M

Mountainside School District
Required Supplementary Information
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
And Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020
State's proportion of the OPEB Liability associated with the District -	0.04%	0.04%	0.04%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 20,578,134	\$ 18,847,349	\$ 17,187,793
Total proportionate share of the OPEB liability associated with the District	<u>\$ 20,578,134</u>	<u>\$ 18,847,349</u>	<u>\$ 17,187,793</u>
Beginning Balance	\$ 22,043,073	\$ 20,578,134	\$ 18,847,349
Increased by:			
Service cost	\$ 1,031,795	\$ 852,212	\$ 794,911
Interest cost	651,138	758,574	750,343
Changes of assumptions			256,271
Member contributions	<u>17,551</u>	<u>17,418</u>	<u>15,640</u>
	1,700,484	1,628,204	1,817,165
Decreased by:			
Diff. between expected and actual exp.		(692,190)	(2,949,107)
Changes of assumptions	(2,688,790)	(2,162,828)	
Gross benefit payments	<u>(476,633)</u>	<u>(503,971)</u>	<u>(527,614)</u>
	\$ (3,165,423)	\$ (3,358,989)	\$ (3,476,721)
Balance	<u>\$ 20,578,134</u>	<u>\$ 18,847,349</u>	<u>\$ 17,187,793</u>
Covered by employee payroll	\$ 6,061,922	\$ 6,144,420	\$ 6,490,577
Total OPEB liability as a percentage of covered employee payroll.	339.47%	306.74%	264.81%

* 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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See Notes to Required Supplementary Information

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
JUNE 30, 2020

NOTE 1. SPECIAL FUNDING SITUATION

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. Accordingly, proportionate share information of the Net OPEB Liability is not reflected in the District's financial statements.

NOTE 2. CHANGES IN ASSUMPTIONS

For 2019, the discount rate changed to 3.50% from 3.87% in 2018. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.7% from 5.8%. For prescription drug benefits, the initial trend rate changed to 7.5% from 8.0%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

For 2018, the discount rate changed to 3.87% from 3.58%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SECTION - E

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	TOTALS BROUGHT FORWARD	I.D.E.A. PART B BASIC 2019-20	I.D.E.A. PART B PRESCHOOL 2019-20	TITLE II PART A 2019-20	TITLE IV 2018-19	TITLE I 2018-19	TOTALS 2019-20
REVENUES							
Local Sources	\$ 77,260.36						\$ 77,260.36
Federal Sources	-	\$ 142,218.00	\$ 7,752.00	\$ 16,647.00	\$ 10,000.00	\$ 74,955.00	251,572.00
Total Revenues	<u>77,260.36</u>	<u>142,218.00</u>	<u>7,752.00</u>	<u>16,647.00</u>	<u>10,000.00</u>	<u>74,955.00</u>	<u>328,832.36</u>
EXPENDITURES							
Instruction:							
Salaries of Teachers	-					55,522.00	55,522.00
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,522.00</u>	<u>55,522.00</u>
Support Services:							
Personal Services - Empl. Benefits						19,433.00	19,433.00
Purch. Prof. - Educ. Services				16,647.00			16,647.00
Purch. Technical Services					10,000.00		10,000.00
Tuition		142,218.00	7,752.00				149,970.00
Other Objects	49,129.71						49,129.71
Total Support Services	<u>49,129.71</u>	<u>142,218.00</u>	<u>7,752.00</u>	<u>16,647.00</u>	<u>10,000.00</u>	<u>19,433.00</u>	<u>245,179.71</u>
Facilities Acquis. & Const. Serv.:							
Buildings	28,130.65	-	-	-	-	-	28,130.65
Total Facil. Acquis. & Const. Serv.	<u>28,130.65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,130.65</u>
Total Expenditures	<u>\$ 77,260.36</u>	<u>\$ 142,218.00</u>	<u>\$ 7,752.00</u>	<u>\$ 16,647.00</u>	<u>\$ 10,000.00</u>	<u>\$ 74,955.00</u>	<u>\$ 328,832.36</u>

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>SUSTAINABLE NJ GRANT</u>	<u>PTO GRANTS</u>	<u>WATTS FOUNDATION GRANTS</u>	<u>TOTALS CARRIED FORWARD</u>
<u>REVENUES</u>				
Local Sources	\$ 2,000.00	\$ 66,755.58	\$ 8,504.78	\$ 77,260.36
Total Revenues	<u>2,000.00</u>	<u>66,755.58</u>	<u>8,504.78</u>	<u>77,260.36</u>
<u>EXPENDITURES</u>				
Support Services: Other Objects	<u>2,000.00</u>	<u>38,624.93</u>	<u>8,504.78</u>	<u>49,129.71</u>
Total Support Services	<u>2,000.00</u>	<u>38,624.93</u>	<u>8,504.78</u>	<u>49,129.71</u>
Facilities Acquis. & Const. Serv.: Buildings	<u>-</u>	<u>28,130.65</u>	<u>-</u>	<u>28,130.65</u>
Total Facil. Acquis. & Const. Serv.	<u>-</u>	<u>28,130.65</u>	<u>-</u>	<u>28,130.65</u>
Total Expenditures	<u>\$ 2,000.00</u>	<u>\$ 66,755.58</u>	<u>\$ 8,504.78</u>	<u>\$ 77,260.36</u>

CAPITAL PROJECTS FUND

SECTION - F

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2020

Exhibit F-1

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Preliminary Pre-Referendum Costs for Improvements to District Schools	\$ 54,500.00	\$ 38,717.80	\$ -	\$ 15,782.20
2014 School Facilities Project	<u>19,484,000.00</u>	<u>19,411,772.12</u>	<u>71,955.00</u>	<u>272.88</u>
	<u>\$ 19,538,500.00</u>	<u>\$ 19,450,489.92</u>	<u>\$ 71,955.00</u>	<u>\$ 16,055.08</u>

MOUNTAINSIDE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Expenditures	
Construction services	\$ <u>71,955.00</u>
Total expenditures	<u>71,955.00</u>
Net Change in Fund Balances	(71,955.00)
Fund balance - beginning	<u>88,010.08</u>
Fund balance - ending	\$ <u><u>16,055.08</u></u>

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
 BUDGETARY BASIS - PRELIMINARY PRE-REFERENDUM COSTS-IMPROVEMENTS TO DISTRICT SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	\$ 54,500.00	\$ -	\$ 54,500.00	\$ 54,500.00
Total revenues	<u>54,500.00</u>	<u>-</u>	<u>54,500.00</u>	<u>54,500.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	25,050.83	-	25,050.83	34,500.00
Other Administrative Services	13,666.97	-	13,666.97	20,000.00
Land and Improvements	-	-	-	-
Construction services	-	-	-	-
Total expenditures	<u>38,717.80</u>	<u>-</u>	<u>38,717.80</u>	<u>54,500.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,782.20</u>	<u>\$ -</u>	<u>\$ 15,782.20</u>	<u>\$ -</u>

Additional project information:

Project Number	See Below
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$54,500
Additional Authorized Cost	N/A
Revised Authorized Cost	\$54,500
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	71%
Original target completion date	March, 2014
Revised target completions date	Completed

