



**MOUNTAINSIDE SCHOOL DISTRICT**

**BOROUGH OF MOUNTAINSIDE  
BOARD OF EDUCATION**

**COUNTY OF UNION  
MOUNTAINSIDE, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2021**

# **Mountainside School District**

**Mountainside, New Jersey**

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2021

Prepared by

Business Office

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
JUNE 30, 2021**

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## **INTRODUCTORY SECTION**



# MOUNTAINSIDE BOARD OF EDUCATION

1497 WOODACRES DR., MOUNTAINSIDE, NJ 07092

908-232-3232

WWW.MOUNTAINSIDESCHOOLS.ORG

March 14, 2022

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 Annual Comprehensive Financial Report (A.C.F.R.) of the Mountainside Public School District for the fiscal year ended June 30, 2021, 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 A.C.F.R. is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter (which should be read in conjunction with the management's discussion and analysis), 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, 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 2020-2021 fiscal year with an in district enrollment of 728 students, which is 18 students less than

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
2020-2021	728	- 2.4
2019-2020	746	+1.9
2018-2019	732	+0.7
2017-2018	727	+1.3
2016-2017	718	- 2.2

### **2. ECONOMIC CONDITION AND OUTLOOK:**

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

### **3. MAJOR INITIATIVES CURRENTLY UNDERWAY:**

The District continues to maintain current technology to support student needs. Additionally, the district expanded its 1:1 initiative to include all students in grades 1-8 and procured new software in response to the COVID-19 Pandemic. Additional teacher devices, microphones, and other technology hardware was also purchased to support the need to provide instruction through various methods. 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. During the 2020-2021 school year, the District maintained a commitment to increased staffing in order to reduce class size and maximize student distancing within the classroom. This allowed the District to remain open to in-person instruction throughout the year while maintaining strict adherence to recommended COVID related health and 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, 2021.

## 6. ACCOUNTING SYSTEM AND REPORTS:

A District's accounting records must reflect generally accepted accounting 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, 2021, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenue	2020-21 Amount	Percent of Total	Increase (Decrease) From 2019-20	Percent of Increase (Decrease)
Local Tax Levy	\$17,994,815	79.3%	\$407,957	2.3%
Other Restrict. Misc.	48	0.0%	48	100%
Other Local Sources	300,063	1.3%	(63,187)	(17.4%)
State Sources	3,925,046	17.3%	688,240	21.3%
Federal Sources	<u>469,147</u>	<u>2.1%</u>	<u>217,575</u>	<u>86.5%</u>
Totals	<u>\$22,689,119</u>	<u>100.00%</u>	<u>\$1,250,633</u>	<u>5.8%</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, 2021, and the amount and percentage of increase/ (decrease) in relation to the prior year.

<u>Expenditures</u>	<u>2020-21 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2019-20</u>	<u>Percent of Increase (Decrease)</u>
Current Expense	\$20,068,739	89.7%	\$834,832	4.3%
Capital Outlay	91,228	0.4%	(585,866)	(86.5%)
Special Revenues	558,638	2.5%	201,687	56.5%
Debt Service	<u>1,667,728</u>	<u>7.4%</u>	<u>(19,087)</u>	<u>(1.1%)</u>
Totals	<u>\$22,386,333</u>	<u>100.0%</u>	<u>\$431,566</u>	<u>2.0%</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, 2021, the District had \$600,000 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 \$14.855 million remained at June 30, 2021.

#### **9. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

#### **10. RISK MANAGEMENT:**

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

#### **11. OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm 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 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." The auditors' 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

Borough of Mountainside Board of Education  
Union County, New Jersey

Roster of Officials

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Ruban, Jr., President	2022
Dana Guidici Pietro, Vice President	2023
Bill Dillon	2022
Jordan Hyman	2021
Vivian Pupo	2023
Candice Schiano	2021
Carmine Venes	2022

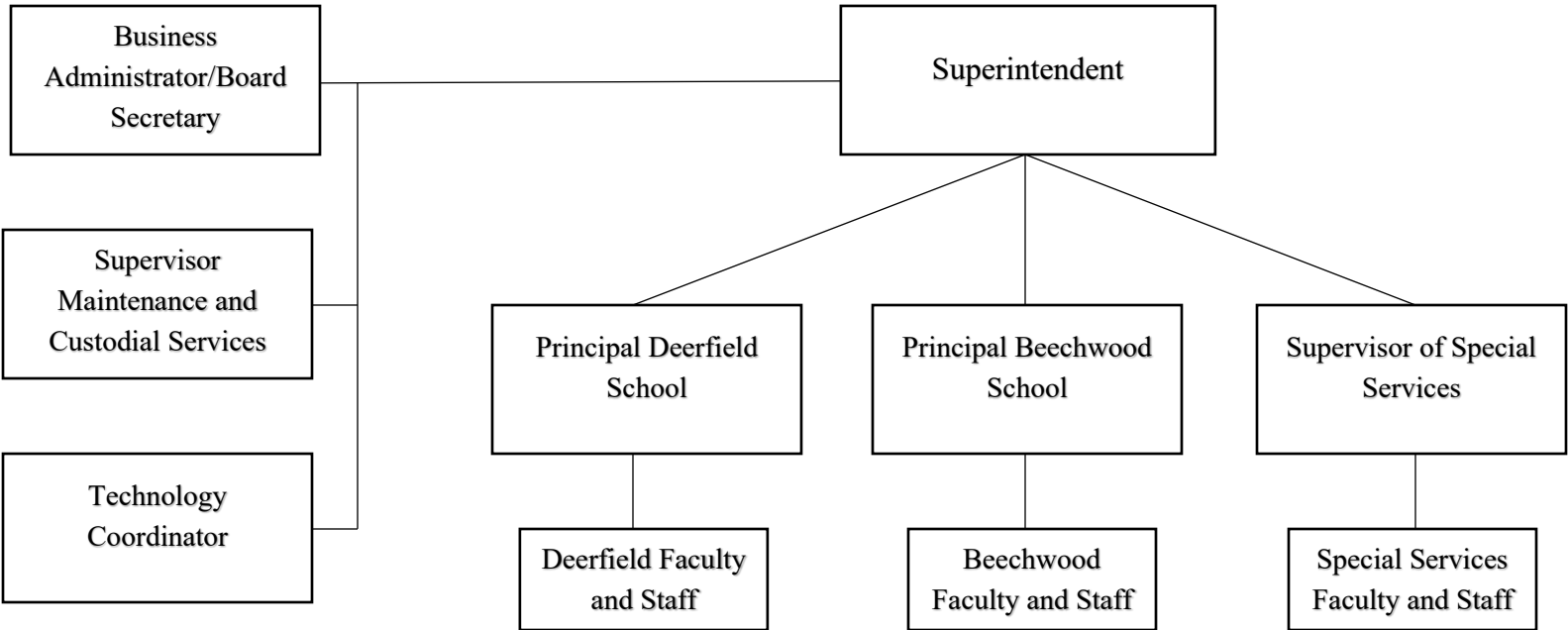
Other Officials

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, 2021**

**Attorney**

Machado Law Group  
1 Cleveland Place  
Springfield NJ, 07081

**Bond Counsel**

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

**Audit Firm**

PKF O'Connor Davies, LLP  
20 Commerce Drive, Suite 301  
Cranford, NJ 07016

**Financial Advisor**

Acacia Financial Group, Inc.  
Mount Laurel, NJ

**Official Depository**

Valley National Bank  
882 Mountain Ave.  
Mountainside, NJ 07092

## **FINANCIAL SECTION**



## Independent Auditors' Report

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Board of Education of the Borough of Mountainside School District, County of Union, New Jersey ("District"), as of and for the year ended June 30, 2021, 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 fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements 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 District'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](http://www.pkfod.com)

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

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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, and each major fund of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, its cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

We draw attention to Note 1R and Note 16 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 the State's proportionate share of the 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 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 Honorable President and Members  
of the Board of Education  
Borough of Mountainside School District**

Page 3

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.

The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole.

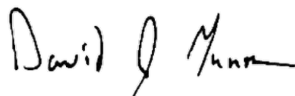
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022, 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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*

March 14, 2022  
Cranford, New Jersey



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, 2021**

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, 2021. 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 2020-2021 fiscal year include the following:

The District's Governmental Activities net position increased by \$525,227 as reflected in Table 3, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation, as well as GASB Statement No. 84, *Fiduciary Activities*, being implemented for the 2020-2021 school year. This statement requires that state and local governments now account for fiduciary activities in the governmental funds. As a result, the District's Unemployment and Payroll Agency Funds are now accounted for in the General Fund, and the Scholarship and Student Activity Funds are now accounted for in the Special Revenue Fund. Any net position in the former fiduciary funds is now included in the governmental funds. The District's business-type activity expenses exceeded related revenues by \$21,967. The breakdown of this amount is reflected in Schedule A-2 of the Government-wide Financial Statements. With the implementation of GASB 84 as stated above, the District's beginning Governmental Fund Balances were restated to include \$243,107 in Net Position from the fiduciary funds. The restated Governmental Fund Balance at July 1, 2020 is \$2,417,960. The District's Governmental Funds reported an increase in Fund Balance of \$302,786, to \$2,720,746 at year-end. This increase resulted primarily from the increase in the local tax levy and state source revenue year over year. 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 \$2,499,718 which represents an increase of \$283,438 over the prior year. Of this total, \$375,000 of excess surplus was appropriated toward the 2021-2022 budget, and an additional \$155,000 of Tuition Reserve and \$60,000 of Capital Reserve has been designated for the 2021-2022 budget.

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 2022-2023 budget is \$375,000. The unassigned general fund balance is reported at \$759,409. State of New Jersey Senate Bill 2691 changed the percentage of unassigned surplus allowable under N.J.S.A. 18A:7F-7 from 2% to 4% for the 2020-2021 and 2021-2022 fiscal years. The District's General Fund Balance is at the maximum permitted under the Department of Education regulations based upon 4% of General Fund expenditures, with specified modifications. Total spending for all governmental funds was \$22,386,333. Total revenues were \$22,689,119 resulting in an excess of revenues over expenditures of \$302,786 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.

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***

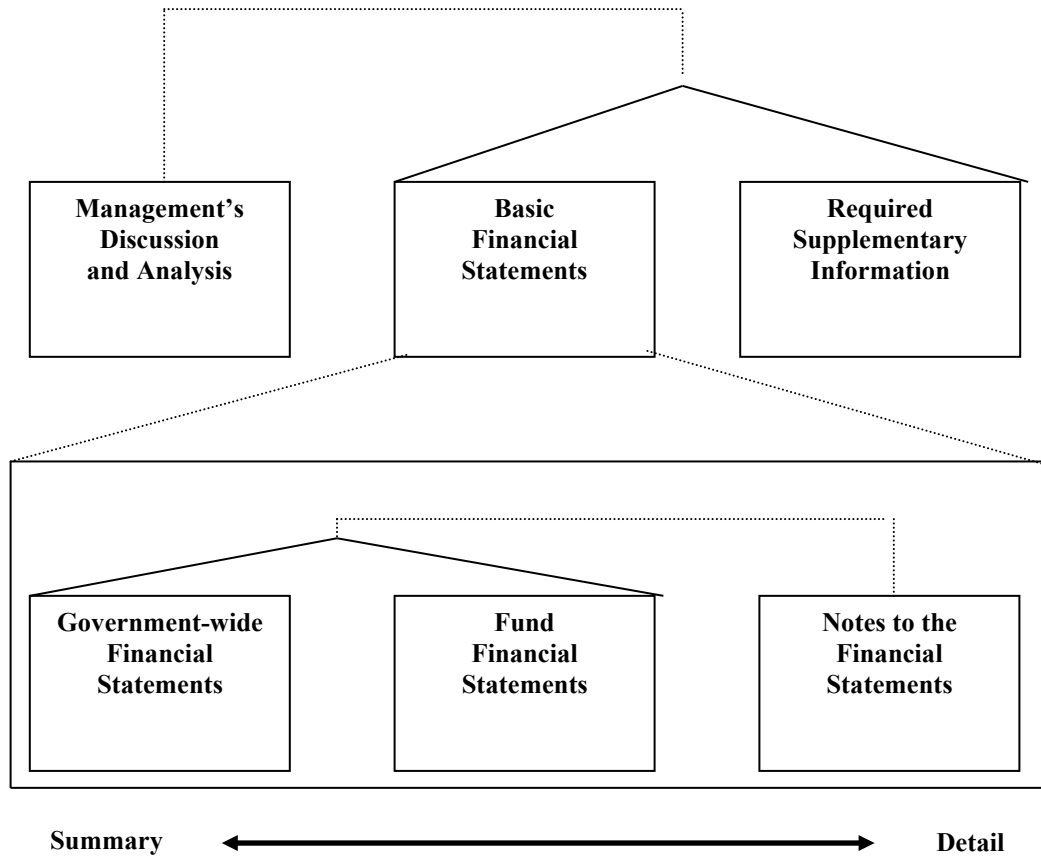


Table - 2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of cash flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / 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
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



## **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 her 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 food services program is included here.

