



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, 2022**

Mountainside School District

Mountainside, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

Prepared by

Business Office

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2022**

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INTRODUCTORY SECTION

MOUNTAINSIDE BOARD OF EDUCATION

1 497 WOODACRES DR., MOUNTAINSIDE, NJ 07092

908-232-3232

WWW.MOUNTAINSIDESCHOOLS.ORG

May 2, 2023

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, 2022, 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 the 1996 Single Audit Act, as amended, and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report,

1. REPORTING ENTITY AND ITS SERVICES:

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

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

These services include general as well as special education (grades Pre-K through 8) programs. The District completed the 2021-2022 fiscal year with an in district enrollment of 729 students, which is 1 student more 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
2021-2022	729	+0.1
2020-2021	728	- 2.4
2019-2020	746	+1.9
2018-2019	732	+0.7
2017-2018	727	+1.3

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 maintained an emphasis on student achievement, staff development, and safety training during the 2021-2022 school year. Budget funds supported the purchase and implementation of a new math instructional program for Grades K-5. Additional funding was applied to security upgrades and embedded professional development to support instructional growth. During the 2021-2022 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 maintain strict adherence to continued COVID related health and safety protocols and address individual student needs.

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 assignments of fund balance at June 30, 2022.

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 a government-wide presentation is also included. 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, 2022, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenues	FY 2021-2022 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2020- 2021	Percentage Increase (Decrease)
Local Tax Levy	\$ 18,454,577	76.6%	\$ 459,762	2.6%
Other Restricted Misc.	-	0.0%	(48)	-100.0%
Other Local Source	347,162	1.5%	47,099	100.0%
State Sources	4,785,061	19.9%	860,015	21.9%
Federal Sources	491,030	2.0%	21,883	4.7%
Totals	<u>\$ 24,077,830</u>	<u>100.0%</u>	<u>\$ 1,388,711</u>	<u>6.1%</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, 2022, and the amount and percentage of increase/(decrease) in relation to the prior year.

Ependitures	FY 2021-2022 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2020-2021	Percentage Increase (Decrease)
Current Expense	\$ 21,570,822	90.0%	\$ 1,502,083	7.5%
Capital Outlays	29,508	0.1%	(61,720)	-67.7%
Special Revenues	632,290	2.7%	73,652	13.2%
Debt Service	1,733,331	7.2%	65,603	3.9%
Totals	<u>\$ 23,965,951</u>	<u>100.0%</u>	<u>\$ 1,579,618</u>	<u>7.1%</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, 2022, the District had \$300,000 of these school bonds issued and outstanding. In December 2021, the Board refinanced the July 8, 2014 bonds at an interest savings of \$402,366. The amount due on these new bonds is \$12,935,000, and there is \$1,765,000 left on the July 8, 2014 bonds as of June 30, 2022.

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

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


11. OTHER INFORMATION:


State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm 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


Steven Robinson
Interim School Business Administrator

Borough of Mountainside Board of Education
Union County, New Jersey

Roster of Officials

June 30, 2022

<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	2024
Vivian Pupo	2023
Candice Schiano	2024
Carmine Venes	2022

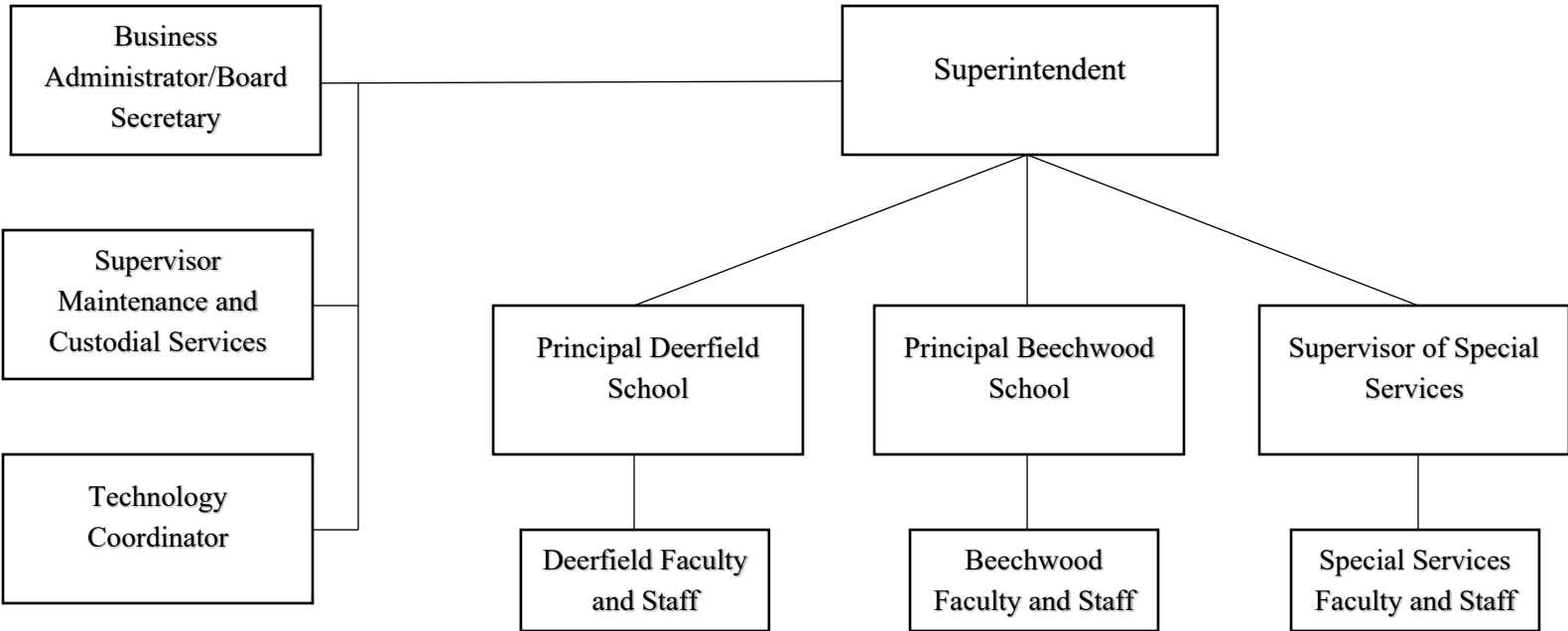
Other Officials

Janet Walling, Superintendent of Schools

Steven Robinson, Interim 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, 2022

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

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

Report on the Audit of the Financial Statements

Opinions

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 Mountainside School District, County of Union, New Jersey (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the and schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 an 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

Cranford, New Jersey
May 2, 2023

David J. Gannon

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

REQUIRED SUPPLEMENTARY INFORMATION

PART I

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Unaudited)
June 30, 2022

This section of the District's annual comprehensive financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. The focus of the Management's 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 2021-2022 fiscal year include the following:

The District's Governmental Activities net position increased by \$951,727 as reflected in Table 3, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation. The District's business-type activity revenue exceeded related expenses by \$94,332. The breakdown of this amount is reflected in Schedule A-2 of the Government-wide Financial Statements. The District's Governmental Funds reported an increase in Fund Balance of \$232,835, to \$2,953,581 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 \$2,693,890 which represents an increase of \$194,172 over the prior year. Of this total, \$375,000 of excess surplus was appropriated toward the 2022-2023 budget, and an additional \$201,317 of Tuition Reserve and \$60,000 of Capital Reserve has been designated for the 2022-2023 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 2023-2024 budget is \$375,000. The unassigned general fund balance is reported at \$725,960. 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 \$23,965,951. Total revenues were \$24,077,830 and, including net other financing sources of \$120,956, resulted in an excess of revenues over expenditures of \$232,835 for the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual comprehensive financial 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

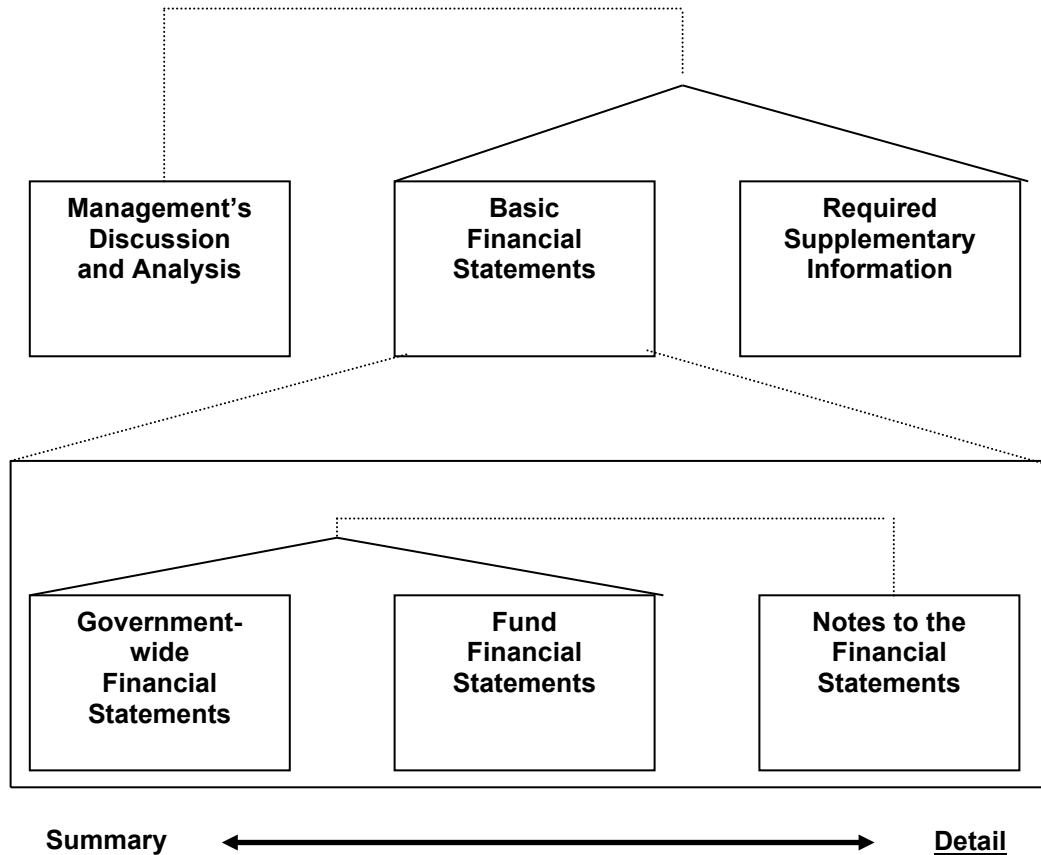


Table - 2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of Revenues, Expenses and Changes in Net Position • Statement of cash flows
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 \$9,030,236 at June 30, 2022. Of this amount, a deficit amount of \$2,053,098 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 \$162,583 at June 30, 2022. Of this amount, \$144,160 was reported as unrestricted net position, with the balance of \$18,423 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
Net Position