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
 REPAIRS, RENOVATIONS & IMPROVEMENTS TO DISTRICT SCHOOLS
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 19,484,000.00	\$ -	\$ 19,484,000.00	\$ 19,484,000.00
Total revenues	<u>19,484,000.00</u>	<u>-</u>	<u>19,484,000.00</u>	<u>19,484,000.00</u>
Expenditures and Other Financing Uses				
Architect's services	1,839,228.69	-	1,839,228.69	1,839,228.69
Legal services	98,133.79	-	98,133.79	98,133.79
Other Administrative Services	147,568.00	-	147,568.00	147,568.00
Construction services	17,326,841.64	71,955.00	17,398,796.64	17,399,069.52
Total expenditures	<u>19,411,772.12</u>	<u>71,955.00</u>	<u>19,483,727.12</u>	<u>19,484,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>72,227.88</u>	\$ <u>(71,955.00)</u>	\$ <u>272.88</u>	\$ <u>-</u>

Additional project information:

Project Number	See Below
Grant Date	N/A
Bond Authorization Date	03/14/14
Bonds Authorized	\$19,484,000
Bonds Issued	\$19,484,000
Original Authorized Cost	\$19,484,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$19,484,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	
Revised target completions date	Completed

FIDUCIARY FUNDS

SECTION – H

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Nonexpendable	AGENCY			Expendable Trust Fund			TOTALS
	Trust Fund	Student	Payroll	Net	De Rosa	Rothstock	Unemployment	
	Rosenstiehl	Activity	Agency	Payroll	Scholarship	Scholarship	Compensation	
	Scholarship				Fund	Fund	Insurance	
	Fund						Trust Fund	
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 94,096.30	\$ 33,911.39	\$ 118,840.92	\$ 20.92	\$ 10,493.63	\$ 47,223.46	\$ 57,481.68	\$ 362,068.30
Interfund Accounts Receivable	900.00							900.00
Accounts Receivable							10,337.68	10,337.68
Total Assets	<u>\$ 94,996.30</u>	<u>\$ 33,911.39</u>	<u>\$ 118,840.92</u>	<u>\$ 20.92</u>	<u>\$ 10,493.63</u>	<u>\$ 47,223.46</u>	<u>\$ 67,819.36</u>	<u>\$ 373,305.98</u>
<u>LIABILITIES</u>								
Liabilities:								
Interfund Accounts Payable			\$ 935.82	\$ 20.92			\$ 36.45	\$ 993.19
Unemployment Benefits Payable							18,750.52	18,750.52
Payroll Deductions and Withholdings			117,905.10					117,905.10
Due to Student Groups		\$ 33,911.39						33,911.39
Total Liabilities	<u>-</u>	<u>33,911.39</u>	<u>118,840.92</u>	<u>20.92</u>	<u>-</u>	<u>-</u>	<u>18,786.97</u>	<u>171,560.20</u>
<u>NET POSITION</u>								
Net Position Restricted for:								
Unemployment Compensation Insurance							49,032.39	49,032.39
Principal Portion - Nonexpandable Trust	\$ 94,996.30							94,996.30
Unrestricted					\$ 10,493.63	\$ 47,223.46		57,717.09
Total Net Position	<u>\$ 94,996.30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,493.63</u>	<u>\$ 47,223.46</u>	<u>\$ 49,032.39</u>	<u>\$ 201,745.78</u>

MOUNTAINSIDE SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Expendable Trust Fund			Nonexpendable Trust Fund	Totals
	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	Rosenstiehl Scholarship Fund	
ADDITIONS:					
Deductions from Employees' Salaries Interest	\$ 144.65	\$ 658.02	\$ 15,519.06	\$ 1,423.84	\$ 15,519.06
CARES ACT Federal Contribution Contributions	3,820.00	25,225.00	10,337.68	500.00	2,226.51
	<u>3,964.65</u>	<u>25,883.02</u>	<u>25,856.74</u>	<u>1,923.84</u>	<u>29,545.00</u>
Total Additions					57,628.25
DEDUCTIONS:					
Unemployment Benefits			49,803.77		49,803.77
Scholarship Payments	1,425.00	525.00		400.00	2,350.00
	<u>1,425.00</u>	<u>525.00</u>	<u>49,803.77</u>	<u>400.00</u>	<u>52,153.77</u>
Total Deductions					52,153.77
Change in Net Position	<u>2,539.65</u>	<u>25,358.02</u>	<u>(23,947.03)</u>	<u>1,523.84</u>	<u>5,474.48</u>
Net Position - Beginning	<u>7,953.98</u>	<u>21,865.44</u>	<u>72,979.42</u>	<u>93,472.46</u>	<u>196,271.30</u>
Net Position - Ending	\$ <u>10,493.63</u>	\$ <u>47,223.46</u>	\$ <u>49,032.39</u>	\$ <u>94,996.30</u>	\$ <u>201,745.78</u>

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
<u>Student Activity Funds:</u>				
Deerfield School	\$ 36,193.46	\$ 93,325.33	\$ 112,782.96	\$ 16,735.83
Beechwood School	13,191.69	3,840.29	1,892.96	15,139.02
Student Council Fund	167.31	1,101.56	487.50	781.37
Athletic Fund	547.26	6,197.91	5,490.00	1,255.17
Total Student Activity Funds	\$ <u>50,099.72</u>	\$ <u>104,465.09</u>	\$ <u>120,653.42</u>	\$ <u>33,911.39</u>

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 PAYROLL AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	BALANCE JUNE 30, 2019	INCREASES	DECREASES	BALANCE JUNE 30, 2020
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 18,898.02	\$ 3,874,985.08	\$ 3,775,042.18	\$ 118,840.92
Total Assets	<u>\$ 18,898.02</u>	<u>\$ 3,874,985.08</u>	<u>\$ 3,775,042.18</u>	<u>\$ 118,840.92</u>
<u>LIABILITIES</u>				
Interfund Accounts Payable	\$ 641.08	\$ 294.74	\$ -	\$ 935.82
Payroll Deductions and Withholdings	<u>18,256.94</u>	<u>3,874,690.34</u>	<u>3,775,042.18</u>	<u>117,905.10</u>
Total Liabilities	<u>\$ 18,898.02</u>	<u>\$ 3,874,985.08</u>	<u>\$ 3,775,042.18</u>	<u>\$ 118,840.92</u>

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 NET PAYROLL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE JUNE 30, 2019</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2020</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 215.56	\$ 4,787,870.96	\$ 4,788,065.60	\$ 20.92
Total Assets	<u>\$ 215.56</u>	<u>\$ 4,787,870.96</u>	<u>\$ 4,788,065.60</u>	<u>\$ 20.92</u>
<u>LIABILITIES</u>				
Accrued Salaries and Benefits		\$ 4,787,850.04	\$ 4,787,850.04	
Interfund Accounts Payable	\$ 215.56	<u>20.92</u>	<u>215.56</u>	\$ 20.92
Total Liabilities	<u>\$ 215.56</u>	<u>\$ 4,787,870.96</u>	<u>\$ 4,788,065.60</u>	<u>\$ 20.92</u>