## **Fund Financial Statements**

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

- Some funds are required by state law and 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 two types 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.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The School District's Governmental Activities net position was \$8,078,509 at June 30, 2021. Of this amount, a deficit amount of \$2,526,221 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS and TPAF 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 \$68,251 at June 30, 2021. Of this amount, \$42,782 was reported as unrestricted net position, with the balance of \$25,469 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	%
	2020	2021	Increase	Increase
	(Restated)		(Decrease)	(Decrease)
<b>Assets</b>				
Current and other assets	\$ 3,165,452	\$ 3,457,889	\$ 292,437	9.24%
Capital assets	<u>25,039,192</u>	<u>24,218,137</u>	<u>(821,055)</u>	-3.28%
<b>Total Assets</b>	<b>\$ <u>28,204,644</u></b>	<b>\$ <u>27,676,026</u></b>	<b>\$ <u>(528,618)</u></b>	<b>-1.87%</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources	\$ <u>602,150</u>	\$ <u>492,993</u>	\$ <u>(109,157)</u>	-18.13%
<b>Total Deferred Outflows of Resources</b>	<b>\$ <u>602,150</u></b>	<b>\$ <u>492,993</u></b>	<b>\$ <u>(109,157)</u></b>	<b>-18.13%</b>
<b>Liabilities</b>				
Current and other liabilities	\$ 1,093,547	\$ 2,300,884	\$ 1,207,337	110.41%
Long-term liabilities	<u>19,033,491</u>	<u>16,735,885</u>	<u>(2,297,606)</u>	-12.07%
<b>Total Liabilities</b>	<b>\$ <u>20,127,038</u></b>	<b>\$ <u>19,036,769</u></b>	<b>\$ <u>(1,090,269)</u></b>	<b>-5.42%</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources	\$ <u>1,126,474</u>	\$ <u>1,053,741</u>	\$ <u>(72,733)</u>	-6.46%
<b>Total Deferred Inflows of Resources</b>	<b>\$ <u>1,126,474</u></b>	<b>\$ <u>1,053,741</u></b>	<b>\$ <u>(72,733)</u></b>	<b>-6.46%</b>
<b>Net Position</b>				
<b>Net Investment in</b>				
capital assets	\$ 8,459,987	\$ 8,643,393	\$ 183,406	2.17%
Restricted	1,987,113	1,961,337	(25,776)	-1.30%
Unrestricted	<u>(2,893,817)</u>	<u>(2,526,221)</u>	<u>367,596</u>	-12.70%
<b>Total Net Position</b>	<b>\$ <u>7,553,282</u></b>	<b>\$ <u>8,078,509</u></b>	<b>\$ <u>525,227</u></b>	<b>6.95%</b>

**B. Business-Type Activities**

	Year Ended June 30		Amount	%
	2020	2021	Increase	Increase
			(Decrease)	(Decrease)
<b>Current and other assets</b>				
Current and other assets	\$ 86,300	\$ 108,651	\$ 22,351	25.90%
Capital assets	<u>18,662</u>	<u>25,469</u>	<u>6,807</u>	36.48%
<b>Total Assets</b>	<b>\$ <u>104,962</u></b>	<b>\$ <u>134,120</u></b>	<b>\$ <u>29,158</u></b>	<b>27.78%</b>
<b>Liabilities</b>				
Current and other liabilities	\$ <u>14,744</u>	\$ <u>65,869</u>	\$ <u>51,125</u>	346.76%
<b>Total Liabilities</b>	<b>\$ <u>14,744</u></b>	<b>\$ <u>65,869</u></b>	<b>\$ <u>51,125</u></b>	<b>346.76%</b>
<b>Net Position</b>				
<b>Investment in capital</b>				
assets	\$ 18,661	\$ 25,469	\$ 6,808	36.48%
Unrestricted	<u>71,557</u>	<u>42,782</u>	<u>(28,775)</u>	-40.21%
<b>Total Net Position</b>	<b>\$ <u>90,218</u></b>	<b>\$ <u>68,251</u></b>	<b>\$ <u>(21,967)</u></b>	<b>-24.35%</b>

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 slightly so you can see the District's total revenues and expenses for the year.

**Table - 4**  
**Change in Net Position**

	<b>Governmental Activities</b>		<b>Amount Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
	<b>2020</b>	<b>2021</b>		
<b>Revenues:</b>				
Program revenue				
Charges for Services	\$ -	\$ 53,080	\$ 53,080	100.00%
Operating Grants and Contributions	356,951	524,906	167,955	47.05%
General revenue				
Local tax levy	17,586,858	17,994,815	407,957	2.32%
Federal and state aid	4,167,644	5,504,047	1,336,403	32.07%
Miscellaneous revenues	257,870	191,272	(66,598)	-25.83%
<b>Total revenues</b>	<b>\$ 22,369,324</b>	<b>\$ 24,268,120</b>	<b>\$ 1,898,796</b>	<b>8.49%</b>
<b>Function/program expense:</b>				
Instruction				
Regular programs	\$ 6,493,063	\$ 7,470,134	\$ 977,071	15.05%
Special programs	2,014,117	2,199,302	185,185	9.19%
Other Instructional programs	828,224	724,725	(103,499)	-12.50%
Support services				
Student services	1,873,868	1,961,551	87,683	4.68%
Tuition	6,434,452	6,621,378	186,926	2.91%
General administration and business services	1,181,011	1,014,877	(166,134)	-14.07%
School administration	751,255	872,034	120,779	16.08%
Plant services	1,401,990	1,689,257	287,267	20.49%
Pupil transportation	710,107	668,880	(41,227)	-5.81%
Interest on long-term debt	556,778	520,755	(36,023)	-6.47%
<b>Total expenses</b>	<b>\$ 22,244,864</b>	<b>\$ 23,742,893</b>	<b>\$ 1,498,029</b>	<b>6.73%</b>
<b>Increase (Decrease) net position</b>	<b>\$ 124,460</b>	<b>\$ 525,227</b>	<b>\$ 400,767</b>	<b>322.01%</b>

**Table - 4**  
**Change in Net Position**

	<u>Business-Type Activities</u>		<b>Amount Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
	<u>2020</u>	<u>2021</u>		
<b>Revenues:</b>				
Program revenue				
Charges for Services	\$ 143,125	\$ 168,508	\$ 25,383	17.74%
Operating Grants and Contributions	28,868	186,141	157,273	544.81%
Miscellaneous revenues	1,404	63	(1,341)	-95.51%
<b>Total revenues</b>	<b>\$ 173,396</b>	<b>\$ 354,712</b>	<b>\$ 181,316</b>	<b>51.12%</b>
<b>Business-Type Activities :</b>				
Food Service	\$ 155,651	\$ 376,679	\$ 40,607	26.09%
<b>Total expenses</b>	<b>\$ 155,651</b>	<b>\$ 376,679</b>	<b>\$ 221,028</b>	<b>142.00%</b>
<b>Increase (Decrease) net position</b>	<b>\$ 17,745</b>	<b>\$ (21,967)</b>	<b>\$ (39,712)</b>	<b>-223.79%</b>

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 \$2,720,746, which is an increase of \$302,786 from last year. This amount includes the General Fund (increase of \$283,438), Special Revenue Fund (increase of \$19,348), Capital Projects Fund (unchanged), and Debt Service Fund (unchanged). The primary reasons for the increase/decrease are:

1. GASB Statement No. 84, *Fiduciary Activities*, being implemented for the 2020-2021 school year. This statement requires that state and local governments now account for certain fiduciary activities in the governmental funds.
2. Favorable budget variances of the General Fund Balance and Special Revenue Fund Balance.
3. Increase in Tax Levy and State Aid revenues from the prior year.

### **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 \$2.30 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$2.34 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 \$1.35 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 2020-21 budget and the variances in actual revenues and expenditures. Revenue realization for the 2020-21 school year was positive for governmental activities when compared to the 2019-20 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 2.3% for the 2020-21 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 \$1,133,861. A favorable variance of \$47,177 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**

	<b>Year Ended June 30</b>		<b>Increase (Decrease)</b>	
	<b>2020</b>	<b>2021</b>	<b>\$</b>	<b>%</b>
<b>Revenue by Source:</b>				
Local Tax Levy	\$ 17,586,858	\$ 17,994,815	\$ 407,957	2.3%
Other Local Sources	363,250	300,111	(63,139)	-17.4%
Total Local Sources	17,950,108	18,294,926	344,818	1.9%
State Sources	3,236,806	3,925,046	688,240	21.3%
Federal Sources	251,572	469,147	217,575	86.5%
<b>Total Revenues</b>	<b>\$ 21,438,486</b>	<b>\$ 22,689,119</b>	<b>\$ 1,250,633</b>	<b>5.8%</b>
<b>Function/Program Expenditures:</b>				
Instruction				
Regular programs	\$ 3,708,801	\$ 3,777,687	\$ 68,886	1.9%
Special programs	1,138,547	1,208,837	70,290	6.2%
Other Instructional programs	464,384	366,408	(97,976)	-21.1%
Support services				
Student services	1,481,870	1,505,841	23,971	1.6%
Tuition	6,078,363	6,263,318	184,955	3.0%
Instructional staff support				
General administration and business services	445,147	265,676	(179,471)	-40.3%
School administration	379,281	393,893	14,612	3.9%
Plant services	970,422	1,274,047	303,625	31.3%
Student transportation	670,809	632,709	(38,100)	-5.7%
Unallocated benefits	4,225,104	4,932,905	707,801	16.8%
Debt Service				
Principal	1,115,000	1,135,000	20,000	1.8%
Interest and Other Charges	571,815	532,728	(39,087)	-6.8%
Capital Outlay	705,225	97,284	(607,941)	-86.2%
<b>Total</b>	<b>\$ 21,954,767</b>	<b>\$ 22,386,333</b>	<b>\$ 431,566</b>	<b>2.0%</b>

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$22.39 million or a 2.0% increase from the preceding year. The primary driver for this increase was the Unallocated Benefits, which increased by \$707,801, Plant Services costs, which increased by \$303,625, and Tuition Support Services costs, which increased by \$184,955. Increased employee benefit costs of \$704,248 are mostly 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 \$17.99 million of those activities through property taxes, which reflect only a 2.3% increase over the prior year. As shown above, \$3.93 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$2.34 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, 2021, the School District reported \$33,594,164 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net increase (including additions, trade-ins and retirements) of \$75,816 from the prior year. Table-6 details the composition of capital assets at June 30<sup>th</sup> of the current and prior year and the net changes for the current year.

**Table - 6**  
**Governmental Activity Capital Assets at Year-End**

	<b>FY 2020</b>	<b>FY 2021</b>	<b>Increase (Decrease)</b>
Land	\$ 1,875,070	\$ 1,875,070	\$ -
Improvements Other than Buildings	311,673	311,673	-
Buildings and Improvements	30,892,982	30,960,218	67,236
Furniture, Equipment and Vehicles	438,623	447,203	8,580
<b>Total</b>	<b>\$ 33,518,348</b>	<b>\$ 33,594,164</b>	<b>\$ 75,816</b>

## Long-Term Debt

At the end of this year, the School District had \$15,455,000 in bonds (Type II debt) outstanding versus \$16,590,000 last year – a decrease of 7.34%. The summary of year-end long-term debt and changes for the 2020-2021 school year is as follows:

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

	<b>Governmental Activities</b>		<b>(Decrease)</b>
	<b>2020</b>	<b>2021</b>	<b>Increase</b>
School Serial Bonds Payable	\$ 16,590,000	\$ 15,455,000	\$ (1,135,000)
Other Long Term Debt:			
Net Pension Liability	2,210,387	2,060,773	(149,614)
Compensated Absences Payable	230,238	305,641	75,403
Obligations Under Capital Lease	-	126,713	126,713
Unamortized Premium/(Discount) on Bonds	2,866	-	(2,866)
<b>Total</b>	<b>\$ 19,033,491</b>	<b>\$ 17,948,127</b>	<b>\$ (1,085,364)</b>

## 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 Interim 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, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,006,230	\$ 94,100	\$ 3,100,330
Receivables, Net	442,894	21,478	464,372
Internal Balances	8,765	(8,765)	-
Inventory		1,838	1,838
Capital Assets, Net	24,218,137	25,469	24,243,606
	<u>27,676,026</u>	<u>134,120</u>	<u>27,810,146</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	486,024		486,024
Deferred Amount on Refinancing	6,969		6,969
	<u>492,993</u>	<u>-</u>	<u>492,993</u>
<u>LIABILITIES</u>			
Accounts Payable	699,670	52,793	752,463
Payroll Deductions and Withholdings Payable	121,498		121,498
Accrued Interest Payable	192,014		192,014
Other Liabilities	11,955		11,955
Unearned Revenue	63,505	13,076	76,581
Noncurrent Liabilities:			
Due Within One Year	1,212,242		1,212,242
Due Beyond One Year	14,675,112		14,675,112
Net Pension Liability	2,060,773		2,060,773
	<u>19,036,769</u>	<u>65,869</u>	<u>19,102,638</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	1,053,741		1,053,741
	<u>1,053,741</u>	<u>-</u>	<u>1,053,741</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,643,393	25,469	8,668,862
Restricted for:			
Excess Surplus	750,000		750,000
Capital Reserve	430,489		430,489
Maintenance Reserve	154,423		154,423
Tuition Reserve	356,317		356,317
Unemployment Liability Reserve	49,080		49,080
Capital Projects	16,055		16,055
Scholarships	153,781		153,781
Student Activities	51,192		51,192
Unrestricted (Deficit)	(2,526,221)	42,782	(2,483,439)
	<u>8,078,509</u>	<u>68,251</u>	<u>8,146,760</u>
Total Net Position	\$ <u>8,078,509</u>	\$ <u>68,251</u>	\$ <u>8,146,760</u>

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

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 7,470,134			\$ (7,470,134)		\$ (7,470,134)
Special Education	2,199,302		\$ 220,342	(1,978,960)		(1,978,960)
Other Instruction	724,725			(724,725)		(724,725)
Support Services:						
Tuition	6,621,378		161,792	(6,459,586)		(6,459,586)
Student & Instruction Related Services	1,961,551	\$ 53,080	142,772	(1,765,699)		(1,765,699)
School Administrative Services	872,034			(872,034)		(872,034)
General and Business Administrative Services	1,014,877			(1,014,877)		(1,014,877)
Plant Operations and Maintenance	1,689,257			(1,689,257)		(1,689,257)
Pupil Transportation	668,880			(668,880)		(668,880)
Interest on Long-Term Debt	520,755			(520,755)		(520,755)
Total Governmental Activities	23,742,893	53,080	524,906	\$ (23,164,907)	-	(23,164,907)
Business-Type Activities:						
Food Service	376,679	168,508	186,141		\$ (22,030)	(22,030)
Total Business-Type Activities	376,679	168,508	186,141	-	(22,030)	(22,030)
Total Primary Government	\$ 24,119,572	\$ 221,588	\$ 711,047	(23,164,907)	(22,030)	(23,186,937)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				16,778,899		16,778,899
Taxes Levied for Debt Service				1,215,916		1,215,916
Federal and State Aid not Restricted				5,504,047		5,504,047
Investment Earnings					63	63
Other Restricted Miscellaneous Income				48		48
Miscellaneous Income				191,224		191,224
Total General Revenues				23,690,134	63	23,690,197
Change in Net Position				525,227	(21,967)	503,260
Net Position—Beginning - Restated				7,553,282	90,218	7,643,500
Net Position—Ending				\$ 8,078,509	\$ 68,251	\$ 8,146,760