A. Governmental Activities

	June 30		Amount	%
	2021	2022	Increase (Decrease)	Increase (Decrease)
Assets				
Current and other assets	\$ 3,457,889	\$ 3,498,310	\$ 40,421	1.17%
Capital assets, net	<u>24,218,137</u>	<u>23,340,107</u>	<u>(878,030)</u>	-3.63%
Total Assets	\$ <u>27,676,026</u>	\$ <u>26,838,417</u>	\$ <u>(837,609)</u>	-3.03%
Deferred Outflows of Resources				
Deferred Outflows of Resources	\$ <u>492,993</u>	\$ <u>1,148,437</u>	\$ <u>655,444</u>	132.95%
Total Deferred Outflows of Resources	\$ <u>492,993</u>	\$ <u>1,148,437</u>	\$ <u>655,444</u>	132.95%
Liabilities				
Current and other liabilities	\$ 2,300,884	\$ 2,195,857	\$ (105,027)	-4.56%
Long-term liabilities	<u>16,735,885</u>	<u>15,690,353</u>	<u>(1,045,532)</u>	-6.25%
Total Liabilities	\$ <u>19,036,769</u>	\$ <u>17,886,210</u>	\$ <u>(1,150,559)</u>	-6.04%
Deferred Inflows of Resources				
Deferred Inflows of Resources	\$ <u>1,053,741</u>	\$ <u>1,070,408</u>	\$ <u>16,667</u>	1.58%
Total Deferred Inflows of Resources	\$ <u>1,053,741</u>	\$ <u>1,070,408</u>	\$ <u>16,667</u>	1.58%
Net Position				
Net Investment in				
capital assets	\$ 8,643,393	\$ 8,930,803	\$ 287,410	3.33%
Restricted	1,961,337	2,152,531	191,194	9.75%
Unrestricted	<u>(2,526,221)</u>	<u>(2,053,098)</u>	<u>473,123</u>	-18.73%
Total Net Position	\$ <u>8,078,509</u>	\$ <u>9,030,236</u>	\$ <u>951,727</u>	11.78%

B. Business-Type Activities

	Year Ended June 30		Amount	%
	2021	2022	Increase (Decrease)	Increase (Decrease)
Current and other assets				
Current and other assets	\$ 108,651	\$ 167,007	\$ 58,356	53.71%
Capital assets	<u>25,469</u>	<u>18,423</u>	<u>(7,046)</u>	-27.67%
Total Assets	\$ <u>134,120</u>	\$ <u>185,430</u>	\$ <u>51,310</u>	38.26%
Liabilities				
Current and other liabilities	\$ <u>65,869</u>	\$ <u>22,847</u>	\$ <u>(43,022)</u>	-65.31%
Total Liabilities	\$ <u>65,869</u>	\$ <u>22,847</u>	\$ <u>(43,022)</u>	-65.31%
Net Position				
Investment in capital				
assets	\$ 25,469	\$ 18,423	\$ (7,046)	-27.67%
Unrestricted	<u>42,782</u>	<u>144,160</u>	<u>101,378</u>	236.96%
Total Net Position	\$ <u>68,251</u>	\$ <u>162,583</u>	\$ <u>94,332</u>	138.21%

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

	<u>Governmental Activities</u>		<u>Amount</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
	<u>Year Ended June 30,</u>			
	<u>2021</u>	<u>2022</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 53,080	\$ 110,848	\$ 57,768	100.00%
Operating Grants and Contributions	524,906	526,701	1,795	0.34%
General revenue				
Local tax levy	17,994,815	18,454,577	459,762	2.55%
Federal and state aid	5,504,047	4,628,524	(875,523)	-15.91%
Miscellaneous revenues	191,272	207,618	16,346	8.55%
Total revenues	\$ 24,268,120	\$ 23,928,268	\$ (339,852)	-1.40%
Function/program expense:				
Instruction				
Regular programs	\$ 7,470,134	\$ 6,908,317	\$ (561,817)	-7.52%
Special programs	2,199,302	2,058,013	(141,289)	-6.42%
Other Instructional programs	724,725	720,984	(3,741)	-0.52%
Support services				
Student services	1,961,551	1,830,396	(131,155)	-6.69%
Tuition	6,621,378	6,605,031	(16,347)	-0.25%
General administration and business services	1,014,877	986,008	(28,869)	-2.84%
School administration	872,034	743,755	(128,279)	-14.71%
Plant services	1,689,257	1,864,803	175,546	10.39%
Pupil transportation	668,880	945,809	276,929	41.40%
Interest on long-term debt	520,755	313,425	(207,330)	-39.81%
Total expenses	\$ 23,742,893	\$ 22,976,541	\$ (766,352)	-3.23%
Increase (Decrease) net position	\$ 525,227	\$ 951,727	\$ 426,500	5.28%

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.

Table - 4
Change in Net Position

	<u>Business-Type Activities</u>		<u>Amount</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
	<u>Year Ended June 30,</u>			
	<u>2021</u>	<u>2022</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 168,508	\$ 62,843	\$ (105,665)	-62.71%
Operating Grants and Contributions	186,141	306,061	119,920	64.42%
Miscellaneous revenues	63	0	(63)	-100.00%
Total revenues	\$ 354,712	\$ 368,904	\$ 14,192	3.85%
Business-Type Activities :				
Food Service	\$ 376,679	\$ 274,572	\$ (102,107)	-27.11%
Total expenses	\$ 376,679	\$ 274,572	\$ (102,107)	-27.11%
Increase (Decrease) net position	\$ (21,967)	\$ 94,332	\$ 116,299	170.40%

As the School District completed this year, our governmental funds reported a combined fund balance of \$2,953,581, which is an increase of \$232,835 from last year. This amount includes the General Fund (increase of \$194,172), Special Revenue Fund (increase of \$5,259), Capital Projects Fund (unchanged), and Debt Service Fund (increase of \$33,404). The primary reasons for the increase/decrease are:

1. Favorable budget variances of the General Fund and Special Revenue Fund.
2. Increase in Tax Levy and State Aid revenues from the prior year.
3. Debt refunding resulting in a reduction of interest expenditures.

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 \$3.20 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$3.05 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 \$2.45 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 2021-22 budget and the variances in actual revenues and expenditures. Revenue realization for the 2021-22 school year was positive for governmental activities when compared to the 2020-21 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 2.6% for the 2021-22 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 \$1,290,036. A favorable variance of \$89,423 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
GAAP Basis

	<u>Year Ended June 30</u>		<u>Increase (Decrease)</u>	
	<u>2021</u>	<u>2022</u>	<u>\$</u>	<u>%</u>
Revenue by Source:				
Local Tax Levy	\$ 17,994,815	\$ 18,454,577	\$ 459,762	2.6%
Other Local Sources	300,111	347,162	47,051	15.7%
Total Local Sources	18,294,926	18,801,739	506,813	2.8%
State Sources	3,925,046	4,785,061	860,015	21.9%
Federal Sources	469,147	491,030	21,883	4.7%
Total Revenues	\$ 22,689,119	\$ 24,077,830	\$ 1,388,711	6.1%
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 3,777,687	\$ 4,039,860	\$ 262,173	6.9%
Special programs	1,208,837	1,249,129	40,292	3.3%
Other Instructional programs	366,408	420,667	54,259	14.8%
Support services				
Student services	1,505,841	1,570,315	64,474	4.3%
Tuition	6,263,318	6,259,167	(4,151)	-0.1%
Instructional staff support				
General administration and business services	265,676	289,513	23,837	9.0%
School administration	393,893	385,995	(7,898)	-2.0%
Plant services	1,274,047	1,295,458	21,411	1.7%
Student transportation	632,709	896,283	263,574	41.7%
Unallocated benefits	4,932,905	5,776,223	843,318	17.1%
Debt Service				
Principal	1,135,000	1,290,000	155,000	13.7%
Interest and Other Charges	532,728	443,331	(89,397)	-16.8%
Capital Outlay	97,284	50,010	(47,274)	-48.6%
Total	\$ 22,386,333	\$ 23,965,951	\$ 1,579,618	7.1%

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$23.97 million or a 7.1% increase from the preceding year. The primary driver for this increase was the Unallocated Benefits, which increased by \$843,318, Regular Instruction, which increased by \$262,173, and Student Transportation costs, which increased by \$263,574. Increased employee benefit costs 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 \$18.45 million of those activities through property taxes, which reflect only a 2.6% increase over the prior year. As shown above, \$4.8 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$3.06 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, 2022, the School District reported \$33,622,705 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 \$28,541 from the prior year. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table - 6
Governmental Activity Capital Assets at Year-End

	<u>FY 2021</u>	<u>FY 2022</u>	<u>Increase (Decrease)</u>
Land	\$ 1,875,070	\$ 1,875,070	\$ -
Improvements Other than Buildings	311,673	311,673	-
Buildings and Improvements	30,960,218	30,972,493	12,275
Furniture, Equipment and Vehicles	<u>447,203</u>	<u>463,469</u>	<u>16,266</u>
Total	<u><u>\$ 33,594,164</u></u>	<u><u>\$ 33,622,705</u></u>	<u><u>\$ 28,541</u></u>

Long-Term Debt

At the end of this year, the School District had \$15,000,000 in bonds (Type II debt) outstanding versus \$15,455,000 last year – a decrease of 3.30%. The summary of year-end long-term debt and changes for the 2021-2022 school year is as follows:

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

	<u>Governmental Activities</u>		<u>(Decrease)</u>
	<u>2021</u>	<u>2022</u>	<u>Increase</u>
School Serial Bonds Payable	\$ 15,455,000	\$ 15,000,000	\$ (455,000)
Other Long Term Debt:			
Net Pension Liability	2,060,773	1,613,280	(447,493)
Compensated Absences Payable	305,641	313,716	8,075
Financed Purchases Payable	<u>126,713</u>	<u>95,035</u>	<u>(31,678)</u>
Total	<u>\$ 17,948,127</u>	<u>\$ 17,022,031</u>	<u>\$ (926,096)</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the School District's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact the Office of the 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, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,806,285	\$ 137,235	\$ 2,943,520
Receivables, Net	692,025	25,179	717,204
Inventory		4,593	4,593
Capital Assets, Net	23,340,107	18,423	23,358,530
Total Assets	<u>26,838,417</u>	<u>185,430</u>	<u>27,023,847</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	462,706		462,706
Deferred Amount on Refinancing	685,731		685,731
Total Deferred Outflows of Resources	<u>1,148,437</u>	<u>-</u>	<u>1,148,437</u>
<u>LIABILITIES</u>			
Accounts Payable	454,095	13,650	467,745
Payroll Deductions and Withholdings Payable	137,702		137,702
Accrued Interest Payable	147,782		147,782
Other Liabilities	26,964		26,964
Unearned Revenue	97,636	9,197	106,833
Noncurrent Liabilities:			
Due Within One Year	1,331,678		1,331,678
Due Beyond One Year	14,077,073		14,077,073
Net Pension Liability	1,613,280		1,613,280
Total liabilities	<u>17,886,210</u>	<u>22,847</u>	<u>17,909,057</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	1,070,408		1,070,408
Total Deferred Inflows of Resources	<u>1,070,408</u>	<u>-</u>	<u>1,070,408</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,930,803	18,423	8,949,226
Restricted for:			
Excess Surplus	750,000		750,000
Capital Reserve	570,424		570,424
Maintenance Reserve	155,423		155,423
Tuition Reserve	401,317		401,317
Unemployment Liability Reserve	49,080		49,080
Capital Projects	16,055		16,055
Scholarships	154,476		154,476
Student Activities	55,756		55,756
Unrestricted (Deficit)	<u>(2,053,098)</u>	<u>144,160</u>	<u>(1,908,938)</u>
Total Net Position	<u>\$ 9,030,236</u>	<u>\$ 162,583</u>	<u>\$ 9,192,819</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, 2022