LONG-TERM DEBT

SECTION – I

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2020

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2019</u>	<u>REDEEMED</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding School Bonds	2/24/2011	\$ 3,130,000	7/15/2020	\$ 305,000	4.750%	\$ 1,210,000.00	\$ 305,000.00	\$ 905,000.00
			7/15/2021	300,000	4.875%			
			7/15/2022	300,000	4.000%			
School Bonds, Series 2014	7/17/2014	19,484,000	8/15/2020	830,000	3.000%			
			8/15/2021	850,000	3.000%			
			8/15/2022	870,000	3.000%			
			8/15/2023	895,000	3.000%			
			8/15/2024	925,000	3.000%			
			8/15/25*	955,000	3.000%			
			8/15/26*	985,000	3.000%			
			8/15/2027	1,025,000	3.000%			
			8/15/2028	1,060,000	3.200%			
			8/15/2029	1,100,000	3.300%			
			8/15/1930	1,145,000	3.375%			
			8/15/1931	1,190,000	3.500%			
			8/15/1932	1,235,000	3.625%			
			8/15/1933	1,285,000	3.625%			
			8/15/1934	1,335,000	3.700%			
					<u>16,495,000.00</u>	<u>810,000.00</u>	<u>15,685,000.00</u>	
					<u>\$ 17,705,000.00</u>	<u>\$ 1,115,000.00</u>	<u>\$ 16,590,000.00</u>	

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

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATION UNDER CAPITAL LEASES
FOR THE YEAR ENDED JUNE 30, 2020

<u>DESCRIPTION</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2019</u>	<u>CURRENT YEAR RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>				
District Copiers	10/15/2014	5 YEARS	\$ 94,816.20	\$ 10,543.81	4.229%	\$ <u>6,962.56</u>	\$ <u>6,962.56</u>	\$ <u>-</u>
						\$ <u>6,962.56</u>	\$ <u>6,962.56</u>	\$ <u>-</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 1,233,439.00	\$ 1,233,439.00	\$ 1,233,439.00	\$ -
Other Local Revenue	-	-	0.02	0.02
Total Local Sources:	<u>1,233,439.00</u>	<u>1,233,439.00</u>	<u>1,233,439.02</u>	<u>0.02</u>
State Aid - Debt Service	<u>453,376.00</u>	<u>453,376.00</u>	<u>453,376.00</u>	<u>-</u>
Total - State Sources	<u>453,376.00</u>	<u>453,376.00</u>	<u>453,376.00</u>	<u>-</u>
Total Revenues	<u>1,686,815.00</u>	<u>1,686,815.00</u>	<u>1,686,815.02</u>	<u>0.02</u>
EXPENDITURES:				
Regular Debt Service:				
Redemption of Bond Principal	1,115,000.00	1,115,000.00	1,115,000.00	-
Bond Interest	<u>571,815.00</u>	<u>571,815.00</u>	<u>571,815.02</u>	<u>0.02</u>
Total Regular Debt Service	<u>1,686,815.00</u>	<u>1,686,815.00</u>	<u>1,686,815.02</u>	<u>0.02</u>
Total Expenditures	<u>1,686,815.00</u>	<u>1,686,815.00</u>	<u>1,686,815.02</u>	<u>0.02</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION

SECTION – J

Financial Trends

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014*	2015*	2016*	2017*	2018*	2019*	2020*
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,609,758	\$ 5,628,117	\$ 5,627,576	\$ 5,639,355	\$ (7,565,354)	\$ (2,757,658)	\$ 3,022,572	\$ 7,167,658	\$ 7,542,000	\$ 8,459,987
Restricted	519,692	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272	1,707,722	1,950,212	1,744,006
Unrestricted	12,787	(144,167)	(165,770)	(3,257,039)	(3,998,001)	(3,706,696)	(3,928,497)	(3,416,998)	(2,306,496)	(2,893,817)
Total governmental activities net position	<u>\$ 6,142,237</u>	<u>\$ 5,880,677</u>	<u>\$ 6,355,661</u>	<u>\$ 3,622,170</u>	<u>\$ 3,186,852</u>	<u>\$ 4,190,370</u>	<u>\$ 4,589,347</u>	<u>\$ 5,458,383</u>	<u>\$ 7,185,716</u>	<u>\$ 7,310,175</u>
Business-type activities										
Investment in capital assets	\$ 42,045	\$ 35,957	\$ 29,869	\$ 28,457	\$ 22,369	\$ 16,281	\$ 10,193	\$ 4,105	\$ 18,059	\$ 18,662
Unrestricted	(5,558)	5,030	15,601	11,279	36,420	29,864	33,060	50,201	54,414	71,557
Total business-type activities net position	<u>\$ 36,486</u>	<u>\$ 40,986</u>	<u>\$ 45,469</u>	<u>\$ 39,736</u>	<u>\$ 58,788</u>	<u>\$ 46,145</u>	<u>\$ 43,253</u>	<u>\$ 54,306</u>	<u>\$ 72,473</u>	<u>\$ 90,218</u>
District-wide										
Invested in capital assets, net of related debt	\$ 5,651,803	\$ 5,664,073	\$ 5,657,445	\$ 5,667,811	\$ (7,542,985)	\$ (2,741,377)	\$ 3,032,765	\$ 7,171,763	\$ 7,560,059	\$ 8,478,648
Restricted	519,692	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272	1,707,722	1,950,212	1,744,006
Unrestricted	7,228	(139,138)	(150,169)	(3,245,760)	(3,961,581)	(3,676,832)	(3,895,437)	(3,366,796)	(2,252,082)	(2,822,260)
Total district net position	<u>\$ 6,178,723</u>	<u>\$ 5,921,663</u>	<u>\$ 6,401,131</u>	<u>\$ 3,661,905</u>	<u>\$ 3,245,641</u>	<u>\$ 4,236,515</u>	<u>\$ 4,632,600</u>	<u>\$ 5,512,689</u>	<u>\$ 7,258,189</u>	<u>\$ 7,400,394</u>

* Reflects implementation of GASB Statement No. 68.