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

**FUND FINANCIAL STATEMENTS**

**SECTION - B**

## **GOVERNMENTAL FUNDS**

MOUNTAINSIDE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,785,202	\$ 204,973	\$ 16,055	\$ -	\$ 3,006,230
Interfund Accounts Receivable	96,915				96,915
Receivables from Other Governments	252,713	190,181			442,894
Total Assets	<u>\$ 3,134,830</u>	<u>\$ 395,154</u>	<u>\$ 16,055</u>	<u>\$ -</u>	<u>\$ 3,546,039</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 455,209	\$ 84,976	\$ -	\$ -	\$ 540,185
Payroll Deductions and Withholdings Payable	121,498				121,498
Interfund Accounts Payable		88,150			88,150
Other Liabilities	11,955				11,955
Unearned Revenue	46,450	17,055			63,505
Total Liabilities	<u>635,112</u>	<u>190,181</u>	<u>-</u>	<u>-</u>	<u>825,293</u>
Fund Balances:					
Restricted:					
Excess Surplus-Current Year	375,000				375,000
Excess Surplus-Designated for Subsequent Year Expenditures	375,000				375,000
Scholarships		153,781			153,781
Student Activities		51,192			51,192
Capital Reserve	370,489				370,489
Capital Reserve-Designated for Subsequent Year Expenditures	60,000				60,000
Maintenance Reserve	154,423				154,423
Tuition Reserve- Designated for Subsequent Year Expenditures	155,000				155,000
Tuition Reserve	201,317				201,317
Unemployment Claims	49,080				49,080
Capital Projects			16,055		16,055
Unassigned:					
General Fund	<u>759,409</u>				<u>759,409</u>
Total Fund Balances	<u>2,499,718</u>	<u>204,973</u>	<u>16,055</u>	<u>-</u>	<u>2,720,746</u>
Total Liabilities and Fund Balances	<u>\$ 3,134,830</u>	<u>\$ 395,154</u>	<u>\$ 16,055</u>	<u>\$ -</u>	<u>\$ 3,546,039</u>

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

MOUNTAINSIDE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Total Fund Balances Reported on Governmental Funds Balance Sheet (B-1) \$ 2,720,746

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 \$33,594,164, and the accumulated depreciation is \$9,376,026. 24,218,137

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. (15,887,354)

The liability for pension expense that is not payable from currently available resources is not recorded in the fund financial statements (159,485)

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. (192,014)

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 \$2,628,490. The carrying amount of the individual components are as follows:

Deferred Outflows of Resources:	
Change in Pension Assumptions	66,854
Change in Pension Proportion	151,723
Difference in Pension Experience	37,523
Difference in Pension Earnings	70,439
Pension Payment Subsequent to Measurement Date	159,485
Net Pension Liability	(2,060,773)
Deferred Inflows of Resources:	
Change in Pension Assumptions	(862,865)
Change in Pension Proportion	(183,588)
Difference in Expected and Actual Experience	(7,288)

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 \$68,952

Net position of governmental activities \$ 8,078,509

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



MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>					
Local Tax Levy	\$ 16,778,899	\$	\$	\$ 1,215,916	\$ 17,994,815
Other Restricted Miscellaneous Revenue	48				48
Other Local Sources	191,224	108,839			300,063
State Sources	3,473,234			451,812	3,925,046
Federal Sources		469,147			469,147
<b>Total Revenues</b>	<u>20,443,405</u>	<u>577,986</u>	<u>-</u>	<u>1,667,728</u>	<u>22,689,119</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	3,777,687				3,777,687
Special Education Instruction	988,495	220,342			1,208,837
Other Instruction	366,408				366,408
Support Services and Undistributed Costs:					
Tuition	6,101,526	161,792			6,263,318
Student & Instruction Related Services	1,359,999	145,842			1,505,841
School Administrative Services	393,893				393,893
Other Administrative Services	265,676				265,676
Plant Operations and Maintenance	1,274,047				1,274,047
Pupil Transportation	632,709				632,709
Unallocated Benefits	4,908,299	24,606			4,932,905
Debt Service:					
Principal				1,135,000	1,135,000
Interest Charges				532,728	532,728
Capital Outlay	91,228	6,056			97,284
<b>Total Expenditures</b>	<u>20,159,967</u>	<u>558,638</u>	<u>-</u>	<u>1,667,728</u>	<u>22,386,333</u>
<b>Net Change in Fund Balances</b>	283,438	19,348	-	-	302,786
Fund Balance—Beginning, Restated	2,216,280	185,625	16,055	-	2,417,960
Fund Balance—Ending	<u>\$ 2,499,718</u>	<u>\$ 204,973</u>	<u>\$ 16,055</u>	<u>\$ -</u>	<u>\$ 2,720,746</u>

The accompanying Notes to Financial Statements are an integral part of this financial 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, 2021

Total net change in fund balances - governmental funds (from B-2)	\$	302,786
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
	Depreciation expense \$	(896,871)
	Capital Outlays	75,816
		(821,055)
<p>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.</p>		1,166,678
<p>Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of net position; capital leases increase long-term liabilities in the statement of net position.</p>		(158,391)
<p>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 (+).</p>		(75,403)
<p>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. (-)</p>		15,800
<p>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.</p>		98,637
<p>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</p>		
Premium on Refunding Bonds		2,866
Deferred Amount from Refunding		(6,691)
		(3,825)
Change in net position of governmental activities (A-2)	\$	525,227

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

## **PROPRIETARY FUNDS**

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPPRIETARY FUNDS  
JUNE 30, 2021

		BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND <u>FOOD SERVICE</u>
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$	94,100
Accounts Receivable		21,478
Inventory		1,838
Total Current Assets		<u>117,416</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment		174,200
Less Accumulated Depreciation		<u>(148,731)</u>
Total Noncurrent Assets		<u>25,469</u>
Total Assets		<u>142,885</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable		52,793
Unearned Revenue		13,076
Interfunds Payable		8,765
Total liabilities		<u>74,634</u>
<u>NET POSITION</u>		
Invested in Capital Assets		25,469
Unrestricted		<u>42,782</u>
Total Net Position	\$	<u><u>68,251</u></u>

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

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

		BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND <u>FOOD SERVICE</u>
Operating Revenues:		
Charges for Services:		
Program Sales	\$	166,600
Non-Program Sales		<u>1,908</u>
Total Operating Revenues		<u>168,508</u>
Operating Expenses:		
Cost of Sales:		
Program Costs	\$	223,436
Personnel Costs		74,008
Administrative Expenses		8,621
Miscellaneous Expenses		1,180
Transportation		16,989
Furniture and Equipment		29,236
Management Fee		9,922
Supplies and Materials		8,550
Depreciation		<u>4,737</u>
Total Operating Expenses		<u>376,679</u>
Operating (Loss)		<u>(208,171)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	\$	6,299
Federal Sources:		
USDA Commodities		15,016
Emergency Operational Cost Program - Schools		3,085
P-EBT Administrative Cost Reimbursement		614
National School Lunch Program		161,127
Interest and Investment Revenue		<u>63</u>
Total Nonoperating Revenues (Expenses)		<u>186,204</u>
Change in Net Position		(21,967)
Total Net Position—Beginning		<u>90,218</u>
Total Net Position—Ending	\$	<u><u>68,251</u></u>

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

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND FOOD SERVICE
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	\$ 168,807
Payments to Suppliers	(305,994)
Net Cash (Used for) Operating Activities	<u>(137,187)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal and State Sources	<u>165,636</u>
Net Cash Provided by Non-capital Financing Activities	<u>165,636</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Equipment	<u>(11,545)</u>
Net cash (used for) capital and Related Financing Activities	<u>(11,545)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and dividends	<u>63</u>
Net cash provided by investing activities	<u>63</u>
Net Increase in Cash and Cash Equivalents	16,967
Balances—Beginning of Year	<u>77,133</u>
Balances—End of Year	<u>\$ 94,100</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (208,171)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities	
Depreciation	4,737
Decrease in Accounts Receivable	299
Decrease in Inventory	6,058
Increase in Unearned Revenue	408
Increase in Accounts Payable	50,717
Increase in Interfunds Payable	<u>8,765</u>
Total Adjustments	<u>70,984</u>
Net Cash (Used for) Operating Activities	<u>\$ (137,187)</u>
Noncash noncapital financing activities:	
The District received \$15,016 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.	

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

Borough of Mountainside School District

Notes to the Basic Financial Statements

Year ended June 30, 2021

**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, 2021

**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 and proprietary funds. 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 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, 2021

**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. Since the District's unemployment and payroll agency funds do not meet the new criteria defined by the new Government Auditing Standards Board Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities for the year ended June 30, 2021.

*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. Since the District's scholarship and student activity funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions and student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities for the year ended June 30, 2021.

*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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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. 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.

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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 Union County Office of the Department of Education 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 over expenditure 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 over expenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2021 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.

**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, 2021, the District had inventories in the Food Service Enterprise fund of \$1,838.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**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 \$5,000 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 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, 2021, a liability existed for compensated absences in the government-wide financial statements in the amount of \$305,641 and no liability existed for compensated absences in the proprietary fund types.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**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.

**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, 2021, the District has recorded an unamortized balance of \$6,969 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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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 \$2,499,718 of fund balances in the General Fund, \$375,000 has been classified as restricted fund balance designated for subsequent years expenditures – prior year excess surplus, \$990,309 has been classified as restricted for capital, maintenance, tuition, and unemployment claims in the amounts of \$430,489, \$154,423, \$356,317 and \$49,080, respectively, \$375,000 has been restricted for excess surplus – current year and \$759,409 is classified as unassigned. Of the \$204,973 of fund balances in the Special Revenue Fund, \$153,781 has been classified as restricted for scholarships and \$51,192 has been classified as restricted for student activities. 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.

**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 \$1,579,001 to adjust for the full accrual basis expense incurred by 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**

In accordance with *N.J.S.A. 18A:7F-7*, as amended by P.L. 2004, c.73 (S1701). The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 for future tax relief to the extent that unrestricted/unassigned fund balance exceeds 2% of the prior year net

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**P. Calculation of Excess Surplus (continued)**

adjusted expenditures. However, on March 15, 2021, Governor Phil Murphy signed into law State of New Jersey Senate Bill 2691 and changed the percentage of unassigned surplus allowable under N.J.S.A 18A:7F-7 to 4% for the 2020-2021 and 2021-2022 fiscal years. The excess fund balance pledged to future tax relief at June 30, 2021, calculated on a budgetary basis pursuant to statute, is \$750,000, and is comprised of \$375,000 that was appropriated as part of the 2021-22 school budget, and \$375,000, which represents the minimum amount of fund balance that must be appropriated as part of the 2022-23 school 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 2021.

**R. Recently Issued Accounting Pronouncements**

The GASB issued Statement No. 84, *Fiduciary Activities*, which requires compliance by June 30, 2021. GASB 84 establishes specific criteria for identifying fiduciary activities based primarily on whether the school district is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If the activity is not a "fiduciary activity," then it is a "governmental activity." The School District examined its current fiduciary funds and determined they do not meet the new terms and conditions of a fiduciary activity, as set forth by GASB 84. Therefore, the District's payroll and agency activity and unemployment compensation activity will now be reported in the general fund and the District's scholarship and student activity funds will be reported in the special revenue funds as governmental activities accordingly. Management has appropriately implemented this standard for the year ended June 30, 2021.



Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

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.

**S. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2021 through March 14, 2022, the date that the financial statements were available to be 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.

On December 1, 2021 the District issued \$13,075,000 in Refunding School Bonds with interest rates ranging from 0.454% to 2.633%. The District issued the bonds to advance refund all or a portion of the District's \$12,240,000 aggregate principal amount of the outstanding Refunding School Bonds, Series 2014, dated July 17, 2014, maturing on or after August 15, 2024, with interest rates ranging from 3.000% to 3.700% at a redemption price of 100% of the principal amount thereof. As a result, \$12,240,000 of the refunded bonds is considered defeased and the liability will be removed from the basic financial statements. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$464,113 and resulted in a net present value savings of \$402,365.

**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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**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 details of this \$15,887,354 difference are as follows:

General Obligation Debt	\$	15,455,000
Capital leases payable		126,713
Compensated absences		305,641
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>15,887,354</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.

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**3. Cash and Equivalents (continued)**

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.

Operating cash accounts are held in the District's name by one institution. At June 30, 2021 the carrying amount of the District's bank balance was \$2,946,549. The bank balance at June 30, 2021 was \$3,033,457. Of this bank balance, \$250,000 of the District's cash deposits was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$2,661,796. The District's payroll and agency accounts are not covered by GUDPA, therefore \$121,661 of the District's bank balance was exposed to custodial risk.

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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**3. Cash and Equivalents (continued)**

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.

**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, 2021, the District's balance was \$153,781. 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**3. Cash and Equivalents (continued)**

*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, 2021, 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.