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	\$ 6,908,317			\$ (6,908,317)		\$ (6,908,317)
Special Education	2,058,013		\$ 190,011	(1,868,002)		(1,868,002)
Other Instruction	720,984			(720,984)		(720,984)
Support Services:						
Tuition	6,605,031			(6,605,031)		(6,605,031)
Student & Instruction Related Services	1,830,396	\$ 110,848	336,690	(1,382,858)		(1,382,858)
School Administrative Services	743,755			(743,755)		(743,755)
General and Business Administrative Services	986,008			(986,008)		(986,008)
Plant Operations and Maintenance	1,864,803			(1,864,803)		(1,864,803)
Pupil Transportation	945,809			(945,809)		(945,809)
Interest on Long-Term Debt	313,425			(313,425)		(313,425)
Total Governmental Activities	<u>22,976,541</u>	<u>110,848</u>	<u>526,701</u>	<u>\$ (22,338,992)</u>	<u>-</u>	<u>(22,338,992)</u>
Business-Type Activities:						
Food Service	<u>274,572</u>	<u>62,843</u>	<u>306,061</u>		<u>\$ 94,332</u>	<u>94,332</u>
Total Business-Type Activities	<u>274,572</u>	<u>62,843</u>	<u>306,061</u>	<u>-</u>	<u>94,332</u>	<u>94,332</u>
Total Primary Government	<u>\$ 23,251,113</u>	<u>\$ 173,691</u>	<u>\$ 832,762</u>	<u>(22,338,992)</u>	<u>94,332</u>	<u>(22,244,660)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,261,649		17,261,649
Taxes Levied for Debt Service				1,192,928		1,192,928
Federal and State Aid not Restricted				4,628,524		4,628,524
Miscellaneous Income				207,618		207,618
Total General Revenues				<u>23,290,719</u>	<u>-</u>	<u>23,290,719</u>
Change in Net Position				951,727	94,332	1,046,059
Net Position—Beginning				<u>8,078,509</u>	<u>68,251</u>	<u>8,146,760</u>
Net Position—Ending				<u>\$ 9,030,236</u>	<u>\$ 162,583</u>	<u>\$ 9,192,819</u>

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, 2022

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,545,787	\$ 210,232	\$ 16,055	\$ 34,211	\$ 2,806,285
Interfund Accounts Receivable	371,385				371,385
Receivables from Other Governments	216,699	475,326			692,025
Total Assets	<u>\$ 3,133,871</u>	<u>\$ 685,558</u>	<u>\$ 16,055</u>	<u>\$ 34,211</u>	<u>\$ 3,869,695</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 227,553	\$ 54,874			\$ 282,427
Payroll Deductions and Withholdings Payable	137,702				137,702
Interfund Accounts Payable		371,385			371,385
Other Liabilities	26,157			\$ 807	26,964
Unearned Revenue	48,569	49,067			97,636
Total Liabilities	<u>439,981</u>	<u>475,326</u>		<u>807</u>	<u>916,114</u>
Fund Balances:					
Restricted:					
Excess Surplus-Current Year	375,000				375,000
Excess Surplus-Designated for Subsequent Year Expenditures	375,000				375,000
Scholarships		154,476			154,476
Student Activities		55,756			55,756
Capital Reserve	510,424				510,424
Capital Reserve-Designated for Subsequent Year Expenditures	60,000				60,000
Maintenance Reserve	155,423				155,423
Tuition Reserve- Designated for Subsequent Year Expenditures	201,317				201,317
Tuition Reserve	200,000				200,000
Unemployment Claims	49,080				49,080
Debt Service				33,404	33,404
Capital Projects			\$ 16,055		16,055
Assigned:					
Year-end Encumbrances	41,686				41,686
Unassigned:					
General Fund	<u>725,960</u>				<u>725,960</u>
Total Fund Balances	<u>2,693,890</u>	<u>210,232</u>	<u>16,055</u>	<u>33,404</u>	<u>2,953,581</u>
Total Liabilities and Fund Balances	<u>\$ 3,133,871</u>	<u>\$ 685,558</u>	<u>\$ 16,055</u>	<u>\$ 34,211</u>	<u>\$ 3,869,695</u>

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

MOUNTAINSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total Fund Balances Reported on Governmental Funds Balance Sheet (B-1)	\$ 2,953,581
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 \$33,622,705, and the accumulated depreciation is \$10,282,598.	23,340,107
Long-term liabilities, including bonds (net of premiums and/or discounts), financed purchase 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.	(15,408,751)
The liability for for pension expense that is not payable from currently available resources is not recorded in the fund financial statements	(171,668)
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.	(147,782)
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 amountsof the individual components are as follows:	
Deferred Outflows of Resources:	
Change in Pension Assumptions	8,402
Change in Pension Proportion	257,192
Difference in Pension Experience	25,444
Pension Payment Subsequent to Measurement Date	171,668
Net Pension Liability	(1,613,280)
Deferred Inflows of Resources:	
Difference in Pension Earnings	(424,980)
Change in Pension Assumptions	(574,338)
Change in Pension Proportion	(59,541)
Difference in Expected and Actual Experience	(11,549)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds 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 \$714,044 and accumulated amortization is \$28,313	685,731
Net position of governmental activities	<u>\$ 9,030,236</u>

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, 2022

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>					
Local Tax Levy	\$ 17,261,649			\$ 1,192,928	\$ 18,454,577
Other Local Sources	204,810	\$ 139,544		2,808	347,162
State Sources	4,328,043	6,975		450,043	4,785,061
Federal Sources		491,030			491,030
Total Revenues	\$ 21,794,502	\$ 637,549	\$ -	\$ 1,645,779	\$ 24,077,830
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	4,011,055	28,805			4,039,860
Special Education Instruction	1,059,118	190,011			1,249,129
Other Instruction	420,667				420,667
Support Services and Undistributed Costs:					
Tuition	6,079,644	179,523			6,259,167
Student & Instruction Related Services	1,356,866	213,449			1,570,315
School Administrative Services	385,995				385,995
Other Administrative Services	289,513				289,513
Plant Operations and Maintenance	1,295,458				1,295,458
Pupil Transportation	896,283				896,283
Unallocated Benefits	5,776,223				5,776,223
Debt Service:					
Principal				1,290,000	1,290,000
Interest Charges				322,375	322,375
Cost of Issuance				120,956	120,956
Capital Outlay	29,508	20,502			50,010
Total Expenditures	21,600,330	632,290	-	1,733,331	23,965,951
Excess (Deficiency) of Revenues over (under) Expenditures	194,172	5,259	-	(87,552)	111,879
<u>OTHER FINANCING SOURCES (USES)</u>					
Refunding Bond Issued	-	-	-	13,075,000	13,075,000
Payment to Refunded Bond Escrow Agent				(12,954,044)	(12,954,044)
Total Other Financing Sources and Uses	-	-	-	120,956	120,956
Net Change in Fund Balances	194,172	5,259	-	33,404	232,835
Fund Balance—Beginning	2,499,718	204,973	16,055	-	2,720,746
Fund Balance—Ending	\$ 2,693,890	\$ 210,232	\$ 16,055	\$ 33,404	\$ 2,953,581

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, 2022

Total net change in fund balances - governmental funds (from B-2)	\$	232,835
<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 \$	(906,571)
	Capital outlays	<u>28,541</u>
		(878,030)
<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>		1,321,678
<p>Proceeds from debt issuances 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>	Proceeds of refunding bond issuance	(13,075,000)
	School bonds refunded	<u>12,240,000</u>
		(835,000)
<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>		(8,075)
<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 a reduction in the reconciliation. (-)</p>		44,232
<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>		395,325
<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>		
Amortization of deferred loss on refunding		(35,282)
Current year deferred loss from refunding		<u>714,044</u>
		678,762
Change in net position of governmental activities (A-2)	\$	<u>951,727</u>

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, 2022

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND <u>FOOD SERVICE</u>
<u>ASSETS</u>	
Current assets:	
Cash and Cash Equivalents	\$ 137,235
Accounts Receivable	25,179
Inventory	<u>4,593</u>
Total Current Assets	<u>167,007</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	174,200
Less Accumulated Depreciation	<u>(155,777)</u>
Total Noncurrent Assets	<u>18,423</u>
Total Assets	<u>185,430</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	13,650
Unearned Revenue	<u>9,197</u>
Total liabilities	<u>22,847</u>
<u>NET POSITION</u>	
Invested in Capital Assets	18,423
Unrestricted	<u>144,160</u>
Total Net Position	<u>\$ 162,583</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, 2022

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND <u>FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Program Sales	\$ 62,421
Non-Program Sales	422
	62,843
Total Operating Revenues	62,843
Operating Expenses:	
Cost of Sales:	
Program Costs	128,356
Personnel Costs	94,150
Administrative Expenses	14,696
Miscellaneous Expenses	1,742
Repairs and Maintenance	3,345
Transportation	1,615
Management Fee	9,102
Supplies and Materials	14,520
Depreciation	7,046
	274,572
Total Operating Expenses	274,572
Operating (Loss)	(211,729)
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	6,497
Federal Sources:	
USDA Commodities	22,322
P-EBT Administrative Cost Reimbursement	628
National School Lunch Program	276,516
Interest and Investment Revenue	98
	306,061
Total Nonoperating Revenues	306,061
Change in Net Position	94,332
Total Net Position—Beginning	68,251
Total Net Position—Ending	\$ 162,583

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, 2022

	<u>BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUND FOOD SERVICE</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	\$ 63,335
Payments to Employees	(94,150)
Payments to Suppliers	(227,918)
Net Cash (Used for) Operating Activities	<u>(258,733)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal and State Sources	<u>301,770</u>
Net Cash Provided by Non-capital Financing Activities	<u>301,770</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest and dividends	<u>98</u>
Net Cash Provided by Investing Activities	<u>98</u>
Net Increase in Cash and Cash Equivalents	43,135
Balances—Beginning of Year	<u>94,100</u>
Balances—End of Year	<u>\$ 137,235</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (211,729)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities	
Depreciation	7,046
Decrease in Accounts Receivable	492
Increase in Inventory	(2,755)
Decrease in Unearned Revenue	(3,879)
Decrease in Accounts Payable	(39,143)
Decrease in Interfunds Payable	(8,765)
Total Adjustments	<u>(47,004)</u>
Net Cash (Used for) Operating Activities	<u>\$ (258,733)</u>

Noncash noncapital financing activities:
The District received \$22,322 of food commodities from the U.S.
Department of Agriculture for the year ended June 30, 2022.