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,053,455	\$ 3,311,479	\$ 3,537,966	\$ 4,176,466	\$ 3,864,994	\$ 3,841,919	\$ 3,869,637	\$ 3,901,424	\$ 4,189,376	\$ 6,493,063
Special Education	642,988	967,187	631,127	512,212	621,742	754,465	833,168	871,258	1,009,032	2,014,117
Other Instruction	102,327	74,449	70,964	79,347	80,558	84,298	105,096	438,104	478,946	828,223
Support Services:										
Tuition	4,537,729	4,944,041	4,984,772	4,957,770	5,882,562	5,822,983	6,479,704	6,042,250	5,443,120	6,434,452
Student & Instruction Related Services	1,069,526	1,184,853	1,272,564	1,207,204	1,246,282	1,233,119	1,161,265	1,232,650	1,288,926	1,873,888
School Administrative services	340,014	355,150	369,922	378,574	375,607	373,708	389,048	383,891	410,515	751,255
General Administration	587,425	582,065	563,869	539,811	548,945	513,930	501,208	537,786	615,653	1,181,011
Plant Operations and Maintenance	887,937	860,599	901,193	993,435	978,127	898,776	933,888	932,895	914,446	1,401,990
Pupil Transportation	542,010	614,513	665,779	659,510	618,252	612,067	706,245	671,609	615,923	710,107
Unallocated Benefits	2,474,291	2,409,345	2,558,853	2,430,549	2,658,641	2,960,817	5,627,809	5,790,218	5,062,325	-
Special Schools	8,670	-	-	-	-	-	-	-	-	-
Interest on long-term debt	150,323	107,828	132,805	150,620	719,079	723,447	692,338	655,311	613,730	556,778
Unallocated depreciation	96,772	66,317	61,302	69,655	75,342	75,242	140,902	303,066	314,566	-
Total governmental activities expenses	15,493,468	15,477,827	15,751,117	16,155,153	17,670,132	17,894,771	21,440,309	21,760,462	20,956,558	22,244,864
Business-type activities:										
Food service	143,762	168,787	168,524	173,362	164,707	209,319	193,533	180,088	196,258	155,651
Child Care	112,262	-	-	-	-	-	-	-	-	-
Total business-type activities expense	256,024	168,787	168,524	173,362	164,707	209,319	193,533	180,088	196,258	155,651
Total district expenses	\$ 15,749,493	\$ 15,646,613	\$ 15,919,640	\$ 16,328,515	\$ 17,834,839	\$ 18,104,091	\$ 21,633,842	\$ 21,940,550	\$ 21,152,817	\$ 22,400,515
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 1,359,450	\$ 1,485,169	\$ 1,831,828	\$ 1,738,329	\$ 1,951,390	\$ 2,134,260	\$ 5,752,435	\$ 6,310,226	\$ 3,840,201	\$ 356,951
Capital grants and contributions	-	-	-	-	-	561,150	458,569	455,892	454,736	-
Total governmental activities program revenues	1,359,450	1,485,169	1,831,828	1,738,329	1,951,390	2,695,410	6,211,004	6,766,118	4,294,937	356,951
Business-type activities:										
Charges for services										
Food service	119,081	147,652	142,851	137,334	154,216	167,168	161,466	164,180	183,910	143,125
Child care	131,481	-	-	-	-	-	-	-	-	-
Operating grants and contributions	11,410	25,621	30,132	30,251	29,459	29,359	28,811	25,346	28,772	28,868
Total business-type activities program revenues	261,971	173,273	172,982	167,586	183,675	196,527	190,277	189,526	212,682	171,992
Total district program revenues	\$ 1,621,421	\$ 1,658,442	\$ 2,004,810	\$ 1,905,915	\$ 2,135,065	\$ 2,891,937	\$ 6,401,281	\$ 6,955,644	\$ 4,507,619	\$ 528,943
Net (Expense)/Revenue										
Governmental activities	\$ (14,134,018)	\$ (13,992,658)	\$ (13,919,289)	\$ (14,416,824)	\$ (15,718,742)	\$ (15,199,361)	\$ (15,229,305)	\$ (14,994,344)	\$ (16,661,621)	\$ (21,887,912)
Business-type activities	5,947	4,487	4,458	(5,777)	18,967	(12,792)	(3,256)	9,438	16,424	16,341
Total district-wide net expense	\$ (14,128,071)	\$ (13,988,171)	\$ (13,914,830)	\$ (14,422,600)	\$ (15,699,774)	\$ (15,212,154)	\$ (15,232,561)	\$ (14,984,907)	\$ (16,645,197)	\$ (21,871,571)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 13,104,390	\$ 13,433,645	\$ 13,937,074	\$ 14,215,815	\$ 14,457,484	\$ 15,108,033	\$ 15,410,193	\$ 15,718,396	\$ 16,032,764	\$ 16,353,419
Taxes levied for debt service	-	100,767	268,600	270,000	649,800	897,219	1,258,365	1,237,201	1,237,201	1,233,439
Federal and State Aid not Restricted	-	-	-	5,771	24,572	27,160	36,533	59,383	764,397	4,167,644
Transfer	73,677	-	-	-	-	-	-	-	-	-
Miscellaneous income	67,370	196,686	188,600	124,032	151,567	170,468	205,316	313,917	354,592	257,870
Total governmental activities	13,245,436	13,731,098	14,394,274	14,615,618	15,283,423	16,202,880	16,910,407	17,328,897	18,388,954	22,012,372
Business-type activities:										
Investment Earnings	-	13	25	43	85	149	364	1,615	1,743	1,404
Transfers	(73,677)	-	-	-	-	-	-	-	-	-
Total business-type activities	(73,677)	13	25	43	85	149	364	1,615	1,743	1,404
Total district-wide	\$ 13,171,760	\$ 13,731,111	\$ 14,394,298	\$ 14,615,661	\$ 15,283,509	\$ 16,203,028	\$ 16,910,771	\$ 17,330,512	\$ 18,390,697	\$ 22,013,777
Change in Net Position										
Governmental activities	\$ (888,582)	\$ (261,560)	\$ 474,985	\$ 198,794	\$ (435,318)	\$ 1,003,518	\$ 1,681,102	\$ 2,334,553	\$ 1,727,333	\$ 124,460
Business-type activities	(67,730)	4,500	4,483	(5,734)	19,053	(12,644)	(2,892)	11,053	18,167	17,745
Total district	\$ (956,312)	\$ (257,060)	\$ 479,468	\$ 193,060	\$ (416,265)	\$ 990,875	\$ 1,678,210	\$ 2,345,606	\$ 1,745,500	\$ 142,205

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Funds:										
Restricted For:										
Excess Surplus - Prior Year	\$ -	\$ -	\$ 131,395	\$ 197,127	\$ 182,674	\$ 253,165	\$ 48,592	\$ 85,644	\$ 140,000	\$ 442,802
Excess Surplus - Current Year	-	131,395	197,127	182,674	253,165	48,592	85,644	140,000	442,902	375,000
Emergency Reserve Account	78,290	-	-	-	-	-	-	-	-	-
Maintenance Reserve Account	74,639	65,333	65,333	35,333	-	-	-	128,409	130,409	153,423
Tuition Reserve Account	-	-	-	-	234,798	534,798	493,768	333,768	245,000	260,000
Capital Reserve Account	366,763	200,000	500,000	779,500	679,500	479,500	479,500	864,725	866,725	496,725
Assigned To:										
General Fund -Designated										
For Subsequent Year Expenditures	425,000	144,000	-	45,219	193,640	217,598	406,840	37,265	500,651	135,535
Debt Service Fund	-	-	-	-	18,728	18,728	18,728	-	-	-
Capital Projects Fund	-	-	-	-	13,206,430	9,121,071	3,980,928	117,910	88,010	16,055
Unassigned:										
General Fund	(1,338)	81,838	107,526	120,164	131,729	159,710	35,892	170,408	277,536	295,312
Total Fund Balances	<u>\$ 943,354</u>	<u>\$ 622,566</u>	<u>\$ 1,001,381</u>	<u>\$ 1,360,017</u>	<u>\$ 14,900,664</u>	<u>\$ 10,833,161</u>	<u>\$ 5,549,892</u>	<u>\$ 1,878,130</u>	<u>\$ 2,691,234</u>	<u>\$ 2,174,853</u>