**4. Capital Assets**

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2021:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>			
Capital assets, not being depreciated:			
Land	\$ 1,875,070		\$ 1,875,070
Total capital assets, not being depreciated	1,875,070		1,875,070
Capital assets, being depreciated:			
Buildings and building improvements	30,892,982	\$ 67,236	30,960,218
Improvements other than Building	311,673		311,673
Machinery, equipment and vehicles	438,623	8,580	447,203
Total capital assets being depreciated	31,643,278	75,816	31,719,094
Less accumulated depreciation for:			
Buildings and building improvements	7,878,294	862,198	8,740,492
Improvements other than Building	311,673		311,673
Machinery, equipment and vehicles	289,189	34,673	323,862
Total accumulated depreciation	8,479,156	896,871	9,376,027
Total capital assets, being depreciated, net	23,164,122	(821,055)	22,343,067
Governmental activities capital assets, net	\$ 25,039,192	\$ (821,055)	\$ 24,218,137

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**4. Capital Assets (continued)**

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

Instruction	\$ 215,962
Special education instruction	69,106
Other instruction	20,947
Tuition	358,060
Student & Instruction Related Services	86,085
School administration services	22,518
Other Administration services	15,188
Plant operation and maintenance	72,834
Student transportation	36,171
Total depreciation expense – governmental activities	<u>\$ 896,871</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 162,655	\$ 11,545	\$ 174,200
Less accumulated depreciation for:			
Equipment and vehicles	143,994	4,737	148,731
Total business-type activities			
Capital assets, net	<u>\$ 18,661</u>	<u>\$ 6,808</u>	<u>\$ 25,469</u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**5. Long-Term Liabilities**

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
Governmental activities:					
Compensated absences payable	\$ 230,238	\$ 94,078	\$ 18,675	\$ 305,641	\$ 30,564
Bonds payable	16,590,000		1,135,000	15,455,000	1,150,000
Premium on bonds/(Discount)	2,866		2,866	-	-
Obligations under capital leases		158,391	31,678	126,713	31,678
Subtotal	16,823,104	252,469	1,188,219	15,887,354	1,212,242
Net pension liability	2,210,387		149,614	2,060,773	
<b>Governmental activities long-term liabilities</b>	<b>\$ 19,033,491</b>	<b>\$ 252,469</b>	<b>\$ 1,337,833</b>	<b>\$ 17,948,127</b>	<b>\$ 1,212,242</b>

The District expects to liquidate the balance in compensated absences, capital leases 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, 2021 was \$600,000, which is payable in annual installments due July 15, 2021 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, 2021 was \$14,855,000, which is payable in annual installments due

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**5. Long-Term Liabilities (continued)**

**Bonds Payable (continued)**

August 15, 2021 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2022	\$ 1,150,000	\$ 492,971	\$ 1,642,971
2023	1,170,000	453,859	1,623,859
2024	895,000	421,384	1,316,384
2025	925,000	394,084	1,319,084
2026	955,000	365,884	1,320,884
2027-2031	5,315,000	1,358,622	6,673,622
2032-2035	5,045,000	377,314	5,422,314
	<u>\$ 15,455,000</u>	<u>\$ 3,864,118</u>	<u>\$ 19,319,118</u>

**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 defined benefit 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 defined benefit 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



Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 Employees' 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 with an annual benefit generally determined to be 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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, 2021, the State of New Jersey contributed \$1,452,692 to the TPAF for normal costs of pension on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$397,635 during the year ended June 30, 2021 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 statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020, and 2019 was \$138,243, \$119,325, and \$120,197, 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 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.

School Board Contributions are due and payable in the fiscal period subsequent to the plan year for which the contributions requirements were calculated.

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

The following represents the membership tiers for PERS:

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

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

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2021, the School Board reported a liability of \$2,060,773 for its proportionate share of the net pension liability. The net pension liability was determined by actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Boards proportion was 0.0126370543%, which was a increase of 0.0003697228% from its proportion measure as of June 30, 2019.

For the year ended June 30, 2021, the Board recognized PERS pension expenses of \$49,179 in its governmental activities. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in Assumptions	\$ 66,854	\$ 862,865
Changes in Pension Proportion	151,723	183,588
Difference Projected vs. Actual Earnings	70,439	-
Difference Projected vs. Actual Experience	37,523	7,288
District contributions subsequent to the measurement date	<u>159,485</u>	<u>                    </u>
 Total	 <u><u>\$ 486,024</u></u>	 <u><u>\$ 1,053,741</u></u>

The \$159,485 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense by PERS as follows:

Year ending <u>June 30,</u>	
2022	\$ (321,054)
2023	(265,149)
2024	(96,631)
2025	(35,135)
2026	<u>(9,233)</u>
Total	<u><u>\$ (727,202)</u></u>

*Actuarial Assumptions* - The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation	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%

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Mortality Rates*

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. Mortality improvement is based on Scale MP-2020. 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-2020.

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.

In accordance with State statute, the long-term expected rate of return on pension plan investments 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 actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 are summarized in the following table:

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

*Discount Rate* – The discount rate used to measure the pension liabilities of PERS was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate* – the following presents the collective net pension liability of PERS participating employers, as well as the District’s attributed share of that liability, as of June 30, 2020, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

	At 1% Decrease ( <u>6.00%</u> )	At current discount rate ( <u>7.00%</u> )	At 1% increase ( <u>8.00%</u> )
State	\$25,353,758,472	\$22,223,967,525	\$19,576,310,991
Local	<u>20,689,699,233</u>	<u>16,435,616,426</u>	<u>12,825,910,903</u>
PERS Plan Total	<u>\$46,043,457,705</u>	<u>\$38,659,583,951</u>	<u>\$32,402,221,894</u>
Mountainside	<u>\$2,594,169</u>	<u>\$2,060,773</u>	<u>\$1,608,172</u>

*Components of Net Pension Liability* – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2020 is as follows:

	State	Local	Total
Total Pension Liability	\$28,272,160,382	\$39,432,792,871	\$67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$22,223,967,525</u>	<u>\$16,435,616,426</u>	<u>\$38,659,583,951</u>

Collective balances of the local group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	7,849,949,467
Net pension liability	16,435,616,426
District's proportion	0.0126370543%

Collective pension expense for the plan for the measurement period ended June 30, 2020 is \$407,705,399.

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, 2020, 2019, 2018 2017, 2016, 2015 and 2014 is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

Teachers Pensions and Annuity Fund (TPAF)- Special Fund Situation

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

*Plan Membership and Contributing Employers-* Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF.

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

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

The following represents the membership tiers for TPAF:

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



Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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

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

*Special Funding Situation* – 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, the 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.

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

At June 30, 2020, the TPAF reported a net pension liability of \$65,993,498,688 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s the net pension liability for the Non Employer Member Group that is attributable to the District was \$30,284,876, or 0.0459915400%, which was an increase from the prior year of 0.0004780997%

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Actuarial Assumptions*- The total pension liability in the June 30, 2020 actuarial valuation was determined using 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-2020.

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, 2015 to June 30, 2018.

*Discount Rate* – The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 78% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Return on Investments* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) was 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 expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Sensitivity of Net Pension Liability to Changes in the Discount Rate* - the following presents the net pension liability of TPAF as of June 30, 2020 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease <u>(4.40%)</u>	At current Discount rate <u>(5.40%)</u>	At 1% Increase <u>(6.40%)</u>
State's proportionate share of the net pension liability associated with the District	\$35,573,134	\$30,284,876	\$25,893,866

*Components of Net Pension Liability* – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2020 is as follows:

Total pension liability	\$ 87,522,678,686
Plan fiduciary net position	<u>21,529,179,998</u>
Net pension liability	<u>\$ 65,993,498,688</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%

*Additional Information* – Collective balances at June 30, 2020 were as follows:

Collective Deferred Outflows of Resources	\$ 9,626,548,228
Collective Deferred Inflows of Resources	14,591,988,841
State's Total Non-employer Net Pension Liability	65,993,498,688
District's Proportion	0.0459915400%

Collective pension expense for the plan for the measurement period ended June 30, 2020 is \$4,099,006,933.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 7.99, 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

**7. Post-Retirement Benefits**

**Plan Description**

The District participates in the New Jersey State Health Benefits Program (the "SHBP"), a 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 Pensions 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, 2021, 2020, and 2019 were \$463,913, \$380,743 and \$414,533, respectively, which equaled the regional 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

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.

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, 2019
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,108

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, 2020 was \$27,311,505, 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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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, 2021

**7. Post-Retirement Benefits (continued)**

**Actuarial Assumptions and Other Inputs**

Inflation rate	2.50%	
	<b>TPAF/ABP</b>	<b>PERS</b>
Salary increases:		
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on age
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on age

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF/ABP) and, “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and, July 1, 2014 – June 30, 2018, for TPAF and PERS, respectively.

***Health Care Trend Assumptions***

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.0%.

***Discount Rate***

The discount rate for June 30, 2020 was 2.21%. 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**7. Post-Retirement Benefits (continued)**

***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		\$ 17,187,193
Increased by:		
Service Cost	\$ 884,370	
Interest Cost	624,527	
Diff. Between Expected and Actual Exp.	4,087,001	
Changes of Assumption	4,988,873	
Member Contributions	<u>14,412</u>	
		<u>10,599,183</u>
		27,786,976
Decreased by:		
Gross Benefit Payments	<u>475,471</u>	
		<u>(475,471)</u>
Balance at June 30, 2020		<u><u>\$27,311,505</u></u>

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2020 was \$10,047,046 and \$7,304,251, 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:

	<u>1% Decrease (1.21%)</u>	<u>At Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$32,925,429	\$27,311,505	\$22,921,957



Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$22,046,768	\$27,311,505	\$33,580,637

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,640,002 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 24,023,298,802
Deferred inflows of resources	\$ 19,101,933,244
Collective OPEB expense	\$ 3,337,755,596

**8. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2021 amounted to \$95,915 analyzed as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 96,915	
Special Revenue Fund		\$ 88,150
Food Service Fund		8,765
	<u>\$ 95,915</u>	<u>\$ 95,915</u>

The interfund payable in the Special Revenue Fund represents a short-term loan until grant reimbursements are received. The interfund payable in the Food Service fund resulted from additional amounts due to 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, 2021

**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, 2021 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.

**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.

During fiscal year 2021, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year are estimated to be approximately \$49,330,

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**11. Risk Management (continued)**

**New Jersey Unemployment Compensation Insurance (continued)**

however, it is expected that the Federal Government through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2021, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

**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.

During the 2020-21 school year, there was a withdrawal from Capital Reserve in the amount of \$67,236 for budgeted expenditures. An additional deposit of \$1,000 was credited to this account in the current year. At June 30, 2021, the balance in the Capital Reserve Account was \$430,489, of which, \$60,000 is designated for expenditures in the 2021-22 Budget.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**14. Other Reserve Accounts**

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve Funds for Maintenance, Emergencies, and Tuition. The activity of these reserved accounts and their status at June 30, 2021 is as follows:

Maintenance Reserve: A balance of \$153,423 existed at June 30, 2020. An additional \$1,000 was deposited into this account and no withdrawals were made during the year. The Maintenance Reserve balance at June 30, 2021 was \$154,423.

Tuition Reserve: A balance of \$260,000 existed at June 30, 2020. Of that total, \$105,000 was utilized in the 2020-21 budget. Of the \$201,317 balance at June 30, 2021, \$155,000 has been legally required to be designated for expenditures in the 2021-22 Budget.

**15. Commitments**

The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$ -0-.

**16. GASB Statement No. 84 Restatement**

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* as described in the recently issued accounting pronouncements footnote above. The implementation of this Statement required a restatement of prior year fund balance and net position in the government wide and governmental fund financial statements.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**16. GASB Statement No. 84 Restatement (continued)**

Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020	\$ 2,240,781
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment Compensation Net Position	57,482
	<hr/>
Beginning General Fund Budgetary Fund Balance Per Schedule C-1 at June 30, 2020 (as restated)	<u>\$ 2,298,263</u>
Beginning Special Revenue Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020	\$ -
Special Revenue Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Scholarship Net Position	151,713
Due to Student Groups	33,912
	<hr/>
Beginning Special Revenue Fund Budgetary Fund Balance Per Schedules B-2 and C-2) at June 30, 2020 (as restated)	<u>\$ 185,625</u>
Beginning General Fund Modified Accrual Fund Balances Per Schedule B-2 at June 30, 2020	\$ 2,158,798
General Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Unemployment Compensation Net Position	57,482
	<hr/>
Beginning General Fund Modified Accrual Fund Balance - June 30, 2020 (as restated)	<u>\$ 2,216,280</u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020	\$ 7,310,175
Adjustments to Government-Wide Net Position	
Recognition of the Following June 30, 2020 Balances:	
Unemployment Compensation Net Position	57,482
Scholarship Net Position	33,912
Due to Student Groups	151,713
Total	<hr/> 243,107
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020 (as restated)	<u>\$ 7,553,282</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

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

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>	<u>2021</u>
District's Proportion of the Net Pension Liability	0.01265555 %	0.012124254 %	0.013324735 %	0.014983017 %	0.01186505 %	0.012018075 %	0.012267332 %	0.012637054 %
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	\$ 2,060,773
District's Covered-Employee Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347	\$ 863,294	\$ 913,837	\$ 957,762	\$ 1,014,975
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%	203.04%
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%	58.32%

\* 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>	<u>2021</u>
Contractually Required Contribution	\$ 95,357	\$ 99,933	\$ 114,557	\$ 133,107	\$ 109,917	\$ 120,197	\$ 119,325	\$ 138,243
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>	<u>\$ (138,243)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347	\$ 863,294	\$ 913,837	\$ 957,762	\$ 1,014,975
Contributions as a percentage of Covered Employee Payroll	11.60%	11.24%	9.13%	16.57%	12.73%	13.15%	12.46%	13.62%

\* 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>	<u>2021</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 %	0.0459915400 %
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	\$ 30,284,876
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	\$ 5,636,859
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%	537.27%
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%	24.60%

\* 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, 2021**

**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, 2020, dated March 31, 2021. 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 2020, the discount rate changed to 7.00% and the long-term expected rate of return remained at the prior-year rate of 7.00%. Demographic assumptions were unchanged.

For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at the prior-year rate of 7.00%. Demographic assumptions were unchanged.

**TPAF**

Changes in benefit terms: None

Changes in assumptions:

For 2020, the discount rate was changed to 5.40%. There were no changes to the long-term expected rate of return and no changes to demographic 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.