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, 2022

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.

The more significant of the District’s accounting policies are described below

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, 2022

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 financed purchases are reported as other financing sources.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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, 2022.

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, 2022.

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, 2022

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, 2022

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, 2022 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.

Except for the student activity and scholarship funds, 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, 2022, the District had inventories in the Food Service Enterprise fund of \$4,593.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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, 2022, a liability existed for compensated absences in the government-wide financial statements in the amount of \$313,716 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, 2022

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 assets 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 assets 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, 2022, the District has recorded an unamortized balance of \$685,731 as a deferred outflow of resources and recognized amortization expense of \$35,282.

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (the “Board”) and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the 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, 2022

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 \$2,693,890 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, \$1,176,244 has been classified as restricted for capital, maintenance, tuition, and unemployment claims in the amounts of \$570,424, \$155,423, \$401,317 and \$49,080, respectively, \$375,000 has been restricted for excess surplus – current year, \$41,686 has been classified as assigned for encumbrances and \$725,960 is classified as unassigned. Of the \$210,232 of fund balances in the Special Revenue Fund, \$154,476 has been classified as restricted for scholarships and \$55,756 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 decreased by \$149,562 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, 2022

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 2021-2022 and 2022-2023 fiscal years. The excess fund balance pledged to future tax relief at June 30, 2022, calculated on a budgetary basis pursuant to statute, is \$750,000, and is comprised of \$375,000 that was appropriated as part of the 2022-23 school budget, and \$375,000, which represents the minimum amount of fund balance that must be appropriated as part of the 2023-24 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 2022.

R. Recently Issued Accounting Pronouncements

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 appropriately implemented this Statement and the impact on the financial statements was deemed not material.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. 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, 2022 through May 2, 2023, 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, and no items have come to the attention of the District that would require disclosure.

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, financed purchases payable 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, 2022

2. Reconciliation of Government-Wide and Fund Financial Statements (continued)

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

The details of this \$15,408,751 difference are as follows:

General Obligation Debt	\$	15,000,000
Financed purchases payable		95,035
Compensated absences		313,716
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>15,408,751</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, 2022

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, 2022 the carrying amount of the District's bank balance was \$2,789,044. The bank balance at June 30, 2022 was \$4,887,327. 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 \$4,499,636. The District's payroll and agency accounts are not covered by GUDPA, therefore \$137,691 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, 2022

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, 2022, the District's balance was \$154,476. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

3. Cash and Equivalents (continued)

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, 2022, 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, 2022:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
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	30,960,218	\$ 12,275	30,972,493
Improvements other than Building	311,673		311,673
Machinery, equipment and vehicles	447,203	16,266	463,469
Total capital assets being depreciated	31,719,094	28,541	31,747,635
Less accumulated depreciation for:			
Buildings and building improvements	8,740,492	871,248	9,611,740
Improvements other than Building	311,673		311,673
Machinery, equipment and vehicles	323,862	35,323	359,185
Total accumulated depreciation	9,376,027	906,571	10,282,598
Total capital assets, being depreciated, net	22,343,067	(878,030)	21,465,037
Governmental activities capital assets, net	\$ 24,218,137	\$ (878,030)	\$ 23,340,107

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

4. Capital Assets (continued)

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

Instruction	\$	223,231
Special education instruction		69,023
Other instruction		23,245
Tuition		345,864
Student & Instruction Related Services		86,771
School administration services		21,329
Other Administration services		15,988
Plant operation and maintenance		71,583
Student transportation		49,527
Total depreciation expense – governmental activities	\$	<u>906,571</u>

The following is a summarization of the business-type activities changes in capital assets for the fiscal year ended June 30, 2022:

	Beginning Balance	Increases	Ending Balance
Business-type Activities:			
Capital assets, being depreciated:			
Equipment and vehicles	\$ 174,200	\$	\$ 174,200
Less accumulated depreciation for:			
Equipment and vehicles	148,731	7,046	155,777
Total business-type activities			
Capital assets, net	<u>\$ 25,469</u>	<u>\$ (7,046)</u>	<u>\$ 18,423</u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

5. Long-Term Liabilities

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 305,641	\$ 23,075	\$ 15,000	\$ 313,716	\$ 15,000
Bonds payable	15,455,000	13,075,000	13,530,000	15,000,000	1,285,000
Financed purchases payable	126,713	-	31,678	95,035	31,678
Subtotal	15,887,354	13,098,075	13,576,678	15,408,751	1,331,678
Net pension liability	2,060,773	-	447,493	1,613,280	
Governmental activities long-term liabilities	\$ 17,948,127	\$ 13,098,075	\$ 14,024,171	\$ 17,022,031	\$ 1,331,678

The District expects to liquidate the balance in compensated absences, financed purchases payable 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, 2022 was \$300,000, which is payable in a final installment due July 15, 2022 at an interest rate of 4.000%. 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, 2022 was \$1,765,000, which is payable in annual installments due August 15, 2022 through August 15, 2023 at interest rates of 3.000%. Interest on the Bonds is paid semi-annually.

On December 29, 2021 the District issued \$13,075,000 in Refunding School Bonds with interest rates ranging from 0.504% to 2.633%. The District issued the bonds to advance refund a portion, \$12,240,000, of the District's 2014 School Bonds. As a result, the refunded bonds are considered defeased and the liability was removed from the basic financial statements. This advanced refunding was undertaken to

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

5. Long-Term Liabilities (continued)

reduce the total debt service payments over the next twelve years by \$464,114 and resulted in a net present value savings of \$402,366. The 2021 Refunding School Bonds are due to mature annually through the 2035 fiscal year at the remaining principal payments ranging from \$115,000 to \$1,310,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2023	\$ 1,285,000	\$ 305,602	\$ 1,590,602
2024	1,010,000	272,379	1,282,379
2025	1,035,000	252,689	1,287,689
2026	1,045,000	239,547	1,284,547
2027	1,065,000	223,616	1,288,616
2028-2032	5,735,000	799,118	6,534,118
2033-2035	3,825,000	149,759	3,974,759
	<u>\$ 15,000,000</u>	<u>\$ 2,242,709</u>	<u>\$ 17,242,709</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 Fun

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, 2022

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 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public 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 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. 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 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

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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, 2022, the State of New Jersey contributed \$2,134,008 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 \$423,268 during the year ended June 30, 2022 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, 2022, 2021, and 2020 was \$159,485, \$138,243, and \$119,325, 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.

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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School Board reported a liability of \$1,613,280 for its proportionate share of the net pension liability. The net pension liability was determined by actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the Board's proportion was 0.0136182043%, which was an increase of 0.00098115%, from its proportion measure as of June 30, 2020.

For the year ended June 30, 2022, the Board recognized PERS pension benefit of \$235,838 in its governmental activities. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,402	\$ 574,338
Net difference between projected and actual earnings on pension plan investments		424,980
Changes in proportion	257,192	59,541
Difference between expected and actual experience	25,444	11,549
District contributions subsequent to the measurement date	171,668	
	<u>\$ 462,706</u>	<u>\$ 1,070,408</u>

The \$171,668 of deferred outflows of resources resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

Year ending	
<u>June 30,</u>	
2023	\$ (359,496)
2024	(190,973)
2025	(129,482)
2026	(103,580)
2027	<u>4,161</u>
Total	<u>\$ (779,370)</u>

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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%		

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-2021.

The actuarial assumptions used in the July 1, 2020 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-

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	3.00%	9.15%
Real Assets	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 7.00% as of June 30, 2021. 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 100% 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021, 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 point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 2,196,960	\$ 1,613,280	\$ 1,117,945

Collective balances of the local group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	8,339,123,762
Net pension liability	11,972,782,878
District's proportion	0.0136182043%

Collective pension benefit for the plan for the measurement period ended June 30, 2021 is (\$1,599,674,464).

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively

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

The 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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

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

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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

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, 2021, the TPAF reported a net pension liability of \$48,075,188,642 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 \$24,025,221, or 0.0499742616%, which was an increase from the prior year of 0.0039827216%,

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

Actuarial Assumptions- The total pension liability in the June 30, 2021 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-2021.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

6. Pension Plans (continued)

The actuarial assumptions used in the July 1, 2020 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 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all 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 in determining the total pension liability

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	9.15%
Real Estate	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

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, 2021 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 (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the District's net pension liability	\$ 28,425,850	\$ 24,025,221	\$ 20,328,970

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2021 is as follows:

Total pension liability	\$ 74,699,133,697
Plan fiduciary net position	<u>26,533,142,515</u>
Net pension liability	<u>\$ 48,165,991,182</u>
Plan fiduciary net position as a percentage of the total pension liability	35.52%

Additional Information – Collective balances at June 30, 2021 were as follows:

Collective Deferred Outflows of Resources	\$ 6,356,228,800
Collective Deferred Inflows of Resources	27,175,330,929
State's Total Non-employer Net Pension Liability	48,075,188,642
District's Proportion	0.0499742616%

Collective pension expense for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411.

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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,850,970 for this special funding situation.

The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2022, 2021, and 2020 were \$498,591, \$463,913, and \$380,743, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a non-employer 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 GASB No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective 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, 2021 was \$24,980,558 or 0.04%.

Additional information can be obtained from the State of New Jersey's annual comprehensive financial report at state.nj.us/treasury/pensions/financial-reports.shtml.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

Employees covered by benefit terms

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2021</u>
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	364,328

Actuarial Assumptions and Other Inputs

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55-4.45%	2.00-6.00%
	based on years of service	based on age
Thereafter	2.75-5.65%	3.00-7.00%
	based on years of service	based on age

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General"

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

(PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 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, 2021 was 2.16%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2021	\$	27,311,505
Increased by:		
Service Cost		1,628,198
Interest Cost		648,022
Differences Between Expected and Actual Experience		(4,111,330)
Changes in Assumptions		24,645
Member Contributions		16,567
		<u>25,517,607</u>
Decreased by:		
Change in Benefit Terms		26,589
Gross Benefit Payments		510,460
		<u>537,049</u>
Balance at June 30, 2022	\$	<u>24,980,558</u>

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

7. Post-Retirement Benefits (continued)

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2020 was \$9,824,406 and \$10,611,887 respectively.