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

Source: District records

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 13,104,390	\$ 13,534,412	\$ 14,205,674	\$ 14,485,815	\$ 15,107,284	\$ 16,005,251	\$ 16,668,558	\$ 16,955,597	\$ 17,269,965	\$ 17,586,858
Other Local Revenue	67,370	196,686	246,994	212,943	225,416	281,236	205,316	380,746	393,173	363,250
State sources	1,053,424	1,259,307	1,583,944	1,455,825	1,639,892	2,360,201	2,406,787	2,776,007	3,180,874	3,236,806
Federal sources	306,026	225,606	205,179	199,364	262,221	251,601	244,513	258,387	256,807	251,572
Total revenue	14,531,210	15,216,011	16,241,790	16,353,947	17,234,813	18,898,289	19,525,174	20,370,736	21,100,818	21,438,486
Expenditures										
Instruction:										
Regular Instruction	3,637,643	3,185,081	3,412,885	3,809,020	3,750,450	3,763,412	3,672,337	3,481,333	3,755,028	3,708,801
Special Education Instruction	642,988	782,960	631,127	512,212	621,742	754,465	833,168	803,845	948,032	1,083,025
Other Instruction	102,327	74,449	70,964	79,347	80,558	84,298	105,096	438,104	478,946	464,384
Undistributed:										
Instruction	4,273,729	4,944,041	4,868,576	4,845,770	5,124,050	5,963,932	6,597,553	6,324,090	5,487,680	5,928,393
Attendance and Social Work	-	55,745	57,087	53,388	59,944	55,772	56,560	57,528	-	-
Health Services	124,006	161,495	136,600	138,436	143,817	144,589	134,620	136,933	142,935	140,535
Support Services - Students	335,686	350,438	384,871	313,052	263,011	279,743	253,641	239,614	254,984	304,558
Support Services - Special	328,559	291,678	229,337	234,895	230,748	216,676	213,315	249,705	373,230	395,562
Improvement of Instructional Services	113,243	65,392	110,894	108,848	125,409	109,162	109,941	110,160	127,365	166,390
Educ. Media Library	154,003	244,578	270,838	242,155	244,436	238,046	273,330	338,173	317,867	368,066
Instructional Staff Services	285	824	1,559	1,155	1,964	-	3,745	9,815	6,101	2,864
General Administration	345,536	369,389	392,121	316,262	318,300	293,612	267,800	214,018	285,889	230,059
School Administration	340,014	355,150	369,922	378,574	379,177	379,254	383,374	388,105	410,515	379,281
Central Services	222,535	193,230	191,222	204,259	195,052	190,926	169,592	194,356	219,767	215,088
Operations and Maintenance	887,937	860,599	901,193	980,235	978,127	897,763	927,987	932,895	914,446	970,422
Student Transportation	542,010	614,513	665,779	659,510	618,252	612,067	706,245	671,609	615,923	670,809
Employee benefits	1,778,770	1,617,580	1,613,716	1,634,324	1,680,014	1,708,095	1,773,523	1,906,104	2,092,758	2,405,471
On-behalf TPAF Pension Contributions	362,088	483,319	617,160	460,465	646,935	809,032	910,709	1,213,557	1,330,386	1,409,352
Reimb. TPAF Soc. Sec. Contributions	331,159	308,447	327,978	335,760	330,821	337,382	338,531	350,690	371,357	390,848
Special Schools	8,670	-	-	-	-	-	-	-	-	-
Capital Outlay	32,068	11,432	15,689	24,368	6,413,031	4,106,828	5,161,612	3,944,826	154,297	677,094
Debt Service:										
Interest	225,494	117,530	128,600	250,000	260,000	944,000	1,035,000	1,065,000	1,095,000	571,815
Principal	220,000	250,000	240,000	200,000	471,072	714,369	681,934	646,821	609,921	1,115,000
Special Revenue:										
Federal	306,026	198,931	205,179	199,364	262,221	274,067	244,513	258,387	256,807	251,572
Other	-	-	58,394	88,911	73,849	88,302	37,719	66,829	38,581	105,379
Total Expenditures	15,314,777	15,536,800	15,901,692	15,990,310	23,272,983	22,965,792	24,891,846	24,042,497	20,287,815	21,954,767
Excess (Deficiency) of revenues over (under) expenditures										
	(783,567)	(320,789)	340,098	363,636	(6,038,170)	(4,067,503)	(5,366,672)	(3,671,761)	813,004	(516,281)
Other Financing sources (uses)										
Proceeds-Sale of Bonds	-	-	-	-	19,484,000	-	-	-	-	-
Capital Leases	-	-	-	-	94,816	-	-	-	-	-
Proceeds-Sale of Refunding Bonds	3,364,093	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(3,308,921)	-	-	-	-	-	-	-	-	-
Transfers in	423,752	266,763	100,000	154,500	137,766	227,674	15,051	3,203	12,984	-
Transfers out	(390,323)	(266,763)	(100,000)	(154,500)	(137,766)	(227,674)	(15,051)	(3,203)	(12,984)	-
Total other financing sources (uses)	88,602	-	-	-	19,578,816	-	-	-	-	-
Special Item										
Cost Recovery from Cap. Projects	-	-	-	-	-	-	83,402	-	-	-
Net change in fund balances	\$ (694,965)	\$ (320,789)	\$ 340,098	\$ 363,636	\$ 13,540,646	\$ (4,067,503)	\$ (5,283,269)	\$ (3,671,761)	\$ 813,004	\$ (516,281)
Debt service as a percentage of noncapital expenditures										
	2.92%	2.37%	2.32%	2.32%	4.34%	8.79%	8.70%	8.52%	8.47%	7.93%

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	TUITION	INTEREST ON INVESTMENTS	TRANSPORT FEES	RENTALS	REFUND	ACTIVITY FEES	MISCELLANEOUS	TOTAL
2011	\$ 33,740	\$ -	\$ -	\$ -	\$ 11,364	\$ -	\$ 2,266	\$ 47,370
2012	28,300	2,417	47,444	14,400	-	51,228	52,898	196,686
2013	17,310	1,760	47,941	17,720	15,485	52,774	35,610	188,600
2014	13,860	4,472	51,080	19,120	2,002	29,483	4,015	124,032
2015	-	-	53,465	-	203	30,667	29,467	113,801
2016	9,284	-	54,520	-	211	27,414	51,366	142,795
2017	45,300	-	30,473	-	3,045	25,870	47,859	152,546
2018	122,580	-	56,553	-	-	51,963	79,618	310,714
2019	111,660	34,638	52,158	-	-	24,485	131,652	354,592
2020	119,180	66,353	34,650	-	-	-	37,687	257,870

Source: District records.

Revenue Capacity

MOUNTAINSIDE SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Memo : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2011	\$ 5,868,500	\$ 399,275,800	\$ -	\$ -	\$ 56,523,300	\$ 26,553,100	\$ -	\$ 488,220,700	\$ 136,197,000	\$ 437,295	\$ 488,657,995	\$ 1,724,347,175	\$ 2.682
2012	5,941,700	397,775,200	-	-	55,364,300	26,055,200	-	485,136,400	136,406,400	349,967	485,486,367	1,677,281,872	2.723
2013	6,063,300	397,192,500	-	-	55,014,700	24,350,100	-	482,620,600	135,801,800	532,537	483,153,137	1,668,235,741	2.971
2014	6,544,200	396,026,600	-	-	50,599,200	24,035,600	-	477,205,600	135,633,800	439,269	477,644,869	1,707,183,189	3.060
2015	6,288,700	396,707,500	-	-	50,332,400	24,035,600	-	477,364,200	135,850,600	431,147	477,795,347	1,750,299,915	3.368
2016	5,975,400	398,232,000	-	-	50,183,500	23,611,700	-	478,002,600	136,045,200	424,058	478,426,658	1,765,280,237	3.409
2017	5,948,000	398,178,000	-	-	50,009,200	23,626,700	-	477,761,900	136,045,200	418,462	478,180,362	1,776,961,583	3.516
2018	5,237,000	399,186,700	-	-	49,585,000	23,975,800	-	477,984,500	136,045,200	412,860	478,397,360	1,793,093,553	3.579
2019	4,253,400	403,879,600	-	-	51,511,600	23,369,200	-	483,013,800	135,766,100	417,565	483,431,365	1,812,635,017	3.605
2020	4,590,700	406,006,100	-	-	54,832,200	22,834,200	-	488,263,200	133,938,700	425,161	488,688,361	1,795,510,455	3.639