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

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	Year Ended June 30, 2021
State's proportion of the OPEB Liability associated with the District -	0.04%	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	\$ 27,311,505
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>	<u>\$ 27,311,505</u>
Beginning Balance	\$ 22,043,073	\$ 20,578,134	\$ 18,847,349	\$ 17,187,793
Increased by:				
Service cost	\$ 1,031,795	\$ 852,212	\$ 794,911	\$ 884,370
Interest cost	651,138	758,574	750,343	624,527
Diff. between expected and actual exp.				4,087,001
Changes of assumptions			256,271	4,988,873
Member contributions	<u>17,551</u>	<u>17,418</u>	<u>15,640</u>	<u>14,412</u>
	1,700,484	1,628,204	1,817,165	10,599,183
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>	<u>(475,471)</u>
	\$ (3,165,423)	\$ (3,358,989)	\$ (3,476,721)	\$ (475,471)
Ending Balance	<u>\$ 20,578,134</u>	<u>\$ 18,847,349</u>	<u>\$ 17,187,793</u>	<u>\$ 27,311,505</u>
Covered by employee payroll	\$ 6,061,922	\$ 6,144,420	\$ 6,490,577	\$ 6,651,834
Total OPEB liability as a percentage of covered employee payroll.	339.47%	306.74%	264.81%	410.59%

\* 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, 2021**

**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 2020, the discount rate changed to 2.21% from 3.50% in 2019. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.6% from 5.7%. For prescription drug benefits, the initial trend rate changed to 7.0% from 7.5%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION - C**



MOUNTAINSIDE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 16,778,899		\$ 16,778,899	\$ 16,778,899	
Preschool Tuition-Individuals	172,500		172,500	39,950	\$ (132,550)
Transportation Fees-Individuals	54,000		54,000	21,800	(32,200)
Interest Earned on Investments	2,000		2,000	3,255	1,255
Other Restricted Miscellaneous Revenue				48	48
Miscellaneous Revenue	51,000		51,000	126,219	75,219
<b>Total - Local Sources</b>	<b>17,058,399</b>		<b>17,058,399</b>	<b>16,970,171</b>	<b>(88,228)</b>
State Sources:					
Transportation Aid	307,722		307,722	307,722	
Special Ed. Aid	639,231		639,231	553,695	(85,536)
Security Aid	19,731		19,731	19,731	
Extraordinary Aid	120,000		120,000	228,643	108,643
Non-Public Transportation Aid				24,070	24,070
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				463,913	463,913
On-behalf TPAF Pension Payments (non-budgeted)				1,452,692	1,452,692
On-behalf TPAF Non-Contributory Insurance CLI & LTDI (non-budgeted)				29,118	29,118
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				397,635	397,635
<b>Total - State Sources</b>	<b>1,086,684</b>	<b>-</b>	<b>1,086,684</b>	<b>3,477,219</b>	<b>2,390,535</b>
<b>Total Revenues</b>	<b>18,145,083</b>	<b>-</b>	<b>18,145,083</b>	<b>20,447,390</b>	<b>2,302,307</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 246,947	\$ (116,908)	\$ 130,039	\$ 122,669	\$ 7,370
Kindergarten	353,945	1,352	355,297	344,682	10,615
Grades 1- 5	1,794,828	112,788	1,907,616	1,864,782	42,834
Grades 6- 8	1,267,857	8,949	1,276,806	1,249,986	26,820
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000		10,000		10,000
Purchased Professional-Educational Services	2,000		2,000		2,000
Regular Programs- Undistributed Instruction:					
Other Purchased Services	30,295	(518)	29,777	28,437	1,340
General Supplies	125,424	44,802	170,226	115,466	54,760
Textbooks	65,000	(13,335)	51,665	51,665	
Other Objects	1,500	(1,500)			
<b>Total Regular Programs</b>	<b>3,897,796</b>	<b>35,630</b>	<b>3,933,426</b>	<b>3,777,687</b>	<b>155,739</b>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	842,160	(4,417)	837,743	772,624	65,119
Other Salaries for Instruction	245,541	45,948	291,489	212,641	78,848
General Supplies	5,000	(1,770)	3,230	3,230	
<b>Total Resource Room/Resource Center</b>	<b>1,092,701</b>	<b>39,761</b>	<b>1,132,462</b>	<b>988,495</b>	<b>143,967</b>
Home Instruction:					
Salaries of Teachers	2,000		2,000		2,000
<b>Total Home Instruction</b>	<b>2,000</b>		<b>2,000</b>		<b>2,000</b>
<b>Total Special Education</b>	<b>1,094,701</b>	<b>39,761</b>	<b>1,134,462</b>	<b>988,495</b>	<b>145,967</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 378,015		\$ 378,015	\$ 291,151	\$ 86,864
General Supplies	1,620		1,620	1,181	439
Total Basic Skills/Remedial Instruction	<u>379,635</u>		<u>379,635</u>	<u>292,332</u>	<u>87,303</u>
School Sponsored					
Co-Curricular Activities:					
Salaries	55,000		55,000	33,269	21,731
Supplies	4,000		4,000		4,000
Other Objects	10,000		10,000		10,000
Total Co-Curricular Activities:	<u>69,000</u>		<u>69,000</u>	<u>33,269</u>	<u>35,731</u>
School Sponsored					
Athletic Activities:					
Salaries	53,000		53,000	21,949	31,051
Supplies	10,000		10,000	4,456	5,544
Other Objects	1,000		1,000		1,000
Total Athletic Activities	<u>64,000</u>		<u>64,000</u>	<u>26,405</u>	<u>37,595</u>
Other Supp. Instructional Programs					
Salaries of Teachers	20,801		20,801	9,840	10,961
Other Salaries for Instruction	15,201		15,201	4,562	10,639
Total Other Supp. Instructional Programs	<u>36,002</u>	<u>-</u>	<u>36,002</u>	<u>14,402</u>	<u>21,600</u>
Total Instruction	<u>5,541,134</u>	<u>75,391</u>	<u>5,616,525</u>	<u>5,132,590</u>	<u>483,935</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 4,721,681	\$ 7,581	\$ 4,729,262	\$ 4,729,262	
Tuition to Other LEAs Within the State- Special	591,796	(87,752)	504,044	492,446	\$ 11,598
Tuition to Cty. Vocational Sch. Dist.- Regular	210,000	4,000	214,000	209,200	4,800
Tuition to Private Schools for the Disabled- Within State	652,991	25,152	678,143	670,618	7,525
<b>Total Undistrib. Expend. - Instruction:</b>	<b>6,176,468</b>	<b>(51,019)</b>	<b>6,125,449</b>	<b>6,101,526</b>	<b>23,923</b>
Health Services:					
Salaries	144,126	-	144,126	138,854	5,272
Purchased Profess. and Tech. Serv.	4,000	(338)	3,662	2,670	992
Supplies and Materials	5,000	338	5,338	5,083	255
Other Objects	500		500	320	180
<b>Total Health Services:</b>	<b>153,626</b>	<b>-</b>	<b>153,626</b>	<b>146,927</b>	<b>6,699</b>
Speech, OT, PT & Related Services:					
Salaries	135,203	1,194	136,397	136,397	
Purchased Professional/Educational Services	18,000	1,600	19,600	15,938	3,662
Supplies and Materials	1,200	(400)	800	741	59
<b>Total Speech, OT, PT &amp; Related Services:</b>	<b>154,403</b>	<b>2,394</b>	<b>156,797</b>	<b>153,076</b>	<b>3,721</b>
Other Support Services-Student Extra:					
Purchased Professional/Educational Services	56,120	4,901	61,021	56,888	4,133
<b>Total Other Support Services- Student Extra:</b>	<b>56,120</b>	<b>4,901</b>	<b>61,021</b>	<b>56,888</b>	<b>4,133</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 122,656		\$ 122,656	\$ 121,498	\$ 1,158
Other Purchased Services	2,000	\$ (250)	1,750		1,750
Supplies and Materials	500	250	750	603	147
<b>Total Guidance:</b>	<b>125,156</b>	<b>-</b>	<b>125,156</b>	<b>122,101</b>	<b>3,055</b>
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	300,832	(66,943)	233,889	214,094	19,795
Salaries of Secret. & Clerical Assts.	62,410		62,410	62,410	
Purchased Professional/Educational Services	13,000	71,263	84,263	84,263	
Other Purchased Prof./Tech. Services	16,985	(3,598)	13,387	13,387	
Misc. Purchased Services	500		500		500
Supplies and Materials	12,075	3,662	15,737	15,737	
Other Objects	200		200	100	100
<b>Total Child Study Teams:</b>	<b>406,002</b>	<b>4,384</b>	<b>410,386</b>	<b>389,991</b>	<b>20,395</b>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	134,933	23,997	158,930	158,930	
Other Salaries	35,000	(20,488)	14,512		14,512
Mentoring		1,269	1,269	1,269	
Other Purchased Services	21,000	(14,405)	6,595	90	6,505
Supplies and Materials	15,740	(9,029)	6,711	5,172	1,539
Other Objects	5,000		5,000	350	4,650
<b>Total Improvement of Instructional Services:</b>	<b>211,673</b>	<b>(18,656)</b>	<b>193,017</b>	<b>165,811</b>	<b>27,206</b>
Educational Media Services/School Library:					
Salaries	193,933	(32,908)	161,025	148,806	12,219
Salaries-Technology Coordinators	87,526		87,526	87,526	
Other Purchased Services	88,870	(1,549)	87,321	78,094	9,227
Supplies and Materials	4,000	5,028	9,028	8,981	47
<b>Total Educational Media Services/School Library:</b>	<b>374,329</b>	<b>(29,429)</b>	<b>344,900</b>	<b>323,407</b>	<b>21,493</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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		\$ 5,000	\$ 1,798	\$ 3,202
Total Instructional Staff Training Services:	5,000		5,000	1,798	3,202
Support Services- General Administration:					
Salaries	97,164	\$ 7,997	105,161	105,161	
Legal Services	28,000		28,000	21,884	6,116
Audit Fees	29,500		29,500	27,600	1,900
Architectural/Engineering Services	5,000	4,476	9,476	9,476	
Purchased Technical Services	54,675	(13,617)	41,058	35,345	5,713
Communications/Telephone	39,350		39,350	31,149	8,201
BOE Other Purchased Services	5,000	(337)	4,663	270	4,393
Misc. Purchased Services	11,780	4,738	16,518	16,518	
General Supplies	6,105	1,843	7,948	7,892	56
Misc. Expenditures	4,756	3,760	8,516	2,232	6,284
BOE Membership Dues & Fees	8,062	87	8,149	8,149	
Total Support Svcs. - General Administration:	289,392	8,947	298,339	265,676	32,663
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	220,297	(200)	220,097	218,582	1,515
Salaries of Secretarial and Clerical Assistants	170,283	200	170,483	163,481	7,002
Other Purchased Services	7,578	(653)	6,925	4,768	2,157
Supplies and Materials	5,000	493	5,493	4,902	591
Other Objects	2,000	160	2,160	2,160	
Total Support Serv. - School Administration:	405,158	-	405,158	393,893	11,265
Central Services:					
Salaries	232,480	691	233,171	233,171	
Misc. Purchased Services	1,000	(537)	463	75	388
Supplies and Materials	2,000	1,549	3,549	3,549	
Misc. Expenditures	2,400	2,235	4,635	4,635	
Total Central Services:	237,880	3,938	241,818	241,430	388

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 105,763		\$ 105,763	\$ 103,263	\$ 2,500
Cleaning, Repair, and Maintenance services	89,000	\$ 9,048	98,048	97,768	280
General Supplies	21,000	24,380	45,380	45,380	
Other Objects	500		500		500
<b>Total Required Maint. For School Facilities:</b>	<b>216,263</b>	<b>33,428</b>	<b>249,691</b>	<b>246,411</b>	<b>3,280</b>
Custodial Services:					
Salaries	376,152	(3,026)	373,126	367,823	5,303
Salaries of Non-Instructional Aides	25,852	(6,706)	19,146	618	18,528
Purchased Profess. And Tech. Svcs.	7,500	250	7,750	3,576	4,174
Cleaning, Repair, and Maintenance Services	14,000	(1,500)	12,500	12,140	360
Other Purchased Property Svcs.	14,000	404	14,404	10,088	4,316
Insurance	61,000		61,000	60,593	407
General Supplies	40,950	1,459	42,409	42,409	
Energy (Natural Gas)	61,000	2,451	63,451	62,510	941
Energy (Electricity)	173,000	4,394	177,394	177,394	
<b>Total Custodial Services:</b>	<b>773,454</b>	<b>(2,274)</b>	<b>771,180</b>	<b>737,151</b>	<b>34,029</b>
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000		25,000	22,249	2,751
<b>Total Care &amp; Upkeep of Grounds</b>	<b>25,000</b>		<b>25,000</b>	<b>22,249</b>	<b>2,751</b>
Security:					
General Supplies	35,000		35,000	26,806	8,194
<b>Total Security</b>	<b>35,000</b>		<b>35,000</b>	<b>26,806</b>	<b>8,194</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 87,200		\$ 87,200	\$ 70,956	\$ 16,244
Contracted Services (Between Home & School) - Vendors	310,200		310,200	294,016	16,184
Contracted Services (Other Than Between Home & School) - Vendors	22,000		22,000	6,550	15,450
Contracted Services (Special Ed. Students) - Vendors	351,750		351,750	261,187	90,563
<b>Total Student Transportation Services:</b>	<b>771,150</b>		<b>771,150</b>	<b>632,709</b>	<b>138,441</b>
Unallocated Employee Benefits:					
Social Security Contributions	158,000	\$ (1,522)	156,478	124,373	32,105
Other Retirement Contribs. - PERS	148,500	16,991	165,491	147,816	17,675
Workmen's Compensation	61,000		61,000	54,114	6,886
Health Benefits	2,246,208		2,246,208	2,157,253	88,955
Tuition Reimbursements	16,500		16,500	9,849	6,651
Other Employee Benefits	82,000		82,000	71,536	10,464
<b>Total Unallocated Employee Benefits:</b>	<b>2,712,208</b>	<b>15,469</b>	<b>2,727,677</b>	<b>2,564,941</b>	<b>162,736</b>
On-behalf TPAF payments (Non-budgeted):					
On-behalf TPAF Post-Retirement Medical Contrib.				463,913	(463,913)
On-behalf TPAF Pension Payments				1,452,692	(1,452,692)
On-behalf TPAF Non-Contributory Insurance CLI & LTDI (non-budgeted)				29,118	(29,118)
On-behalf TPAF Employer FICA Contrib.				397,635	(397,635)
<b>Total On-behalf Employee Benefits</b>				<b>2,343,358</b>	<b>(2,343,358)</b>
<b>Total Undistributed Expenditures</b>	<b>13,128,282</b>	<b>(27,917)</b>	<b>13,100,365</b>	<b>14,936,149</b>	<b>(1,835,784)</b>



MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 18,669,416	\$ 47,474	\$ 18,716,890	\$ 20,068,739	\$ (1,351,849)
CAPITAL OUTLAY:					
Equipment:					
Support Services		2,523	2,523	2,523	
Total Equipment		2,523	2,523	2,523	
Facilities Acquisition and Construction:					
Construction Services	50,000	17,236	67,236	67,236	
Debt Service Assessment-SDA Funding	21,469		21,469	21,469	
Total Facil. Acquis./Const. Svcs.:	71,469	17,236	88,705	88,705	-
Total Capital Outlay:	71,469	19,759	91,228	91,228	-
Total Expenditures	18,740,885	67,233	18,808,118	20,159,967	(1,351,849)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(595,802)	(67,233)	(663,035)	287,423	950,458
Net Change in Fund Balance	(595,802)	(67,233)	(663,035)	287,423	950,458
Fund Balance, July 1	2,240,781		2,240,781	2,240,781	
Prior Period Adjustment	57,482		57,482	57,482	
Fund Balances, July 1, Restated	2,298,263		2,298,263	2,298,263	
Fund Balances, June 30	\$ 1,702,461	\$ (67,233)	\$ 1,635,228	\$ 2,585,686	\$ 950,458

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-1  
 Page 10 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balances, June 30 (Carried Forward)	\$ 1,702,461	\$ (67,233)	\$ 1,635,228	\$ 2,585,686	\$ 950,458
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year Expenditures				\$ 375,000	
Excess Surplus - Current Year				375,000	
Capital Reserve - Designated for Subsequent Year Expenditures				60,000	
Capital Reserve				370,489	
Maintenance Reserve				154,423	
Tuition Reserve - Designated for Subsequent Year Expenditures				155,000	
Tuition Reserve				201,317	
Unemployment Liability Reserve				49,080	
Assigned:					
Unrestricted/Unassigned				845,377	
				\$ 2,585,686	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not recognized on GAAP basis				(85,968)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,499,718	

MOUNTAINSIDE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-2

REVENUES:	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Local Sources	\$ 24,486	\$ 37,377	\$ 61,863	\$ 108,840	\$ 46,977
Federal Sources	314,817	393,634	708,451	469,147	(239,304)
<b>Total Revenues</b>	<u>339,303</u>	<u>431,011</u>	<u>770,314</u>	<u>577,987</u>	<u>(192,327)</u>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	53,831	30,910	84,741	72,768	11,973
Purchased Professional -Educational Services		7,814	7,814	7,814	
General Supplies	45,038	237,511	282,549	162,180	120,369
<b>Total Instruction</b>	<u>98,869</u>	<u>276,235</u>	<u>375,104</u>	<u>242,762</u>	<u>132,342</u>
Support Services					
Salaries of Other Professional Staff		46,000	46,000	4,000	42,000
Personal Services-Fringe Benefits	21,532	3,074	24,606	24,606	
Other Purch. Prof. Services	15,213	(10,734)	4,479	4,479	
Purch. Technical Services		45,750	45,750		45,750
Other Purchased Services	8,000	(8,000)			
Tuition	153,978		153,978	153,978	
Supplies & Materials	17,225	41,310	58,535	39,322	19,213
Other Objects	24,486	30,943	55,429	46,911	8,518
Scholarships Awarded				725	(725)
Student Activities				35,800	(35,800)
<b>Total Support Services</b>	<u>240,434</u>	<u>148,343</u>	<u>388,777</u>	<u>309,821</u>	<u>78,956</u>
<b>EXPENDITURES (CONT'D.)</b>					
Facilities Acquisition and Construction Services:					
Buildings		6,433	6,433	6,056	377
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>6,433</u>	<u>6,433</u>	<u>6,056</u>	<u>377</u>
<b>Total Expenditures</b>	<u>339,303</u>	<u>431,011</u>	<u>770,314</u>	<u>558,639</u>	<u>211,675</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 19,348	\$ 19,348
Fund Balance, July 1 - Restated				185,625	
Fund Balance, June 30				<u>\$ 204,973</u>	
<b>Recapitulation:</b>					
Restricted					
Scholarships Awarded				\$ 153,781	
Student Activities				51,192	
<b>Total Fund Balance</b>				<u>\$ 204,973</u>	

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**



## **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, 2021

	TOTALS BROUGHT FORWARD	Elementary and Secondary School Emergency Relief Funds (ESSER) CARES Act Education Stabilization Fund 2020-21	Elementary and Secondary School Emergency Relief ESSRR II Grant Program 2020-21	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program 2020-21	Coronavirus Relief Fund (CRF) School Reopening and Remote Learning 2020-21	I.D.E.A. PART B BASIC 2020-21	I.D.E.A. PART B PRESCHOOL 2020-21	TITLE II PART A 2020-21	TITLE IV 2020-21	TITLE I 2020-21	TOTALS 2020-21
<b>REVENUES</b>											
Local Sources	\$ 108,840										\$ 108,840
Federal Sources		\$ 100,855	\$ 66,446	\$ 11,277	\$ 28,201	\$ 153,978	\$ 7,814	\$ 15,213	\$ 10,000	\$ 75,363	\$ 469,147
Total Revenues	\$ 108,840	\$ 100,855	\$ 66,446	\$ 11,277	\$ 28,201	\$ 153,978	\$ 7,814	\$ 15,213	\$ 10,000	\$ 75,363	\$ 577,987
<b>EXPENDITURES</b>											
Instruction:											
Salaries of Teachers				\$ 11,277				\$ 7,660		\$ 53,831	\$ 72,768
Purchased Prof. - Educational Services							\$ 7,814				7,814
General Supplies		\$ 73,652	\$ 66,446		\$ 22,082						162,180
Total Instruction	-	73,652	66,446	11,277	22,082	-	7,814	7,660	-	53,831	242,762
Support Services:											
Salaries of Other Prof. Staff		4,000									4,000
Personal Services - Empl. Benefits								3,074		21,532	24,606
Other Purch. Prof. Services								4,479			4,479
Tuition						\$ 153,978					153,978
Supplies and Materials		23,203			6,119			\$ 10,000			39,322
Other Objects	\$ 46,911										46,911
Scholarships Awarded	725										725
Student Activities	35,800										35,800
Total Support Services	83,436	27,203	-	-	6,119	153,978	-	7,553	10,000	21,532	309,821
Facilities Acquis. & Const. Serv.:											
Buildings	6,056										6,056
Total Facil. Acquis. & Const. Serv.	6,056										6,056
Total Expenditures	\$ 89,492	\$ 100,855	\$ 66,446	\$ 11,277	\$ 28,201	\$ 153,978	\$ 7,814	\$ 15,213	\$ 10,000	\$ 75,363	\$ 558,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 19,348										\$ 19,348
Fund Balance, July 1 - Restated	185,625										185,625
Fund Balance, June 30	\$ 204,973										\$ 204,973



MOUNTAINSIDE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

	MEF GRANTS	PTO GRANTS	WATTS FOUNDATION GRANTS	RAKE AND HOE GARDEN CLUB BW GARDEN	SCHOLARSHIP FUND	STUDENT ACTIVITY FUND	TOTALS CARRIED FORWARD
<u>REVENUES</u>							
Local Sources	\$ 1,864	\$ 11,007	\$ 39,896	\$ 200	\$ 2,793	\$ 53,080	\$ 108,840
Total Revenues	<u>\$ 1,864</u>	<u>\$ 11,007</u>	<u>\$ 39,896</u>	<u>\$ 200</u>	<u>\$ 2,793</u>	<u>\$ 53,080</u>	<u>\$ 108,840</u>
<u>EXPENDITURES</u>							
Support Services:							
Other Objects	\$ 1,864	\$ 4,951	\$ 39,896	\$ 200			\$ 46,911
Scholarships Awarded					\$ 725		725
Student Activities						\$ 35,800	35,800
Total Support Services	<u>1,864</u>	<u>4,951</u>	<u>39,896</u>	<u>200</u>	<u>725</u>	<u>35,800</u>	<u>83,436</u>
Facilities Acquis. & Const. Serv.: Buildings		6,056					6,056
Total Facil. Acquis. & Const. Serv.		<u>6,056</u>					<u>6,056</u>
Total Expenditures	<u>\$ 1,864</u>	<u>\$ 11,007</u>	<u>\$ 39,896</u>	<u>\$ 200</u>	<u>\$ 725</u>	<u>\$ 35,800</u>	<u>\$ 89,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					\$ 2,068	\$ 17,280	\$ 19,348
Fund Balance, July 1 - Restated					151,713	33,912	185,625
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 153,781</u>	<u>\$ 51,192</u>	<u>\$ 204,973</u>

**CAPITAL PROJECTS FUND**

**SECTION - F**

MOUNTAINSIDE SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2021

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	\$ 38,718	\$ -	\$ 15,782
2014 School Facilities Project	<u>19,484,000</u>	<u>19,483,727</u>	<u>                  </u>	<u>273</u>
	<u>\$ 19,538,500</u>	<u>\$ 19,522,445</u>	<u>\$ -</u>	<u>\$ 16,055</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, 2021

Expenditures	
Construction services	\$ <u>          -</u>
Total expenditures	<u>          -</u>
Net Change in Fund Balances	-
Fund balance - beginning	<u>          16,055</u>
Fund balance - ending	\$ <u><u>          16,055</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, 2021

	<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	\$ -	\$ 54,500	\$ 54,500
Total revenues	54,500	-	54,500	54,500
Expenditures and Other Financing Uses				
Purchased professional and technical services	25,051	-	25,051	34,500
Other Administrative Services	13,667	-	13,667	20,000
Land and Improvements	-	-	-	-
Construction services	-	-	-	-
Total expenditures	38,718	-	38,718	54,500
Excess (deficiency) of revenues over (under) expenditures	15,782	-	15,782	-

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, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond proceeds and transfers	\$ 19,484,000	\$ -	\$ 19,484,000	\$ 19,484,000
Total revenues	19,484,000	-	19,484,000	19,484,000
<b>Expenditures and Other Financing Uses</b>				
Architect's services	1,839,229	-	1,839,229	1,839,229
Legal services	98,134	-	98,134	98,134
Other Administrative Services	147,568	-	147,568	147,568
Construction services	17,398,797	-	17,398,797	17,399,070
Total expenditures	19,483,727	-	19,483,727	19,484,000
Excess (deficiency) of revenues over (under) expenditures	\$ 273	\$ -	\$ 273	\$ -

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

**LONG-TERM DEBT**

**SECTION – I**

MOUNTAINSIDE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2021

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2020	REDEEMED	BALANCE JUNE 30, 2021
			DATE	AMOUNT				
Refunding School Bonds	2/24/2011	\$ 3,130,000	7/15/2021	\$ 300,000	4.875%	\$ 905,000	\$ 305,000	\$ 600,000
			7/15/2022	300,000	4.000%			
School Bonds, Series 2014	7/17/2014	19,484,000	8/15/2021	850,000	3.000%	15,685,000	830,000	14,855,000
			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%			
			8/15/2030	1,145,000	3.375%			
			8/15/2031	1,190,000	3.500%			
			8/15/2032	1,235,000	3.625%			
			8/15/2033	1,285,000	3.625%			
			8/15/2034	1,335,000	3.700%			
						<u>15,685,000</u>	<u>830,000</u>	<u>14,855,000</u>
						<u>\$ 16,590,000</u>	<u>\$ 1,135,000</u>	<u>\$ 15,455,000</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, 2021

DESCRIPTION	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE	BALANCE JUNE 30, 2020	CURRENT YEAR ISSUED	CURRENT YEAR RETIRED	BALANCE JUNE 30, 2021
			PRINCIPAL	INTEREST					
Student Chromebooks	7/30/2020	6/30/2025	\$ 37,137	\$ 0	0%	\$ -	\$ 37,137	\$ 7,427	\$ 29,710
Student Tablets	7/30/2020	6/30/2025	9,362	0	0%	-	9,362	1,872	7,490
Teacher Tablets	7/30/2020	6/30/2025	111,892	0	0%	-	111,892	22,379	89,513
						\$ -	\$ 158,391	\$ 31,678	\$ 126,713

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 1,215,916	\$ 1,215,916	\$ 1,215,916	
Total Local Sources:	1,215,916	1,215,916	1,215,916	
State Aid - Debt Service	451,812	451,812	451,812	
Total - State Sources	451,812	451,812	451,812	
Total Revenues	1,667,728	1,667,728	1,667,728	
EXPENDITURES:				
Regular Debt Service:				
Redemption of Bond Principal	1,135,000	1,135,000	1,135,000	
Bond Interest	532,728	532,728	532,728	
Total Regular Debt Service	1,667,728	1,667,728	1,667,728	
Total Expenditures	1,667,728	1,667,728	1,667,728	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

**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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,628,117	\$ 5,627,576	\$ 5,639,355	\$ (7,565,354)	\$ (2,757,658)	\$ 3,022,572	\$ 7,167,658	\$ 7,542,000	\$ 8,459,986	\$ 8,643,393
Restricted	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272	1,707,722	1,950,212	1,987,113	1,961,337
Unrestricted	(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)	(2,526,221)
Total governmental activities net position	<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>\$ 7,553,282</u>	<u>\$ 8,078,509</u>
Business-type activities										
Investment in capital assets	\$ 35,957	\$ 29,869	\$ 28,457	\$ 22,369	\$ 16,281	\$ 10,193	\$ 4,105	\$ 18,059	\$ 18,662	\$ 25,469
Unrestricted	5,030	15,601	11,279	36,420	29,864	33,060	50,201	54,414	71,557	42,782
Total business-type activities net position	<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>	<u>\$ 68,251</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 8,668,862
Restricted	396,728	893,855	1,239,854	14,750,207	10,654,724	5,495,272	1,707,722	1,950,212	1,987,113	1,961,337
Unrestricted	(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)	(2,483,439)
Total district net position	<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>\$ 7,643,500</u>	<u>\$ 8,146,760</u>

Source: ACFR Schedule A-1 and District records.

\* Reflects implementation of GASB Statement No. 68.