The following presents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate:

	1% Decrease (1.16%)	At Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 29,922,787	\$ 24,980,558	\$ 21,088,849

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 20,221,843	\$ 24,980,558	\$ 31,371,161

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,917,713 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 21,546,947,255
Deferred inflows of resources	\$ 26,769,148,209
Collective OPEB expense	\$ 3,527,672,060

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2022 amounted to \$371,385 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 371,385	
Special Revenue Fund		\$ 371,385
	\$ 371,385	\$ 371,385

The interfund payable in the Special Revenue Fund represents a short-term loan until grant reimbursements are received. All interfunds are expected to be liquidated within one year.

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, 2022 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.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

11. Risk Management (continued)

New Jersey Unemployment Compensation Insurance

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

12. Deferred Compensation Plans

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

13. Capital Reserve Account

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

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

During the 2021-22 school year, there was a withdrawal from Capital Reserve in the amount of \$60,000 for budgeted expenditures. An additional deposit of \$198,935 and interest income of \$1,000 was credited to this account in the current year. At June 30, 2022, the balance in the Capital Reserve Account was \$570,424, of which, \$60,000 is designated for expenditures in the 2022-23 Budget.

Borough of Mountainside School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2022

14. Other Reserve Accounts

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve Funds for Maintenance and Tuition. The activity of these reserved accounts and their status at June 30, 2022 is as follows:

Maintenance Reserve: A balance of \$154,423 existed at June 30, 2021. An additional \$1,000 was deposited into this account and no withdrawals were made during the year. The Maintenance Reserve balance at June 30, 2022 was \$155,423.

Tuition Reserve: A balance of \$356,317 existed at June 30, 2021. Of that total, \$155,000 was utilized in the 2021-22 budget and a deposit of \$200,000 was credited to the account. Of the \$401,317 balance at June 30, 2022, \$201,317 has been legally required to be designated for expenditures in the 2022-23 Budget.

15. Commitments

The District has contractual commitments at June 30, 2022 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$41,686.

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>	<u>2022</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 %	0.013618204 %
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	\$ 1,613,280
District's Covered-Employee Payroll	\$ 821,773	\$ 889,382	\$ 1,255,418	\$ 803,347	\$ 863,294	\$ 913,837	\$ 957,762	\$ 1,014,975	\$ 1,038,548
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%	155.34%
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%	70.33%

* 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>	<u>2022</u>
Contractually Required Contribution	\$ 95,357	\$ 99,933	\$ 114,557	\$ 133,107	\$ 109,917	\$ 120,197	\$ 119,325	\$ 138,243	\$ 159,485
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>	<u>\$ (159,485)</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	\$ 1,038,548
Contributions as a percentage of Covered Employee Payroll	11.60%	11.24%	9.13%	16.57%	12.73%	13.15%	12.46%	13.62%	15.36%

* 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>	<u>2022</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 %	0.0499742616 %	
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	\$ 24,025,221	
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	\$ 5,943,056	
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%	404.26%	
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%	35.52%	

* 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

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

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2022

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, 2021, dated July 21, 2022. 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 2021, the discount rate remained at 7.00% 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 2021, the discount rate was changed to 7.00% from 5.40%. 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	Year Ended June 30, 2022
State's proportion of the OPEB Liability associated with the District -	0.04%	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	\$ 24,980,558
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>	<u>\$ 24,980,558</u>
Beginning Balance	\$ 22,043,073	\$ 20,578,134	\$ 18,847,349	\$ 17,187,793	\$ 27,311,505
Increased by:					
Service cost	\$ 1,031,795	\$ 852,212	\$ 794,911	\$ 884,370	\$ 1,628,198
Interest cost	651,138	758,574	750,343	624,527	648,022
Diff. between expected and actual exp.				4,087,001	(4,111,330)
Changes of assumptions			256,271	4,988,873	24,645
Member contributions	<u>17,551</u>	<u>17,418</u>	<u>15,640</u>	<u>14,412</u>	<u>16,567</u>
	1,700,484	1,628,204	1,817,165	10,599,183	(1,793,898)
Decreased by:					
Diff. between expected and actual exp.		(692,190)	(2,949,107)		
Change in benefit terms					(26,589)
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>	<u>(510,460)</u>
	\$ (3,165,423)	\$ (3,358,989)	\$ (3,476,721)	\$ (475,471)	\$ (537,049)
Ending Balance	<u>\$ 20,578,134</u>	<u>\$ 18,847,349</u>	<u>\$ 17,187,793</u>	<u>\$ 27,311,505</u>	<u>\$ 24,980,558</u>
Covered by employee payroll	\$ 6,061,922	\$ 6,144,420	\$ 6,490,577	\$ 6,651,834	\$ 6,981,604
Total OPEB liability as a percentage of covered employee payroll.	339.47%	306.74%	264.81%	410.59%	357.81%

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

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See Notes to Required Supplementary Information

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
JUNE 30, 2022

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 2021, the discount rate changed to 2.16% from 2.21% in 2020. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.65% from 5.60%. For prescription drug benefits, the initial trend rate changed to 6.75% from 7.00%. 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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,261,649		\$ 17,261,649	\$ 17,261,649	
Preschool Tuition-Individuals	49,000		49,000	49,400	\$ 400
Transportation Fees-Individuals	30,875		30,875	35,941	5,066
Interest Earned on Investments	2,000		2,000	4,447	2,447
Miscellaneous Revenue	53,000	\$ 15,487	68,487	115,022	46,535
Total - Local Sources	17,396,524	15,487	17,412,011	17,466,459	54,448
State Sources:					
Transportation Aid	307,722		307,722	307,722	
Extraordinary Aid	127,276		127,276	193,789	66,513
Special Ed. Aid	745,884		745,884	745,884	
Security Aid	19,731		19,731	19,731	
Non-Public Transportation Aid (Other State Aid)				22,910	22,910
On-behalf TPAF Post-Retirement					
Medical Contrib. (non-budgeted)				498,591	498,591
On-behalf TPAF Pension					
Payments (non-budgeted)				2,134,008	2,134,008
On-behalf TPAF Non-Contributory					
Insurance CLI & LTDI (non-budgeted)				1,359	1,359
On-behalf TPAF Employer FICA					
Contrib. (non-budgeted)				423,268	423,268
Total - State Sources	1,200,613	-	1,200,613	4,347,262	3,146,649
Total Revenues	18,597,137	15,487	18,612,624	21,813,721	3,201,097

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 187,651	\$ (31,000)	\$ 156,651	\$ 151,081	\$ 5,570
Kindergarten	377,834	(20,000)	357,834	355,528	2,306
Grades 1- 5	1,951,130	85,705	2,036,835	2,036,639	196
Grades 6- 8	1,318,942	(40,000)	1,278,942	1,277,839	1,103
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000	(5,960)	2,040		2,040
Purchased Professional-Educational Services	4,000	(1,500)	2,500		2,500
Regular Programs- Undistributed Instruction:					
Purchased Technical Services	5,000	268	5,268	3,310	1,958
Other Purchased Services	16,311		16,311	7,815	8,496
General Supplies	92,069	22,417	114,486	102,282	12,204
Textbooks	54,000	(25,264)	28,736	20,306	8,430
Other Objects	2,000		2,000	973	1,027
LLD-Salaries DF	59,999		59,999	55,282	4,717
LLD Supplies	1,000		1,000		1,000
Total Regular Programs	4,077,936	(15,333)	4,062,603	4,011,055	51,548
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	873,205	(1,850)	871,355	799,712	71,643
Other Salaries for Instruction	273,451	1,850	275,301	256,387	18,914
General Supplies	4,000		4,000	3,019	981
Total Resource Room/Resource Center	1,150,656	-	1,150,656	1,059,118	91,538
Total Special Education	1,150,656	-	1,150,656	1,059,118	91,538

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 307,014		\$ 307,014	\$ 296,755	\$ 10,259
General Supplies	2,000		2,000	886	1,114
Total Basic Skills/Remedial Instruction	<u>309,014</u>		<u>309,014</u>	<u>297,641</u>	<u>11,373</u>
School Sponsored					
Co-Curricular Activities:					
Salaries	48,000	\$ 11,300	59,300	47,645	11,655
Supplies	4,000	(500)	3,500	1,313	2,187
Other Objects	10,000	17,930	27,930	14,631	13,299
Total Co-Curricular Activities:	<u>62,000</u>	<u>28,730</u>	<u>90,730</u>	<u>63,589</u>	<u>27,141</u>
School Sponsored					
Athletic Activities:					
Salaries	36,000		36,000	34,846	1,154
Supplies	10,000	(2,700)	7,300	6,837	463
Other Objects	1,000	500	1,500	1,500	-
Total Athletic Activities	<u>47,000</u>	<u>(2,200)</u>	<u>44,800</u>	<u>43,183</u>	<u>1,617</u>
Other Supp. Instructional Programs					
Salaries of Teachers	10,500	4,843	15,343	12,073	3,270
Other Salaries for Instruction	6,000		6,000	4,181	1,819
Total Other Supp. Instructional Programs	<u>16,500</u>	<u>4,843</u>	<u>21,343</u>	<u>16,254</u>	<u>5,089</u>
Total Instruction	<u>5,663,106</u>	<u>16,040</u>	<u>5,679,146</u>	<u>5,490,840</u>	<u>188,306</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 4,607,346	\$ 500	\$ 4,607,846	\$ 4,607,735	\$ 111
Tuition to Other LEAs Within the State- Special	672,938	(22,040)	650,898	485,982	164,916
Tuition to Cty. Vocational Sch. Dist.- Regular	270,000	19,400	289,400	282,400	7,000
Tuition to Private Schools for the Disabled- Within State	<u>725,451</u>		<u>725,451</u>	<u>703,527</u>	<u>21,924</u>
Total Undistrib. Expend. - Instruction:	<u>6,275,735</u>	<u>(2,140)</u>	<u>6,273,595</u>	<u>6,079,644</u>	<u>193,951</u>
Health Services:					
Salaries	149,734	-	149,734	149,134	600
Purchased Profess. and Tech. Serv.	3,500		3,500	2,250	1,250
Supplies and Materials	6,000		6,000	2,464	3,536
Other Objects	<u>400</u>		<u>400</u>		<u>400</u>
Total Health Services:	<u>159,634</u>	<u>-</u>	<u>159,634</u>	<u>153,848</u>	<u>5,786</u>
Speech, OT, PT & Related Services:					
Salaries	138,385	50	138,435	138,385	50
Purchased Professional/Educational Services	24,000	11,730	35,730	22,748	12,982
Supplies and Materials	<u>1,000</u>		<u>1,000</u>	<u>738</u>	<u>262</u>
Total Speech, OT, PT & Related Services:	<u>163,385</u>	<u>11,780</u>	<u>175,165</u>	<u>161,871</u>	<u>13,294</u>
Other Support Services-Student Extra:					
Purchased Professional/Educational Services	<u>67,620</u>	<u>(1,315)</u>	<u>66,305</u>	<u>65,780</u>	<u>525</u>
Total Other Support Services- Student Extra:	<u>67,620</u>	<u>(1,315)</u>	<u>66,305</u>	<u>65,780</u>	<u>525</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-1
 Page 5 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Other Support Services-Guidance:					
Salaries of Other Professional Staff	\$ 123,048		\$ 123,048	\$ 119,089	\$ 3,959
Other Purchased Services	1,500	\$ (51)	1,449		1,449
Supplies and Materials	700	51	751	480	271
Total Guidance:	125,248	-	125,248	119,569	5,679
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	312,523	(720)	311,803	307,283	4,520
Salaries of Secret. & Clerical Assts.	64,264	10	64,274	64,264	10
Purchased Professional/Educational Services	7,000	5,460	12,460	11,435	1,025
Other Purchased Prof./Tech. Services	3,314	4,711	8,025	8,025	
Misc. Purchased Services	500		500	174	326
Supplies and Materials	20,735	(1,510)	19,225	19,215	10
Other Objects	445		445	200	245
Total Child Study Teams:	408,781	7,951	416,732	410,596	6,136
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	133,939		133,939	123,693	10,246
Other Purchased Services	6,000	(4,790)	1,210	-	1,210
Supplies and Materials	11,900	(9,650)	2,250	1,710	540
Total Improvement of Instructional Services:	151,839	(14,440)	137,399	125,403	11,996
Educational Media Services/School Library:					
Salaries	153,744		153,744	153,530	214
Salaries-Technology Coordinators	90,152		90,152	90,152	-
Other Purchased Services	65,040	(2,782)	62,258	55,610	6,648
Supplies and Materials	16,130	6,654	22,784	19,674	3,110
Total Educational Media Services/School Library:	325,066	3,873	328,939	318,966	9,973