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation
 Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

MOUNTAINSIDE SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
(Unaudited)

Fiscal Year Ended June 30,	Mountainside School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Borough of Mountainside ^c	Union County ^c	
2011	\$ 2.687	\$ 0.000	\$ 2.687	\$ 1.639	\$ 1.503	5.829
2012	2.702	0.021	2.723	1.607	1.499	5.829
2013	2.915	0.056	2.971	1.748	1.724	6.443
2014	3.003	0.057	3.060	1.838	1.838	6.736
2015	3.221	0.145	3.366	1.890	1.908	7.164
2016	3.218	0.191	3.409	1.909	1.985	7.303
2017	3.251	0.265	3.516	1.947	2.010	7.473
2018	3.322	0.256	3.579	1.960	1.991	7.530
2019	3.347	0.258	3.605	1.969	1.939	7.513
2020	3.390	0.249	3.639	1.976	1.859	7.474

Source: Municipal Tax Collector

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

The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the

a Net valuation taxable.

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

c Borough Tax - Includes Municipal Library which is legally segregated for years after 2011.

Union County- Includes County Open Space Recreation & Historic Preservation for years 2001 and subsequent.

MOUNTAINSIDE SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago
Unaudited

	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
CSH Mountainside	\$ 3,665,000	1	0.76%	Information Unavailable		
Brighton Gardens	3,300,000	2	0.69%			
Bear Mountain Realty	3,072,000	3	0.64%			
Echo Recreation Partners, L.P.	2,693,000	4	0.56%			
HCR Manor Care Properties LLC	2,100,000	5	0.44%			
Safeguard Storage Properties	1,929,200	6	0.40%			
Submall & Mountainbrook LLC	1,600,000	7	0.33%			
SH727, LLC	1,564,800	8	0.33%			
Triple Net Investment LLC	1,440,600	9	0.30%			
Public Storage Euro-part LP	1,440,400	10	0.30%			
253 Sheffield Inc.	1,400,000	11	0.29%			
Markos Land Development	1,373,900	12	0.29%			
FYL Real Estate LLC	1,367,000	13	0.29%			
Stage House Realty	1,322,000	14	0.28%			
Brookrace Properties LLC	1,150,000	15	0.24%			
Total	<u>\$ 29,417,900</u>		<u>6.14%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

MOUNTAINSIDE SCHOOL DISTRICT
Total Property Tax Levies and Collections,
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2010	\$ 27,669,776	\$ 27,271,273	98.56%
2011	28,550,687	28,178,878	98.70%
2012	30,074,204	29,675,471	98.67%
2013	31,211,087	30,858,065	98.87%
2014	32,270,846	31,793,760	98.52%
2015	34,307,065	33,830,436	98.61%
2016	35,035,978	34,379,791	98.13%
2017	35,822,818	35,495,822	99.09%
2018	36,255,073	35,810,885	98.77%
2019	36,441,368	36,177,348	99.28%

Source: Borough of Mountainside Chief Financial Officer

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

Debt Capacity

MOUNTAINSIDE SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Bond	Business- Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases			
2011	\$ 3,360,000	\$ -	\$ -	\$ -	\$ -	\$ 3,360,000	0.94%	\$ 504
2012	3,110,000	-	-	-	-	3,110,000	0.84%	463
2013	2,870,000	-	-	-	-	2,870,000	0.75%	426
2014	2,620,000	-	-	-	-	2,620,000	0.65%	386
2015	21,844,000	-	83,300	-	-	21,927,300	5.28%	3,232
2016	20,900,000	-	65,407	-	-	20,965,407	4.92%	3,073
2017	19,865,000	-	46,742	-	-	19,911,742	4.48%	2,911
2018	18,800,000	-	27,272	-	-	18,827,272	4.02%	2,743
2019	17,705,000	-	6,963	-	-	17,711,963	3.77%	2,580
2020	16,590,000	-	-	-	-	16,590,000	N/A	2,410

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. 2019 Population was utilized to calculate 2020 Per Capita debt.

MOUNTAINSIDE SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 3,360,000	\$	\$ 3,360,000	0.69%	\$ 498.22
2012	3,110,000		3,110,000	0.64%	458.91
2013	2,870,000		2,870,000	0.59%	420.08
2014	2,620,000		2,620,000	0.55%	383.21
2015	21,844,000		21,844,000	4.57%	3,190.30
2016	20,900,000		20,900,000	4.37%	3,063.62
2017	19,865,000		19,865,000	4.15%	2,903.82
2018	18,800,000		18,800,000	3.93%	2,738.93
2019	17,705,000		17,705,000	3.66%	2,579.40
2020	16,590,000		16,590,000	3.39%	2,409.59

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

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

b Population data can be found in Exhibit NJ J-14. (2019 Population used for 2020 per capita debt calculation)

MOUNTAINSIDE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Mountainside	\$ 5,166,814	100.000%	\$ 5,166,814
Other Debt			
Union County General Obligation Net Debt-Borough Share	587,410,876	2.483%	14,585,412
Rahway Valley Sewerage Authority	15,983,784	3.585%	<u>573,060</u>
Subtotal, overlapping debt			20,325,286
Mountainside District Direct Debt			<u>16,590,000</u>
Total direct and overlapping debt			<u><u>\$ 36,915,286</u></u>

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

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

Union County Debt, Rahway Valley Sewerage Authority debt and Borough of Mountainside debt are as of December 31, 2019.

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

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

Equalized valuation basis

2020	\$	1,795,510,455
2019		1,812,635,017
2018		<u>1,793,093,553</u>
[A]	\$	<u><u>5,401,239,025</u></u>

[A/3] \$ 1,800,413,008

Legal Debt Limit	[B]	72,016,520 ^a
Outstanding Debt- June 30th	[C]	<u>16,590,000</u>
Remaining Margin	[B-C]	<u><u>55,426,520</u></u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2018	2020
Debt Limit	\$ 73,692,056	\$ 70,690,482	\$ 68,162,920	\$ 67,806,726	\$ 67,544,891	\$ 68,517,383	\$ 69,722,183	\$ 70,891,754	\$ 71,305,054	\$ 72,016,520
Total net debt applicable to limit	<u>3,360,000</u>	<u>3,110,000</u>	<u>2,870,000</u>	<u>2,620,000</u>	<u>21,844,000</u>	<u>20,900,000</u>	<u>19,865,000</u>	<u>18,800,000</u>	<u>17,705,000</u>	<u>16,590,000</u>
Legal debt margin	<u>\$ 70,332,056</u>	<u>\$ 67,580,482</u>	<u>\$ 65,292,920</u>	<u>\$ 65,186,726</u>	<u>\$ 45,700,891</u>	<u>\$ 47,617,383</u>	<u>\$ 49,857,183</u>	<u>\$ 52,091,754</u>	<u>\$ 53,600,054</u>	<u>\$ 55,426,520</u>
Total net debt applicable to the limit as a percentage of debt limit	4.56%	4.40%	4.21%	3.86%	32.34%	30.50%	28.49%	26.52%	24.83%	23.04%