Note: GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$243,107.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 7,470,134
Special Education	967,187	631,127	512,212	621,742	754,465	833,168	871,258	1,009,032	2,014,117	2,199,302
Other Instruction	74,449	70,964	79,347	80,558	84,298	105,096	438,104	478,946	828,223	724,725
Support Services:										
Tuition	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	6,621,378
Student & Instruction Related Services	1,184,853	1,272,564	1,207,204	1,246,282	1,233,119	1,161,265	1,232,650	1,288,926	1,873,868	1,961,551
School Administrative services	355,150	369,922	378,574	375,607	373,708	389,048	383,891	410,515	751,255	872,034
General Administration	582,065	563,869	539,811	548,945	513,930	501,208	537,786	615,653	1,181,011	1,014,877
Plant Operations and Maintenance	860,599	901,193	993,435	978,127	898,776	933,888	932,895	914,446	1,401,990	1,689,257
Pupil Transportation	614,513	665,779	659,510	618,252	612,067	706,245	671,609	615,923	710,107	668,880
Unallocated Benefits	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	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	107,828	132,805	150,620	719,079	723,447	692,338	655,311	613,730	556,778	520,755
Unallocated depreciation	66,317	61,302	69,655	75,342	75,242	140,902	303,066	314,566	-	-
Total governmental activities expenses	<u>15,477,827</u>	<u>15,751,117</u>	<u>16,155,153</u>	<u>17,670,132</u>	<u>17,894,771</u>	<u>21,440,309</u>	<u>21,760,462</u>	<u>20,956,558</u>	<u>22,244,864</u>	<u>23,742,893</u>
Business-type activities:										
Food service	168,787	168,524	173,362	164,707	209,319	193,533	180,088	196,258	155,651	376,679
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>168,787</u>	<u>168,524</u>	<u>173,362</u>	<u>164,707</u>	<u>209,319</u>	<u>193,533</u>	<u>180,088</u>	<u>196,258</u>	<u>155,651</u>	<u>376,679</u>
Total district expenses	<u>\$ 15,646,613</u>	<u>\$ 15,919,640</u>	<u>\$ 16,328,515</u>	<u>\$ 17,834,839</u>	<u>\$ 18,104,091</u>	<u>\$ 21,633,842</u>	<u>\$ 21,940,550</u>	<u>\$ 21,152,817</u>	<u>\$ 22,400,515</u>	<u>\$ 24,119,572</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
Student & Instruction Related Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,080
Operating grants and contributions	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	524,906
Capital grants and contributions	-	-	-	-	561,150	458,569	455,892	454,736	-	-
Total governmental activities program revenues	<u>1,485,169</u>	<u>1,831,828</u>	<u>1,738,329</u>	<u>1,951,390</u>	<u>2,695,410</u>	<u>6,211,004</u>	<u>6,766,118</u>	<u>4,294,937</u>	<u>356,951</u>	<u>577,986</u>
Business-type activities:										
Charges for services										
Food service	147,652	142,851	137,334	154,216	167,168	161,466	164,180	183,910	143,125	168,508
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	25,621	30,132	30,251	29,459	29,359	28,811	25,346	28,772	28,868	186,141
Total business type activities program revenues	<u>173,273</u>	<u>172,982</u>	<u>167,586</u>	<u>183,675</u>	<u>196,527</u>	<u>190,277</u>	<u>189,526</u>	<u>212,682</u>	<u>171,992</u>	<u>354,649</u>
Total district program revenues	<u>\$ 1,658,442</u>	<u>\$ 2,004,810</u>	<u>\$ 1,905,915</u>	<u>\$ 2,135,065</u>	<u>\$ 2,891,937</u>	<u>\$ 6,401,281</u>	<u>\$ 6,955,644</u>	<u>\$ 4,507,619</u>	<u>\$ 528,943</u>	<u>\$ 932,635</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (23,164,807)
Business-type activities	4,487	4,458	15,777	18,967	(12,792)	(3,256)	9,438	16,424	16,341	(22,030)
Total district-wide net expense	<u>\$ (13,988,171)</u>	<u>\$ (13,914,830)</u>	<u>\$ (14,422,600)</u>	<u>\$ (15,699,774)</u>	<u>\$ (15,212,154)</u>	<u>\$ (15,232,561)</u>	<u>\$ (14,984,907)</u>	<u>\$ (16,645,197)</u>	<u>\$ (21,871,571)</u>	<u>\$ (23,186,937)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 16,778,899
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	1,215,916
Federal and State Aid not Restricted	-	-	5,771	24,572	27,160	36,533	59,383	764,397	4,167,644	5,504,047
Other Restricted Miscellaneous Income	-	-	-	-	-	-	-	-	-	48
Miscellaneous income	196,686	188,600	124,032	151,567	170,468	205,316	313,917	354,592	257,870	191,224
Total governmental activities	<u>13,731,098</u>	<u>14,394,274</u>	<u>14,615,618</u>	<u>15,283,423</u>	<u>16,202,880</u>	<u>16,910,407</u>	<u>17,328,897</u>	<u>18,388,954</u>	<u>22,012,372</u>	<u>23,690,134</u>
Business-type activities:										
Investment Earnings	13	25	43	85	149	364	1,615	1,743	1,404	63
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>13</u>	<u>25</u>	<u>43</u>	<u>85</u>	<u>149</u>	<u>364</u>	<u>1,615</u>	<u>1,743</u>	<u>1,404</u>	<u>63</u>
Total district-wide	<u>\$ 13,731,111</u>	<u>\$ 14,394,298</u>	<u>\$ 14,615,661</u>	<u>\$ 15,283,509</u>	<u>\$ 16,203,028</u>	<u>\$ 16,910,771</u>	<u>\$ 17,330,512</u>	<u>\$ 18,390,697</u>	<u>\$ 22,013,777</u>	<u>\$ 23,690,197</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (261,560)	\$ 474,985	\$ 198,794	\$ (435,318)	\$ 1,003,518	\$ 1,681,102	\$ 2,334,553	\$ 1,727,333	\$ 124,460	\$ 525,227
Business-type activities	4,500	4,483	(5,734)	19,053	(12,644)	(2,892)	11,053	18,167	17,745	(21,967)
Total district	<u>\$ (257,060)</u>	<u>\$ 479,468</u>	<u>\$ 193,060</u>	<u>\$ (416,265)</u>	<u>\$ 990,875</u>	<u>\$ 1,678,210</u>	<u>\$ 2,345,606</u>	<u>\$ 1,745,500</u>	<u>\$ 142,205</u>	<u>\$ 503,260</u>

Source: ACFR Schedule A-2 and District records.

GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity revenue reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
<b>Governmental Funds:</b>										
Restricted For:										
Excess Surplus - Prior Year	\$ -	\$ 131,395	\$ 197,127	\$ 182,674	\$ 253,165	\$ 48,592	\$ 85,644	\$ 140,000	\$ 442,802	\$ 375,000
Excess Surplus - Current Year	131,395	197,127	182,674	253,165	48,592	85,644	140,000	442,902	375,000	375,000
Scholarships	-	-	-	-	-	-	-	-	151,713	153,781
Student Activities	-	-	-	-	-	-	-	-	33,912	51,192
Maintenance Reserve Account	65,333	65,333	35,333	-	-	-	128,409	130,409	153,423	154,423
Tuition Reserve Account	-	-	-	234,798	534,798	493,768	333,768	245,000	260,000	356,317
Capital Reserve Account	200,000	500,000	779,500	679,500	479,500	479,500	864,725	866,725	496,725	430,489
Unemployment Liability Reserve	-	-	-	-	-	-	-	-	57,482	49,080
Assigned To:										
General Fund -Designated										
For Subsequent Year Expenditures	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	16,055
Unassigned:										
General Fund	81,838	107,526	120,164	131,729	159,710	35,892	170,408	277,536	295,312	759,409
<b>Total Fund Balances</b>	<b>\$ 622,566</b>	<b>\$ 1,001,381</b>	<b>\$ 1,360,017</b>	<b>\$ 14,900,664</b>	<b>\$ 10,833,161</b>	<b>\$ 5,549,892</b>	<b>\$ 1,878,130</b>	<b>\$ 2,691,234</b>	<b>\$ 2,417,960</b>	<b>\$ 2,720,746</b>

Source: ACFR Schedule B-1 and District records

GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for Unemployment Compensation, Student Activity, and Scholarship accounts.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 17,994,815
Other Restricted Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	48
Other Local Revenue	196,686	246,994	212,943	225,416	281,236	205,316	380,746	393,173	363,250	300,063
State Sources	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	3,925,046
Federal Sources	225,606	205,179	199,364	262,221	251,601	244,513	258,387	256,807	251,572	469,147
<b>Total revenue</b>	<b>15,216,011</b>	<b>16,241,790</b>	<b>16,353,947</b>	<b>17,234,813</b>	<b>18,898,289</b>	<b>19,525,174</b>	<b>20,370,736</b>	<b>21,100,818</b>	<b>21,438,486</b>	<b>22,689,119</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	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	3,777,687
Special Education Instruction	782,960	631,127	512,212	621,742	754,465	833,168	803,845	948,032	1,083,025	988,495
Other Instruction	74,449	70,964	79,347	80,558	84,298	105,096	438,104	478,946	464,384	366,408
<b>Undistributed:</b>										
Instruction	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	6,101,526
Attendance and Social Work	55,745	57,087	53,388	59,944	55,772	56,560	57,528	-	-	-
Health Services	161,495	136,600	138,436	143,817	144,589	134,620	136,933	142,935	140,535	146,927
Support Services - Students	350,438	384,871	313,052	263,011	279,743	253,641	239,614	254,984	304,558	332,065
Support Services - Special	291,678	229,337	234,895	230,748	216,676	213,315	249,705	373,230	395,562	389,991
Improvement of Instructional Services	65,392	110,894	108,848	125,409	109,162	109,941	110,160	127,365	166,390	165,811
Educ. Media Library	244,578	270,838	242,155	244,436	238,046	273,330	338,173	317,867	368,066	323,407
Instructional Staff Services	824	1,559	1,155	1,964	-	3,745	9,815	6,101	2,864	1,798
General Administration	369,389	392,121	316,262	318,300	293,612	267,800	214,018	285,889	230,059	265,676
School Administration	355,150	369,922	378,574	379,177	379,254	383,374	388,105	410,515	379,281	393,893
Central Services	193,230	191,222	204,259	195,052	190,926	169,592	194,356	219,767	215,088	241,430
Operations and Maintenance	860,599	901,193	980,235	978,127	897,763	927,987	932,895	914,446	970,422	1,032,617
Student Transportation	614,513	665,779	659,510	618,252	612,067	706,245	671,609	615,923	670,809	632,709
Employee benefits	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	2,564,941
On-behalf TPAF Pension Contributions	483,319	617,160	460,465	646,935	809,032	910,709	1,213,557	1,330,386	1,409,352	1,945,723
Reimb. TPAF Soc. Sec. Contributions	308,447	327,978	335,760	330,821	337,382	338,531	350,690	371,357	390,848	397,635
Capital Outlay	11,432	15,689	24,368	6,413,031	4,106,828	5,161,612	3,944,826	154,297	677,094	91,228
<b>Debt Service:</b>										
Interest	117,530	128,600	250,000	260,000	944,000	1,035,000	1,065,000	1,095,000	571,815	532,728
Principal	250,000	240,000	120,000	471,072	714,369	681,934	646,821	609,921	1,115,000	1,135,000
<b>Special Revenue:</b>										
Federal	198,931	205,179	199,364	262,221	274,067	244,513	258,387	256,807	251,572	469,147
Other	-	58,394	88,911	73,849	88,302	37,719	66,829	38,581	105,379	89,491
<b>Total Expenditures</b>	<b>15,536,800</b>	<b>15,901,692</b>	<b>15,990,310</b>	<b>23,272,983</b>	<b>22,965,792</b>	<b>24,891,846</b>	<b>24,042,497</b>	<b>20,287,815</b>	<b>21,954,767</b>	<b>22,386,333</b>
Excess (Deficiency) of revenues over (under) expenditures	(320,789)	340,098	363,636	(6,038,170)	(4,067,503)	(5,366,672)	(3,671,761)	813,004	(516,281)	302,786
<b>Other Financing sources (uses)</b>										
Proceeds-Sale of Bonds	-	-	-	19,484,000	-	-	-	-	-	-
Capital Leases	-	-	-	94,816	-	-	-	-	-	-
Proceeds-Sale of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-
Transfers in	266,763	100,000	154,500	137,766	227,674	15,051	3,203	12,984	-	-
Transfers out	(266,763)	(100,000)	(154,500)	(137,766)	(227,674)	(15,051)	(3,203)	(12,984)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,578,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Special Item</b>										
Cost Recovery from Cap. Projects	-	-	-	-	-	83,402	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (320,789)</b>	<b>\$ 340,098</b>	<b>\$ 363,636</b>	<b>\$ 13,540,646</b>	<b>\$ (4,067,503)</b>	<b>\$ (5,283,269)</b>	<b>\$ (3,671,761)</b>	<b>\$ 813,004</b>	<b>\$ (516,281)</b>	<b>\$ 302,786</b>
Debt service as a percentage of noncapital expenditures	2.37%	2.32%	2.32%	4.34%	8.79%	8.70%	8.52%	8.47%	7.93%	7.48%

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
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
2021	39,950	3,255	21,800	-	-	-	126,267	191,272

**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 <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
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
2021	18,239,200	1,539,177,200	-	-	219,953,500	113,487,400	-	1,890,947,300	568,598,500	1,573,487	1,892,520,787	1,907,822,855 *	0.963

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

\* The Township under went a revaluation in 2021

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Borough of Mountainside <sup>c</sup>	Union County <sup>c</sup>	
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
2021	0.898	0.065	0.963	0.512	0.489	1.964 *