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-1
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	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Instructional Staff Training Services:					
Other Purchased Services	\$ 4,000		\$ 4,000	\$ 833	\$ 3,167
Total Instructional Staff Training Services:	<u>4,000</u>		<u>4,000</u>	<u>833</u>	<u>3,167</u>
Support Services- General Administration:					
Salaries	100,079	\$ 7,465	107,544	107,544	
Legal Services	32,000	13,400	45,400	45,386	14
Audit Fees	29,500	6,380	35,880	34,601	1,279
Architectural/Engineering Services	3,000	(3,000)			
Purchased Technical Services	12,600	(3,100)	9,500	9,474	26
Communications/Telephone	32,625	(400)	32,225	32,221	4
BOE Other Purchased Services	2,000	(1,825)	175		175
Misc. Purchased Services	15,830	(1,692)	14,138	14,137	1
General Supplies	24,900	2,010	26,910	26,511	399
Misc. Expenditures	4,800	6,698	11,498	11,486	12
BOE Membership Dues & Fees	8,312		8,312	8,154	158
Total Support Svcs. - General Administration:	<u>265,646</u>	<u>25,937</u>	<u>291,583</u>	<u>289,514</u>	<u>2,069</u>
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	206,665	(3,500)	203,165	203,129	36
Salaries of Secretarial and Clerical Assistants	171,347	(260)	171,087	169,562	1,525
Other Purchased Services	5,580	463	6,043	5,961	82
Supplies and Materials	3,000	2,236	5,236	5,183	53
Other Objects	2,200		2,200	2,160	40
Total Support Serv. - School Administration:	<u>388,792</u>	<u>(1,061)</u>	<u>387,731</u>	<u>385,995</u>	<u>1,736</u>
Central Services:					
Salaries	239,138	(45,930)	193,208	193,205	3
Purchased Prof. Services	-	29,800	29,800	29,585	215
Purchased Tech. Services	14,200	(50)	14,150	13,911	239
Misc. Purchased Services	1,000	(490)	510	502	8
Supplies and Materials	13,000	(240)	12,760	12,758	2
Misc. Expenditures	2,395	(315)	2,080	2,077	3
Total Central Services:	<u>269,733</u>	<u>(17,225)</u>	<u>252,508</u>	<u>252,038</u>	<u>470</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 108,861		\$ 108,861	\$ 106,361	\$ 2,500
Cleaning, Repair, and Maintenance services	89,000		89,000	86,977	2,023
General Supplies	21,000	\$ (2,800)	18,200	11,537	6,663
Total Required Maint. For School Facilities:	218,861	(2,800)	216,061	204,875	11,186
Custodial Services:					
Salaries	447,607	(19,909)	427,698	400,855	26,843
Purchased Profess. And Tech. Svcs.	7,500	-	7,500	5,830	1,670
Cleaning, Repair, and Maintenance Services	12,960	1,168	14,128	13,745	383
Other Purchased Property Svcs.	15,500	1,415	16,915	14,483	2,432
Insurance	79,253	330	79,583	79,583	-
General Supplies	36,768	(3,220)	33,548	22,396	11,152
Energy (Electricity)	233,000	19,762	252,762	252,736	26
Total Custodial Services:	832,588	(454)	832,134	789,628	42,506
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000		25,000	20,115	4,885
Total Care & Upkeep of Grounds	25,000		25,000	20,115	4,885
Security:					
General Supplies	25,000	(25,000)	-	-	-
Purchase Tech Services	-	30,950	30,950	28,802	2,148
Total Security	25,000	5,950	30,950	28,802	2,148

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-1
 Page 8 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services:					
Contracted Services - Aid in Lieu of Payments	\$ 87,200	\$ (10,808)	\$ 76,392	\$ 76,383	\$ 9
Contracted Services (Between Home & School) - Vendors	307,068	92,448	399,516	399,508	8
Contracted Services (Other Than Between Home & School) - Vendors	20,000	(1,697)	18,303	18,303	
Contracted Services (Special Ed. Students) - Vendors	408,574	3,516	412,090	402,089	10,001
Total Student Transportation Services:	822,842	83,459	906,301	896,283	10,018
Unallocated Employee Benefits:					
Social Security Contributions	150,813	\$ -	150,813	139,724	11,089
Other Retirement Contribs. - PERS	169,685	2,050	171,735	168,989	2,746
Workmen's Compensation	60,000	(2,050)	57,950	50,308	7,642
Health Benefits	2,444,674	(100,068)	2,344,606	2,309,604	35,002
Tuition Reimbursements	16,000	-	16,000	315	15,685
Other Employee Benefits	69,620	-	69,620	50,056	19,564
Total Unallocated Employee Benefits:	2,910,792	(100,068)	2,810,724	2,718,996	91,728
On-behalf TPAF payments (Non-budgeted):					
On-behalf TPAF Post-Retirement Medical Contrib.				498,591	(498,591)
On-behalf TPAF Pension Payments				2,134,008	(2,134,008)
On-behalf TPAF Non-Contributory Insurance CLI & LTDI (non-budgeted)				1,359	(1,359)
On-behalf TPAF Employer FICA Contrib.				423,268	(423,268)
Total On-behalf Employee Benefits				3,057,226	(3,057,226)
Total Undistributed Expenditures	13,440,562	(553)	13,440,009	16,079,982	(2,639,973)

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 19,103,668	\$ 15,487	\$ 19,119,155	\$ 21,570,822	\$ (2,451,667)
Interest Deposit to Reserves	2,000		2,000		2,000
CAPITAL OUTLAY:					
Facilities Acquisition and Construction:					
Construction Services	60,000		60,000	8,039	51,961
Debt Service Assessment-SDA Funding	21,469		21,469	21,469	
Total Facil. Acquis./Const. Svcs.:	81,469	-	81,469	29,508	51,961
Total Capital Outlay:	81,469	-	81,469	29,508	51,961
Total Expenditures	19,187,137	15,487	19,202,624	21,600,330	(2,397,706)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(590,000)		(590,000)	213,391	803,391
Net Change in Fund Balance	(590,000)	-	(590,000)	213,391	803,391
Fund Balances, July 1	2,585,686		2,585,686	2,585,686	
Fund Balances, June 30	\$ 1,995,686	\$ -	\$ 1,995,686	\$ 2,799,077	\$ 803,391

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-1
 Page 10 of 10

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balances, June 30 (Carried Forward)	\$ 1,995,686	\$ -	\$ 1,650,781	\$ 2,799,077	\$ 803,391
Recapitulation of Excess (Deficiency) of <u>Revenues Under Expenditures:</u>					
Withdrawal from capital reserve	\$ (60,000)		\$ (60,000)	\$ (60,000)	
Withdrawal from tuition reserve	(155,000)		(155,000)	(155,000)	
Budgeted Fund Balance	(375,000)		(375,000)	428,391	\$ 803,391
 Total	\$ (590,000)	\$ -	\$ (590,000)	\$ 213,391	\$ 803,391
Recapitulation of Fund Balance:					
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				510,424	
Maintenance Reserve				155,423	
Tuition Reserve - Designated for Subsequent Year Expenditures				201,317	
Tuition Reserve				200,000	
Unemployment Liability Reserve				49,080	
Assigned:					
Year-End Encumbrances				41,686	
Unrestricted/Unassigned				831,147	
				\$ 2,799,077	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not recognized on GAAP basis				(105,187)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,693,890	

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

Exhibit C-2

REVENUES:	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Local Sources		\$ 174,744	\$ 174,744	\$ 160,444	\$ (14,300)
State Sources		16,524	16,524	6,975	(9,549)
Federal Sources	\$ 223,013	1,049,226	1,272,239	566,567	(705,672)
Total Revenues	<u>223,013</u>	<u>1,240,494</u>	<u>1,463,507</u>	<u>733,986</u>	<u>(729,521)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		184,045	184,045	67,566	116,479
Purchased Professional -Educational Services		46,617	46,617	2,617	44,000
General Supplies	223,013	228,573	451,586	148,633	302,953
Total Instruction	<u>223,013</u>	<u>459,235</u>	<u>682,248</u>	<u>218,816</u>	<u>463,432</u>
Support Services					
Salaries of Other Professional Staff		61,000	61,000	6,000	55,000
Personal Services-Fringe Benefits		19,454	19,454	19,454	
Other Purch. Prof. Services		158,522	158,522	47,509	111,013
Tuition		179,523	179,523	179,523	
Supplies & Materials		75,213	75,213	50,538	24,675
Scholarships Awarded		725	725	725	
Student Activities		110,123	110,123	110,123	
Total Support Services	<u>-</u>	<u>604,560</u>	<u>604,560</u>	<u>413,872</u>	<u>190,688</u>
Facilities Acquisition and Construction Services:					
Buildings		86,524	86,524	11,602	74,922
Instructional Equipment		77,900	77,900	72,162	5,738
Noninstructional Equipment		12,275	12,275	12,275	
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>176,699</u>	<u>176,699</u>	<u>96,039</u>	<u>80,660</u>
Total Expenditures	<u>223,013</u>	<u>1,240,494</u>	<u>1,463,507</u>	<u>728,727</u>	<u>734,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,259</u>	<u>\$ 5,259</u>
Fund Balance, July 1				<u>204,973</u>	
Fund Balance, June 30				<u>\$ 210,232</u>	
Recapitulation:					
Restricted					
Scholarships				\$ 154,476	
Student Activities				55,756	
Total Fund Balance				<u>\$ 210,232</u>	