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

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

Demographic and Economic Information

MOUNTAINSIDE SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2010	6,668	\$ 340,268,040	\$ 51,030	5.40%
2011	6,712	356,588,424	53,127	5.30%
2012	6,733	371,331,683	55,151	5.40%
2013	6,781	380,610,749	56,129	4.40%
2014	6,775	401,283,250	59,230	4.50%
2015	6,784	415,655,680	61,270	3.50%
2016	6,822	426,552,372	62,526	3.50%
2017	6,841	444,911,276	65,036	3.40%
2018	6,864	468,550,368	68,262	2.90%
2019	6,885	469,983,870 *	68,262	2.40%

Source:

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

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

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

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

* Estimate, used prior years amount

MOUNTAINSIDE SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment

Information Unavailable

-		0.00%	-		0.00%
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Operating Information

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

<u>Function/Program</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>	<u>2019</u>	<u>2020</u>
Instruction										
Teachers	64.7	56.4	55.9	58.0	58.7	61.0	61.0	61.0	62.1	68.8
Classroom Aides	9.0	10.4	6.5	6.5	7.0	9.8	12.0	11.0	11.0	12.0
Support Services:										
Tuition										
Student & Instruction Related Services	14.0	11.2	10.0	10.0	10.0	11.0	12.0	11.4	11.4	11.4
General Administration	1.7	1.6	1.5	1.5	1.4	2.4	2.0	2.0	2.0	2.0
School Administrative Services	4.5	5.5	5.5	5.5	4.6	4.6	4.6	4.6	4.6	4.6
Business Administrative Services	2.8	2.3	2.7	2.7	2.7	2.7	2.5	3.0	3.0	3.9
Administrative Information Technology	-	-	-	-	-	-	-	1.0	1.0	1.0
Plant operations and maintenance	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0	8.0
Total	<u>103.7</u>	<u>94.4</u>	<u>89.1</u>	<u>91.2</u>	<u>92.4</u>	<u>99.5</u>	<u>102.1</u>	<u>102.0</u>	<u>102.1</u>	<u>111.7</u>

Source: District Personnel Records

Mountainside School District
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
2011	806	\$ 14,869,283	\$ 18,448	-5.77%	64.7	1:12	N/A	N/A	806.0	779.3	5.22%	96.69%
2012	810	15,169,270	18,727	1.51%	56.4	1:14	N/A	N/A	810.0	783.0	2.66%	96.67%
2013	778	15,478,685	19,895	6.24%	55.9	1:13	N/A	N/A	778.0	745.3	-3.47%	95.80%
2014	747	15,586,593	20,866	4.88%	58.0	1:13	N/A	N/A	757.6	735.7	-6.46%	97.11%
2015	761	16,128,880	21,194	1.58%	58.7	1:13	N/A	N/A	741.3	712.6	-4.72%	96.13%
2016	734	17,200,596	23,434	10.57%	61.0	1:12	N/A	N/A	729.2	701.5	-3.75%	96.20%
2017	718	18,013,300	25,088	7.06%	61.0	1:12	N/A	N/A	715.9	687.9	-3.43%	96.09%
2018	727	18,385,851	25,290	0.80%	61.0	1:12	N/A	N/A	724.9	696.5	-0.59%	96.09%
2019	727	18,428,654	25,349	0.23%	62.1	1:12	N/A	N/A	729.0	698.1	1.83%	95.76%
2020	746	19,590,858	26,261	3.60%	68.8	1:11	N/A	N/A	764.9	726.9	5.51%	95.04%

Sources: District Records

Note: Enrollment based on annual October district count.

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

MOUNTAINSIDE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
Beechwood										
Square Feet	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810
Capacity (students)	235	235	235	235	235	235	235	235	235	235
Enrollment	270	256	255	265	233	236	237	237	252	268
Deerfield										
Square Feet	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258
Capacity (students)	546	546	546	546	546	546	546	546	546	546
Enrollment	543	565	523	505	528	498	481	490	475	478
Number of Schools at June 30, 2020										
Elementary = 1(Pre-K through Grade 2)										
Middle School = 1(Grades 3 through 8)										

Source: District Facilities Office

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

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

<u>School Facilities</u>	<u>Project #(s)</u>	<u>2020</u>	<u>2019</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>
Deerfield School	SP201453	\$ 143,514	\$ 133,719	\$ 115,530	\$ 144,601	\$ 69,806	\$ 58,410	\$ 79,104	\$ 60,300	\$ 24,750	\$ 38,420
Beechwood School	SP201452	60,659	55,216	77,506	68,857	26,783	16,153	29,990	17,900	10,250	4,800
Grand Total		<u>\$ 204,173</u>	<u>\$ 188,935</u>	<u>\$ 193,035</u>	<u>\$ 213,458</u>	<u>\$ 96,589</u>	<u>\$ 74,563</u>	<u>\$ 109,094</u>	<u>\$ 78,200</u>	<u>\$ 35,000</u>	<u>\$ 43,220</u>

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

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020

UNAUDITED

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

The SAIF commenced operations on July 1, 1996 with 69 member districts. There are currently more than 150 member districts.

The Fund provides the following coverages to its participants:

1. Comprehensive General liability including Employee Benefits Liability

1. Limit of Liability
 - a. Bodily Injury & Property Damage - \$5,000,000 per occurrence per member
 - b. Fire Damage - \$5,000,000 per occurrence & aggregate
 - c. Employee Benefits Programs - \$1,000,000 per occurrence (\$1,000 deductible per claim)

2. Workers' Compensation

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

3. Property

1. Limit of Liability – Total Insurance Value on file with the Fund
2. Extra Expense - \$1,000,000
3. Member Deductible - \$2,500 per occurrence

4. Automobile

1. Bodily Injury & Property – \$5,000,000
2. Personal Injury Protection (PIP) – Statutory
3. Medical Payments - \$10,000
4. Uninsured/Underinsured Motorists - \$15,000 per person/\$30,000 each accident/\$5,000 property damage (\$500 deductible applicable to property damage)
5. Auto Physical Damage Member Deductible - \$1,000 per occurrence

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020

UNAUDITED

5. Environmental Impairment Liability

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

6. School Leaders Professional Liability

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

7. Excess Liability

1. Limits of Liability – \$5,000,000 per occurrence/aggregate per member

8. Crime

1. Limits of Liability:
 - a. Employee Theft - \$500,000 per loss/\$1,000 Deductible per loss
 - b. Other Theft/Fraud - \$50,000 per loss/\$1,000 Deductible per loss

9. Public Employees Faithful Performance Bonds

Selective Insurance Company of America:

1. Board Secretary/SBA - \$450,000
2. Treasurer of School Monies - \$210,000

10. Student Accident Insurance

Zurich American Insurance Company:

1. Limits of Liability:
 - a. Compulsory/Full Excess - \$1,000,000 per accident/5 year benefit

Source: Borough of Mountainside Board of Education

SINGLE AUDIT SECTION

SECTION – K

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Mountainside School District ("District"), in the County of Union, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 3, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

**Honorable President and Members
of the Board of Education
Borough of Mountainside School District**

Page 2

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

Compliance and Other Matters

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

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

PKF O'Connor Davies, LLP

February 3, 2021
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major State Program

We have audited the Borough of Mountainside School District ("District"), County of Union, New Jersey compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

PKF O'CONNOR DAVIES, LLP
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**Honorable President and Members
of the Board of Education
Borough of Mountainside School District**