**Source: Municipal Tax Collector**

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

\* The Township under went a revaluation in 2021

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

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

	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
SHP VI Mountainside LLC	\$ 24,967,400	1	5.16%	<b>Information Unavailable</b>		
Prime Care One LLC	21,558,200	2	4.51%			
Alpine at Mountainside LLC	12,129,600	3	2.54%			
HCR Manor Care Properties LLC	11,705,700	4	2.45%			
Bear Mountainside Realty	10,992,000	5	2.30%			
253 Sheffield Inc.	10,290,000	6	2.15%			
FYL Real Estate LLC	9,610,000	7	2.01%			
SH727, LLC	9,197,300	8	1.92%			
Brookrace Properties LLC	8,756,500	9	1.83%			
Safeguard Mountainside	8,750,000	10	1.83%			
<b>Total</b>	<b>\$ 127,956,700</b>		<b>26.69%</b>	<b>\$ -</b>		<b>0.00%</b>

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 <sup>a</sup>	
		Amount	Percentage of Levy
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%
2020	36,706,076	36,048,359	98.21%
2021	N/A	N/A	N/A

**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.

**N/A** Information was not available at the time of publication

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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases			
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	5.27%	3,231
2016	20,900,000	-	65,407	-	-	20,965,407	4.91%	3,072
2017	19,865,000	-	46,742	-	-	19,911,742	4.48%	2,911
2018	18,800,000	-	27,272	-	-	18,827,272	4.07%	2,742
2019	17,705,000	-	6,963	-	-	17,711,963	3.73%	2,580
2020	16,590,000	-	-	-	-	16,590,000	3.33%	2,409
2021	15,455,000	-	126,713	-	-	15,581,713	3.12%	2,266

**Source:** Borough of Mountainside Chief Financial Officer

**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 3,110,000		\$ 3,110,000	0.64%	\$ 459
2013	2,870,000		2,870,000	0.59%	420
2014	2,620,000		2,620,000	0.55%	383
2015	21,844,000		21,844,000	4.57%	3,190
2016	20,900,000		20,900,000	4.37%	3,063
2017	19,865,000		19,865,000	4.15%	2,904
2018	18,800,000		18,800,000	3.93%	2,738
2019	17,705,000		17,705,000	3.66%	2,579
2020	16,590,000		16,590,000	3.39%	2,409
2021	15,455,000		15,455,000	0.82%	2,248

**Source:** Borough of Mountainside Chief Financial Officer

**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, 2021  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Mountainside	\$ 6,183,072	100.000%	\$ 6,183,072
<b>Other Debt</b>			
Union County General Obligation Net Debt-Borough Share	551,314,136	2.440%	13,452,065
Rahway Valley Sewerage Authority	137,749,729	3.720%	<u>5,124,654</u>
Subtotal, overlapping debt			24,759,790
<b>Mountainside District Direct Debt</b>			<u>15,455,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 40,214,790</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 and Borough of Mountainside debt are as of December 31, 2020.  
Rahway Valley Sewerage Authority debt is 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	
2021	\$ 1,907,822,855
2020	1,795,510,455
2019	<u>1,812,635,017</u>
<b>[A]</b>	<b>\$ <u>5,515,968,327</u></b>
<b>[A/3]</b>	\$ 1,838,656,109
<b>[B]</b>	73,546,244 <sup>a</sup>
<b>[C]</b>	<u>15,455,000</u>
<b>[B-C]</b>	<b>\$ <u>58,091,244</u></b>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2018	2020	2021
Debt Limit	\$ 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	\$ 73,546,244
Total net debt applicable to limit	<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>	<u>15,455,000</u>
Legal debt margin	<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>	<u>\$ 58,091,244</u>
Total net debt applicable to the limit as a percentage of debt limit	4.40%	4.21%	3.86%	32.34%	30.50%	28.49%	26.52%	24.83%	23.04%	21.01%

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

<sup>a</sup> 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 <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2012	6,733	\$ 371,331,683	\$ 55,151	5.40%
2013	6,782	380,666,878	56,129	4.40%
2014	6,776	401,342,480	59,230	4.50%
2015	6,786	415,778,220	61,270	3.50%
2016	6,824	426,677,424	62,526	3.50%
2017	6,841	444,911,276	65,036	3.40%
2018	6,866	462,397,636	67,346	2.90%
2019	6,888	474,355,896	68,867	2.40%
2020	6,876	498,805,668	72,543	6.60%
2021	6,876 *	498,805,668 *	72,543 *	6.60% *

**Source:**

<sup>a</sup> Population information provided by the NJ Dept. of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> 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	2021			2012		
	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

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Instruction										
Teachers	56.4	55.9	58.0	58.7	61.0	61.0	61.0	62.1	68.8	71.0
Classroom Aides	10.4	6.5	6.5	7.0	9.8	12.0	11.0	11.0	12.0	17.0
Support Services:										
Tuition										
Student & Instruction Related Services	11.2	10.0	10.0	10.0	11.0	12.0	11.4	11.4	11.4	13.0
General Administration	1.6	1.5	1.5	1.4	2.4	2.0	2.0	2.0	2.0	3.0
School Administrative Services	5.5	5.5	5.5	4.6	4.6	4.6	4.6	4.6	4.6	4.0
Business Administrative Services	2.3	2.7	2.7	2.7	2.7	2.5	3.0	3.0	3.9	3.0
Administrative Information Technology	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Plant operations and maintenance	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0	8.0	8.0
Total	<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>	<u>120.0</u>

**Source:** District Personnel Records



Mountainside School District  
 Operating Statistics,  
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary	Middle School	Senior High School				
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%
2021	728	20,627,377	28,334	7.89%	71.0	1:11	N/A	N/A	725.3	707.1	-0.51%	97.49%

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>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>2021</u>
<b><u>District Building</u></b>										
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	256	255	265	233	236	237	237	252	268	265
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	565	523	505	528	498	481	490	475	478	463
Number of Schools at June 30, 2021										
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>2021</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>
Deerfield School	SP201453	\$ 168,303	\$ 143,514	\$ 133,719	\$ 115,530	\$ 144,601	\$ 69,806	\$ 58,410	\$ 79,104	\$ 60,300	\$ 24,750
Beechwood School	SP201452	78,108	60,659	55,216	77,506	68,857	26,783	16,153	29,990	17,900	10,250
Grand Total		<u>\$ 246,411</u>	<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>

\*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, 2021

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, 2021

**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2022.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal 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 District'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.

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

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

**Compliance and Other Matters**

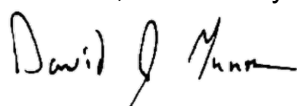
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Office of School 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*

March 14, 2022  
Cranford, New Jersey



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



**Report on Compliance for Each Major State Program and on  
Internal Control Over Compliance Required by  
New Jersey OMB Circular 15-08**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major State Program**

We have audited the Borough of Mountainside School District's ("District"), County of Union, New Jersey compliance with the types of compliance requirements described in the *New Jersey State Aid/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, 2021. 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, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

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

***Unmodified Opinion on 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 its major state program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

**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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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**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*

March 14, 2022  
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, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL A.L. NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2021	MEMO CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Agriculture									
Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	\$ 161,127	\$	\$ 145,696	\$ (161,127)	\$ (15,431)	\$ (161,127)
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	15,038	(63)	63			
Emergency Operational Cost Program - Schools	10.555	212121H170341	7/1/20-6/30/21	3,085			(3,085)	(3,085)	(3,085)
Federal Food Distribution Program	10.555	211NJ304N1099	7/1/20-6/30/21	15,016		15,016	(15,016)	(15,016)	(15,016)
Subtotal Child Nutrition Cluster					(63)	160,775	(179,228)	(18,516)	(179,228)
P-EBT Administrative Cost	10.649	212121S900941	7/1/20-6/30/21	614			(614)	(614)	(614)
Total U.S. Department of Agriculture					(63)	160,775	(179,842)	(19,130)	(179,842)
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	H027A210100	10/1/20-9/30/21	153,978		106,209	(153,978)	(47,769)	(153,978)
I.D.E.A. Part B	84.027	H027A200100	7/1/19-9/30/20	142,218	(142,218)	142,218			
I.D.E.A. Part B, Preschool	84.173	H173A210114	10/1/20-9/30/21	7,814		7,814	(7,814)		(7,814)
I.D.E.A. Part B, Preschool	84.173	H173A200114	7/1/19-9/30/20	7,752	(7,752)	7,752			
Subtotal I.D.E.A. Cluster					(149,970)	263,993	(161,792)	(47,769)	(161,792)
N.C.L.B. Title IV	84.424	S424A210031	10/1/20-9/30/21	10,000			(10,000)	(10,000)	(10,000)
N.C.L.B. Title IV	84.424	S424A200031	7/1/19-9/30/20	10,000	(10,000)	10,000			
N.C.L.B. Title II, Part A	84.367A	S367A210029	10/1/20-9/30/21	15,213			(15,213)	(15,213)	(15,213)
N.C.L.B. Title II, Part A	84.367A	S367A200029	7/1/19-9/30/20	16,647	(16,647)	16,647			
N.C.L.B. Title I, Part A	84.010A	S010A210030	10/1/20-9/30/21	75,363		35,887	(75,363)	(39,476)	(75,363)
N.C.L.B. Title I, Part A	84.010A	S010A200030	7/1/19-9/30/20	74,955	(74,955)	74,955			
Subtotal N.C.L.B					(101,602)	137,489	(100,576)	(64,689)	(100,576)
Coronavirus Relief Fund Grant	21.019	S377A130031	3/13/20-9/30/22	28,201		28,201	(28,201)		(28,201)
Coronavirus Relief Fund Grant	21.019	S377A130031	3/13/20-9/30/22	100,855		37,300	(100,855)	(63,555)	(100,855)
Subtotal Coronavirus Relief Fund Grant						65,501	(129,056)	(63,555)	(129,056)
Learning Acceleration Grant Program	84.425D	S425D210027	3/13/20-9/30/22	25,000		8,790	(11,277)	(2,487)	(11,277)
CARES Act - CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/22	247,027		54,765	(66,446)	(11,681)	(66,446)
Subtotal CARES Act Grant						63,555	(77,723)	(14,168)	(77,723)
Total U.S. Department of Education					(251,572)	530,538	(469,147)	(190,181)	(469,147)
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	(10,338)	10,338			
Total Agency Fund					(10,338)	10,338			-
Total Federal Awards				\$	(261,973)	\$ 701,651	\$ (648,989)	\$ (209,311)	\$ (648,989)

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2021 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, 2021

Exhibit K-4

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE - JUNE 30, 2020		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE - JUNE 30, 2021		MEMO CUMULATIVE TOTAL EXPENDITURES
				GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE			GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	
State Department of Education:										
Governmental Funds										
General Fund										
Special Education Aid	21-495-034-5120-089	\$ 553,695	7/1/20-6/30/21	\$	\$	\$ 499,673	\$ (553,695)	\$	\$ (54,022)	\$ (553,695)
Special Education Aid	20-495-034-5120-089	513,853	7/1/19-6/30/20	(50,074)		50,074				
Transportation Aid	21-495-034-5120-014	307,722	7/1/20-6/30/21			277,699	(307,722)		(30,023)	(307,722)
Transportation Aid	20-495-034-5120-014	307,722	7/1/19-6/30/20	(29,987)		29,987				
Security Aid	21-495-034-5120-084	19,731	7/1/20-6/30/21			17,808	(19,731)		(1,923)	(19,731)
Security Aid	20-495-034-5120-084	19,731	7/1/19-6/30/20	(1,922)		1,922				
Extraordinary Aid	21-495-034-5120-044	228,643	7/1/20-6/30/21				(228,643)	(228,643)		(228,643)
Extraordinary Aid	20-495-034-5120-044	149,736	7/1/19-6/30/20	(149,736)		149,736				
Nonpublic School Transportation	21-495-034-5120-014	24,070	7/1/20-6/30/21				(24,070)	(24,070)		(24,070)
T.P.A.F. Social Security Aid	21-495-034-5094-003	397,635	7/1/20-6/30/21			397,635	(397,635)			(397,635)
T.P.A.F. Pension Contributions	21-495-034-5094-002	1,480,331	7/1/20-6/30/21			1,480,331	(1,480,331)			(1,480,331)
T.P.A.F. Post Retirement Medical	21-495-034-5094-001	463,913	7/1/20-6/30/21			463,913	(463,913)			(463,913)
T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	1,479	7/1/20-6/30/21			1,479	(1,479)			(1,479)
				(231,719)	-	3,370,257	(3,477,219)	(252,713)	(85,968)	(3,477,219)
Debt Service Fund										
School Building Aid	21-495-034-5120-017	451,812	7/1/20-6/30/21			451,812	(451,812)			(451,812)
				-	-	451,812	(451,812)	-	-	(451,812)
Enterprise Funds										
State School Lunch Program	21-100-010-3350-023	6,299	7/1/20-6/30/21			4,861	(6,299)	(1,438)		(6,299)
State School Lunch Program	20-100-010-3350-023	1,571	7/1/20-6/30/21	(1)		1				
				(1)	-	4,862	(6,299)	(1,438)	-	(6,299)
Total State Financial Assistance				\$ (231,720)	\$ -	\$ 3,826,931	\$ (3,935,330)	\$ (254,151)	\$ (85,968)	\$ (3,935,330)
Less:										
T.P.A.F. Pension Contributions						\$	(1,480,331)			
T.P.A.F. Post Retirement Medical							(463,913)			
T.P.A.F. Non-Contributory Insurance							(1,479)			
State Expenditures Subject to Single Audit						\$	(1,989,607)			

Note: See Accompanying Notes to Schedules of Financial Assistance.

MOUNTAINSIDE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2021

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

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

MOUNTAINSIDE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2021

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,985) for the general fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). 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	\$ ---	\$ 3,473,234	\$ 3,473,234
Special Revenue Fund	469,147	---	469,147
Debt Service Fund	---	451,812	451,812
Food Service Fund	<u>179,842</u>	<u>6,299</u>	<u>186,141</u>
Total Assistance	\$ <u>648,989</u>	\$ <u>3,931,345</u>	\$ <u>4,580,334</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.

MOUNTAINSIDE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2021

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, 2021. 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, 2021, 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, 2021

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:

A.L. Number(s)	Name of Federal Program or Cluster

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, 2021

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

**State Financial Assistance**

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

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
495-034-5120-017	Debt Service 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, 2021

Not Applicable. There were no audit findings or questioned costs reported for the year ended June 30, 2020.