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

MOUNTAINSIDE SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET TO GAAP RECONCILIATION
 NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2022

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 21,813,721	(C-2)	\$ 733,986
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:				
Deduct Current Year-End Encumbrances				(96,437)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements:				
Deduct Current Year Budgetary Revenue not Recognized		(105,187)		
Add Prior Budgetary Revenue Recognized in Current Period		<u>85,968</u>		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	<u>\$ 21,794,502</u>	(B-2)	<u>\$ 637,549</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 21,600,330	(C-2)	\$ 728,727
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Deduct Current Year-End Encumbrances				<u>(96,437)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u>\$ 21,600,330</u>	(B-2)	<u>\$ 632,290</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SECTION - E

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Totals Brought Forward	Federal American Rescue Plan (ARP) ARP ESSER 2021-22	Elementary and Secondary School Emergency Relief ESSRR II Grant Program 2020-22	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Learning Acceleration Grant Program 2020-22	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) Mental Health Grant Program 2020-22	I.D.E.A. PART B Basic & Preschool 2021-22	I.D.E.A. PART B ARPA Basic & Preschool 2021-22	Title II Part A 2021-22	Title IV 2021-22	Title I 2021-22	Totals 2021-22
REVENUES											
Local Sources	\$ 160,444										\$ 160,444
State Sources	6,975										6,975
Federal Sources	11,126	\$ 141,993	\$ 103,640	\$ 7,473	\$ 24,900	\$ 156,757	\$ 33,254	\$ 14,738	\$ 10,000	\$ 62,686	566,567
Total Revenues	\$ 178,545	\$ 141,993	\$ 103,640	\$ 7,473	\$ 24,900	\$ 156,757	\$ 33,254	\$ 14,738	\$ 10,000	\$ 62,686	\$ 733,986
EXPENDITURES											
Instruction:											
Salaries of Teachers	\$ 11,126	\$ 13,208								\$ 43,232	\$ 67,566
Purchased Prof. - Educational Services							\$ 2,617				2,617
General Supplies		42,621	96,012						\$ 10,000		148,633
Total Instruction	11,126	55,829	96,012	-	-	-	2,617	-	10,000	43,232	218,816
Support Services:											
Salaries of Other Prof. Staff		6,000									6,000
Personal Services - Empl. Benefits										19,454	19,454
Other Purch. Prof. Services					\$ 24,900	\$ 7,871		\$ 14,738			47,509
Tuition						148,886	30,637				179,523
Supplies and Materials	35,437		7,628	\$ 7,473							50,538
Scholarships Awarded	725										725
Student Activities	110,123										110,123
Total Support Services	146,285	6,000	7,628	7,473	24,900	156,757	30,637	14,738	-	19,454	413,872
Capital Outlay											
Buildings	6,975	4,627									11,602
Instructional Equipment	8,900	63,262									72,162
Non-instructional Equipment	-	12,275									12,275
Total Capital Outlay	15,875	80,164									96,039
Total Expenditures	\$ 173,286	\$ 141,993	\$ 103,640	\$ 7,473	\$ 24,900	\$ 156,757	\$ 33,254	\$ 14,738	\$ 10,000	\$ 62,686	\$ 728,727
Excess of Revenues Over Expenditures	\$ 5,259										\$ 5,259
Fund Balance, July 1	204,973										204,973
Fund Balance, June 30	\$ 210,232	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 210,232

MOUNTAINSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	NJSDA Emergency Grant	PTA Grants	Watts Foundation Grants	Federal American Rescue Plan (ARP) ARP ESSER - Beyond The School Day 2021-22	Scholarship Fund	Student Activity Fund	Totals Carried Forward
REVENUES							
Local Sources		\$ 8,900	\$ 35,437		\$ 1,420	\$ 114,687	\$ 160,444
State Sources	\$ 6,975						6,975
Federal Sources				\$ 11,126			11,126
Total Revenues	\$ 6,975	\$ 8,900	\$ 35,437	\$ 11,126	\$ 1,420	\$ 114,687	\$ 178,545
EXPENDITURES							
Instruction:							
Salaries of Teachers				\$ 11,126			\$ 11,126
Total Instruction	-	-	-	11,126	-	-	11,126
Support Services:							
Supplies and Materials			\$ 35,437				\$ 35,437
Scholarships Awarded					\$ 725		725
Student Activities						\$ 110,123	110,123
Total Support Services	-	-	35,437	-	725	110,123	146,285
Capital Outlay							
Building	\$ 6,975						\$ 6,975
Instructional Equipment		\$ 8,900					8,900
Total Capital Outlay	6,975	8,900					15,875
Total Expenditures	\$ 6,975	\$ 8,900	\$ 35,437	\$ 11,126	\$ 725	\$ 110,123	\$ 173,286
Excess of Revenues Over Expenditures					\$ 695	\$ 4,564	\$ 5,259
Fund Balance, July 1					153,781	51,192	204,973
Fund Balance, June 30	\$	\$	\$	\$	\$ 154,476	\$ 55,756	\$ 210,232

CAPITAL PROJECTS FUND

SECTION - F

MOUNTAINSIDE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2022

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, 2022

Expenditures		
Construction services	\$	-
Total expenditures		-
Net Change in Fund Balances		-
Fund balance - beginning		16,055
Fund balance - ending	\$	16,055

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, 2022

	<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, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 19,484,000	\$ -	\$ 19,484,000	\$ 19,484,000
Total revenues	<u>19,484,000</u>	<u>-</u>	<u>19,484,000</u>	<u>19,484,000</u>
Expenditures and Other Financing Uses				
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	<u>19,483,727</u>	<u>-</u>	<u>19,483,727</u>	<u>19,484,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ -</u>

Additional project information:

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

LONG-TERM DEBT

SECTION – I

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2022

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	ISSUED	REDEEMED	BALANCE
			DATE	AMOUNT		JUNE 30, 2021			JUNE 30, 2022
Refunding School Bonds, Series 2011	2/24/2011	\$ 3,130,000	7/15/2022	\$ 300,000	4.000%	\$ 600,000		\$ 300,000	\$ 300,000
School Bonds, Series 2014	7/17/2014	19,484,000	8/15/2022 8/15/2023	870,000 895,000	3.000% 3.000%	14,855,000		13,090,000	1,765,000
Refunding School Bonds, Series 2021	12/29/2021	13,075,000	8/15/2022 8/15/2023 8/15/2024 8/15/2025 8/15/2026 8/15/2027 8/15/2028 8/15/2029 8/15/2030 8/15/2031 8/15/2032 8/15/2033 8/15/2034	115,000 115,000 1,035,000 1,045,000 1,065,000 1,095,000 1,115,000 1,145,000 1,175,000 1,205,000 1,240,000 1,275,000 1,310,000	0.504% 0.797% 1.122% 1.404% 1.614% 1.793% 1.973% 2.053% 2.163% 2.283% 2.433% 2.533% 2.633%		\$ 13,075,000	140,000	12,935,000
						<u>\$ 15,455,000</u>	<u>\$ 13,075,000</u>	<u>\$ 13,530,000</u>	<u>\$ 15,000,000</u>

MOUNTAINSIDE SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATION UNDER FINANCED PURCHASES
FOR THE YEAR ENDED JUNE 30, 2022

<u>DESCRIPTION</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2021</u>	<u>CURRENT YEAR ISSUED</u>	<u>CURRENT YEAR RETIRED</u>	<u>BALANCE JUNE 30, 2022</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>					
Student Chromebooks	7/30/2020	6/30/2025	\$ 37,137	\$ -	0%	\$ 29,710	\$ -	\$ 7,427	\$ 22,283
Student Tablets	7/30/2020	6/30/2025	9,362	0	0%	7,490		1,872	5,618
Teacher Tablets	7/30/2020	6/30/2025	111,892	0	0%	89,513		22,379	67,134
						<u>\$ 126,713</u>	<u>\$ -</u>	<u>\$ 31,678</u>	<u>\$ 95,035</u>

MOUNTAINSIDE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Final to Actual
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 1,192,928	\$ 1,192,928	\$ 1,192,928	
Other Local Revenue	-	-	2,808	\$ 2,808
Total Local Sources:	1,192,928	1,192,928	1,195,736	2,808
State Aid - Debt Service	450,043	450,043	450,043	
Total - State Sources	450,043	450,043	450,043	
Total Revenues	1,642,971	1,642,971	1,645,779	2,808
EXPENDITURES:				
Regular Debt Service:				
Redemption of Bond Principal	1,150,000	1,290,000	1,290,000	
Bond Interest	492,971	352,971	322,375	30,596
Cost of Issuance			120,956	(120,956)
Total Regular Debt Service	1,642,971	1,642,971	1,733,331	(90,360)
Total Expenditures	1,642,971	1,642,971	1,733,331	(90,360)
(Deficiency) Excess of Revenues (Under) Over Expenditures	-	-	(87,552)	(87,552)
Other Financing Sources (Uses):				
Payment to Refunded Bond Escrow Agent			(12,954,044)	(12,954,044)
Refunding Bond Issued			13,075,000	13,075,000
Total Other Financing Sources (Uses):			120,956	120,956
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	33,404	33,404
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 33,404	\$ 33,404