Page 2

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

**Honorable President and Members
of the Board of Education
Borough of Mountainside School District**

Page 3

Purpose of this Report

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

PKF O'Connor Davies, LLP

February 3, 2021
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2020	MEMO CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Agriculture									
Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
National School Lunch Program	10.555	191NJ304N1099	7/1/18-6/30/19	\$	\$ (3,626.91)	\$ 3,626.91			-
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	15,038.00		14,975.01	(15,037.65)	(62.64)	(15,037.65)
Federal Food Distribution Program	10.555	201NJ304N1099	7/1/19-6/30/20	12,259.00	656.28	11,602.54	(12,258.82)	-	(12,258.82)
Total U.S. Department of Agriculture					(2,970.63)	30,204.46	(27,296.47)	(62.64)	(27,296.47)
U.S. Department of Education									
Passed-through State Department of Education:									
Special Revenue Fund:									
I.D.E.A. Part B Basic and Preschool Cluster:									
I.D.E.A. Part B	84.027	H027A180100	7/1/18-6/30/19		(28,155.00)	28,155.00			
I.D.E.A. Part B	84.027	H027A190100	7/1/19-9/30/20	142,218.00			(142,218.00)	(142,218.00)	(142,218.00)
I.D.E.A. Part B, Preschool	84.173	H173A190114	7/1/19-9/30/20	7,752.00			(7,752.00)	(7,752.00)	(7,752.00)
					(28,155.00)	28,155.00	(149,970.00)	(149,970.00)	(149,970.00)
N.C.L.B. Title IV	84.424	S424A180031	7/1/18-6/30/19		(3,136.00)	3,136.00			
N.C.L.B. Title IV	84.424	S424A190031	7/1/19-9/30/20	10,000.00			(10,000.00)	(10,000.00)	(10,000.00)
N.C.L.B. Title II, Part A	84.367A	S367A190029	7/1/19-9/30/20	16,647.00			(16,647.00)	(16,647.00)	(16,647.00)
N.C.L.B. Title II, Part A	84.367A	S367A180029	7/1/18-6/30/19		(5,191.00)	5,191.00			
N.C.L.B. Title I, Part A	84.010A	S010A180030	7/1/18-6/30/19		(18,869.00)	18,869.00			
N.C.L.B. Title I, Part A	84.010A	S010A190030	7/1/19-9/30/20	74,955.00			(74,955.00)	(74,955.00)	(74,955.00)
Total U.S. Department of Education					(55,351.00)	55,351.00	(251,572.00)	(251,572.00)	(251,572.00)
U.S Department of Labor - Passed-Through State									
Department of Labor									
Agency Fund:									
Passed through State Department of Labor:									
CARES Act DOL Unemployment Grant	17.000	Not available	7/1/19-12/31/20	10,338.00			10,337.68	10,337.68	10,337.68
Total Agency Fund							10,337.68	10,337.68	10,337.68
Total Federal Financial Assistance					\$ (58,321.63)	\$ 85,555.46	\$ (268,530.79)	\$ (241,296.96)	\$ (268,530.79)

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2020 based upon the reported level of expenditures.
 See Accompanying Notes to Schedules of Financial Assistance

MOUNTAINSIDE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit K-4

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE - JUNE 30, 2019				BALANCE - JUNE 30, 2020		MEMO	
				GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CASH RECEIVED	BUDGETARY EXPENDITURES	GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:											
Governmental Funds											
General Fund											
Special Education Aid	20-495-034-5120-089	\$ 513,853	7/1/19-6/30/20	\$	\$	\$ 463,779.00	\$ (513,853.00)	\$	\$ (50,074.00)	\$ (513,853.00)	
Special Education Aid	19-495-034-5120-089	435,718	7/1/18-6/30/19		(42,344.00)	42,344.00					
Transportation Aid	19-495-034-5120-014	307,722	7/1/18-6/30/19		(29,906.00)	29,906.00					
Transportation Aid	20-495-034-5120-014	307,722	7/1/19-6/30/20			277,735.00	(307,722.00)		(29,987.00)	(307,722.00)	
Security Aid	19-495-034-5120-084	19,731	7/1/18-6/30/19		(1,921.00)	1,921.00					
Security Aid	20-495-034-5120-084	19,731	7/1/19-6/30/20			17,809.00	(19,731.00)		(1,922.00)	(19,731.00)	
Extraordinary Aid	20-100-034-5120-044	149,736	7/1/19-6/30/20				(149,736.00)	(149,736.00)		(149,736.00)	
Extraordinary Aid	19-100-034-5120-044	112,873	7/1/18-6/30/19	(112,873.00)		112,873.00					
Nonpublic School Transportation	19-495-034-5120-014	20,590	7/1/18-6/30/19	(20,590.00)		20,590.00					
T.P.A.F. Social Security Aid	20-495-034-5094-003	390,848	7/1/19-6/30/20			390,848.29	(390,848.29)			(390,848.29)	
T.P.A.F. Pension Contributions	20-495-034-5094-002	1,008,771	7/1/19-6/30/20			1,008,771.00	(1,008,771.00)			(1,008,771.00)	
T.P.A.F. Post Retirement Medical	20-495-034-5094-001	380,943	7/1/19-6/30/20	-		380,943.00	(380,943.00)			(380,943.00)	
T.P.A.F. Non-Contributory Insurance	20-495-034-5094-004	19,638	7/1/19-6/30/20	-		19,638.00	(19,638.00)			(19,638.00)	
Debt Service Fund											
School Building Aid	20-495-034-5120-017	453,376	7/1/19-6/30/20			453,376.00	(453,376.00)			(453,376.00)	
Enterprise Funds											
State School Lunch Program	20-100-010-3350-023	1,571	7/1/19-6/30/20			1,570.11	(1,571.10)	(0.99)		(1,571.10)	
State School Lunch Program	19-100-010-3350-023	2,015	7/1/18-6/30/19	(395.39)		395.39					
Total State Financial Assistance				\$	<u>(133,858.39)</u>	\$	<u>(74,171.00)</u>	\$	<u>3,222,498.79</u>	\$	<u>(3,246,189.39)</u>
				Less:							
				T.P.A.F. Pension Contributions		\$	(1,008,771.00)				
				T.P.A.F. Post Retirement Medical			(380,943.00)				
				T.P.A.F. Non-Contributory Insurance			<u>(19,638.00)</u>				
				State Expenditures Subject to Single Audit		\$	<u>(1,836,837.39)</u>				

Note: See Accompanying Notes to Schedules of Financial Assistance.

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year.

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2020

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

The special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ ---	\$ 2,783,430	\$ 2,783,430
Special Revenue Fund	251,572	---	251,572
Debt Service Fund	---	453,376	453,376
Food Service Fund	<u>27,296</u>	<u>1,571</u>	<u>28,867</u>
Total Assistance	\$ <u>278,868</u>	\$ <u>3,238,377</u>	\$ <u>3,517,245</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2020. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020, and are subject to the state single audit mandate.

NOTE 6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

MOUNTAINSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

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

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

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

Federal Awards - NOT APPLICABLE, FEDERAL SINGLE AUDIT NOT REQUIRED

Internal Control over major programs:

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

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

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

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

Identification of major programs:

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

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

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

MOUNTAINSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section 1 - Summary of Auditors' Results (cont'd)

State Financial Assistance

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

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major programs:

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
	State Aid Cluster:
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

Section II - Financial Statement Findings

NONE

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

NONE

MOUNTAINSIDE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Not Applicable. There were no audit findings or questioned costs reported for the year ended June 30, 2019.