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,									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 8,930,803
Restricted	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	2,152,531
Unrestricted	(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)	(2,053,098)
Total governmental activities net position	<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>	<u>\$ 9,030,236</u>
Business-type activities										
Investment in capital assets	\$ 29,869	\$ 28,457	\$ 22,369	\$ 16,281	\$ 10,193	\$ 4,105	\$ 18,059	\$ 18,662	\$ 25,469	\$ 18,423
Unrestricted	15,601	11,279	36,420	29,864	33,060	50,201	54,414	71,557	42,782	144,160
Total business-type activities net position	<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>	<u>\$ 162,583</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 8,949,226
Restricted	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	2,152,531
Unrestricted	(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)	(1,908,938)
Total district net position	<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>	<u>\$ 9,192,819</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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 6,908,317
Special Education	631,127	512,212	621,742	754,465	833,168	871,258	1,009,032	2,014,117	2,199,302	2,058,013
Other Instruction	70,964	79,347	80,558	84,298	105,096	438,104	478,946	828,223	724,725	720,984
Support Services:										
Tuition	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	6,605,031
Student & Instruction Related Services	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	1,830,396
School Administrative services	369,922	378,574	375,607	373,708	389,048	383,891	410,515	751,255	872,034	743,755
General Administration	563,869	539,811	548,945	513,930	501,208	537,786	615,653	1,181,011	1,014,877	986,008
Plant Operations and Maintenance	901,193	993,435	978,127	898,776	933,888	932,895	914,446	1,401,990	1,689,257	1,864,803
Pupil Transportation	665,779	659,510	618,252	612,067	706,245	671,609	615,923	710,107	668,880	668,880
Unallocated Benefits	2,558,853	2,430,549	2,658,641	2,960,817	5,627,809	5,790,218	5,062,325	-	-	-
Interest on long-term debt	132,805	150,620	719,079	723,447	692,338	655,311	613,730	556,778	520,755	313,425
Unallocated depreciation	61,302	69,655	75,342	75,242	140,902	303,066	314,566	-	-	-
Total governmental activities expenses	<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>	<u>22,976,541</u>
Business-type activities:										
Food service	168,524	173,362	164,707	209,319	193,533	180,088	196,258	155,651	376,679	274,572
Total business-type activities expense	<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>	<u>274,572</u>
Total district expenses	<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>	<u>\$ 23,251,113</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
Student & Instruction Related Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,080	\$ 110,848
Operating grants and contributions	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	526,701
Capital grants and contributions	-	-	-	561,150	458,569	455,892	454,736	-	-	-
Total governmental activities program revenues	<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>	<u>637,549</u>
Business-type activities:										
Charges for services										
Food service	142,851	137,334	154,216	167,168	161,466	164,180	183,910	143,125	168,508	62,843
Operating grants and contributions	30,132	30,251	29,459	29,359	28,811	25,346	28,772	28,868	186,141	306,061
Total business-type activities program revenues	<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>	<u>368,904</u>
Total district program revenues	<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>	<u>\$ 1,006,453</u>
Net (Expense)/Revenue										
Governmental activities	\$ (13,919,289)	\$ (14,416,824)	\$ (15,718,742)	\$ (15,199,361)	\$ (15,229,305)	\$ (14,994,344)	\$ (16,661,621)	\$ (21,887,912)	\$ (23,164,907)	\$ (22,338,992)
Business-type activities	4,458	(5,777)	18,967	(12,792)	(3,256)	9,438	16,424	16,341	16,341	94,332
Total district-wide net expense	<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>	<u>\$ (22,244,660)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 17,261,649
Taxes levied for debt service	268,600	270,000	649,800	897,219	1,258,365	1,237,201	1,237,201	1,233,439	1,215,916	1,192,928
Federal and State Aid not Restricted	-	5,771	24,572	27,160	36,533	59,383	764,397	4,167,644	5,504,047	4,628,524
Other Restricted Miscellaneous Income	-	-	-	-	-	-	-	-	48	-
Miscellaneous income	188,600	124,032	151,567	170,468	205,316	313,917	354,592	257,870	191,224	207,618
Total governmental activities	<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>	<u>23,290,719</u>
Business-type activities:										
Investment Earnings	25	43	85	149	364	1,615	1,743	1,404	63	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>-</u>
Total district-wide	<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>	<u>\$ 23,290,719</u>
Change in Net Position										
Governmental activities	\$ 474,985	\$ 198,794	\$ (435,318)	\$ 1,003,518	\$ 1,681,102	\$ 2,334,553	\$ 1,727,333	\$ 124,460	\$ 525,227	\$ 951,727
Business-type activities	4,483	(5,734)	19,053	(12,644)	(2,892)	11,053	18,167	17,745	(21,967)	94,332
Total district	<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>	<u>\$ 1,046,059</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)

	2013	2014	2015	2016	Fiscal Year Ending June 30,		2019	2020	2021	2022
					2017	2018		(Restated)		
Governmental Funds:										
Restricted For:										
Excess Surplus - Prior Year	\$ 131,395	\$ 197,127	\$ 182,674	\$ 253,165	\$ 48,592	\$ 85,644	\$ 140,000	\$ 442,802	\$ 375,000	\$ 375,000
Excess Surplus - Current Year	197,127	182,674	253,165	48,592	85,644	140,000	442,902	375,000	375,000	375,000
Scholarships	-	-	-	-	-	-	-	151,713	153,781	154,476
Student Activities	-	-	-	-	-	-	-	33,912	51,192	55,756
Maintenance Reserve Account	65,333	35,333	-	-	-	128,409	130,409	153,423	154,423	155,423
Tuition Reserve Account	-	-	234,798	534,798	493,768	333,768	245,000	260,000	356,317	401,317
Capital Reserve Account	500,000	779,500	679,500	479,500	479,500	864,725	866,725	496,725	430,489	570,424
Unemployment Liability Reserve								57,482	49,080	49,080
Assigned To:										
General Fund -Designated										
For Subsequent Year Expenditures	-	45,219	193,640	217,598	406,840	37,265	500,651	135,535	-	41,686
Debt Service Fund	-	-	18,728	18,728	18,728	-	-	-	-	33,404
Capital Projects Fund	-	-	13,206,430	9,121,071	3,980,928	117,910	88,010	16,055	16,055	16,055
Unassigned:										
General Fund	107,526	120,164	131,729	159,710	35,892	170,408	277,536	295,312	759,409	725,960
Total Fund Balances	\$ 1,001,381	\$ 1,360,017	\$ 14,900,664	\$ 10,833,161	\$ 5,549,892	\$ 1,878,130	\$ 2,691,234	\$ 2,417,960	\$ 2,720,746	\$ 2,953,581

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 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	\$ 18,454,577
Other Restricted Miscellaneous Revenue	-	-	-	-	-	-	-	-	48	-
Other Local Revenue	246,994	212,943	225,416	281,236	205,316	380,746	393,173	363,250	300,063	347,162
State Sources	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	4,785,061
Federal Sources	205,179	199,364	262,221	251,601	244,513	258,387	256,807	251,572	469,147	491,030
Total revenue	16,241,790	16,353,947	17,234,813	18,898,289	19,525,174	20,370,736	21,100,818	21,438,486	22,689,119	24,077,830
Expenditures										
Instruction:										
Regular Instruction	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	4,011,055
Special Education Instruction	631,127	512,212	621,742	754,465	833,168	803,845	948,032	1,083,025	988,495	1,059,118
Other Instruction	70,964	79,347	80,558	84,298	105,096	438,104	478,946	464,384	366,408	420,667
Undistributed:										
Instruction	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	6,079,644
Attendance and Social Work	57,087	53,388	59,944	55,772	56,560	57,528	-	-	-	-
Health Services	136,600	138,436	143,817	144,589	134,620	136,933	142,935	140,535	146,927	153,848
Support Services - Students	384,871	313,052	263,011	279,743	253,641	239,614	254,984	304,558	332,065	347,220
Support Services - Special	229,337	234,895	230,748	216,676	213,315	249,705	373,230	395,562	389,991	410,596
Improvement of Instructional Services	110,894	108,848	125,409	109,162	109,941	110,160	127,365	166,390	165,811	125,403
Educ. Media Library	270,838	242,155	244,436	238,046	273,330	338,173	317,867	368,066	323,407	318,966
Instructional Staff Services	1,559	1,155	1,964	-	3,745	9,815	6,101	2,864	1,798	833
General Administration	392,121	316,262	318,300	293,612	267,800	214,018	285,889	230,059	265,676	289,514
School Administration	369,922	378,574	379,177	379,254	383,374	388,105	410,515	379,281	393,893	385,995
Central Services	191,222	204,259	195,052	190,926	169,592	194,356	219,767	215,088	241,430	252,038
Operations and Maintenance	901,193	980,235	978,127	897,763	927,987	932,895	914,446	970,422	1,032,617	1,043,420
Student Transportation	665,779	659,510	618,252	612,067	706,245	671,609	615,923	670,809	632,709	896,283
Employee benefits	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	2,718,996
On-behalf TPAF Pension Contributions	617,160	460,465	646,935	809,032	910,709	1,213,557	1,330,386	1,409,352	1,945,723	2,633,958
Reimb. TPAF Soc. Sec. Contributions	327,978	335,760	330,821	337,382	338,531	350,690	371,357	390,848	397,635	423,268
Capital Outlay	15,689	24,368	6,413,031	4,106,828	5,161,612	3,944,826	154,297	677,094	91,228	29,508
Debt Service:										
Interest	128,600	250,000	260,000	944,000	1,035,000	1,065,000	1,095,000	571,815	532,728	443,331
Principal	240,000	120,000	471,072	714,369	681,934	646,821	609,921	1,115,000	1,135,000	1,290,000
Special Revenue:										
Federal	205,179	199,364	262,221	274,067	244,513	258,387	256,807	251,572	469,147	491,030
State	-	-	-	-	-	-	-	-	6,975	-
Other	58,394	88,911	73,849	88,302	37,719	66,829	38,581	105,379	89,491	134,285
Total Expenditures	15,901,692	15,990,310	23,272,983	22,965,792	24,891,846	24,042,497	20,287,815	21,954,767	22,386,333	23,965,951
Excess (Deficiency) of revenues over (under) expenditures	340,098	363,636	(6,038,170)	(4,067,503)	(5,366,672)	(3,671,761)	813,004	(516,281)	302,786	111,879
Other Financing sources (uses)										
Proceeds-Sale of Bonds	-	-	19,484,000	-	-	-	-	-	-	-
Capital Leases	-	-	94,816	-	-	-	-	-	-	-
Proceeds-Sale of Refunding Bonds	-	-	-	-	-	-	-	-	-	13,075,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	(12,954,044)
Transfers in	100,000	154,500	137,766	227,674	15,051	3,203	12,984	-	-	-
Transfers out	(100,000)	(154,500)	(137,766)	(227,674)	(15,051)	(3,203)	(12,984)	-	-	-
Total other financing sources (uses)	-	-	19,578,816	-	-	-	-	-	-	120,956
Special Item										
Cost Recovery from Cap. Projects	-	-	-	-	83,402	-	-	-	-	-
Net change in fund balances	\$ 340,098	\$ 363,636	\$ 13,540,646	\$ (4,067,503)	\$ (5,283,269)	\$ (3,671,761)	\$ 813,004	\$ (516,281)	\$ 302,786	\$ 232,835
Debt service as a percentage of noncapital expenditures	2.32%	2.32%	4.34%	8.79%	8.70%	8.52%	8.47%	7.93%	7.48%	7.24%

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
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
2022	49,400	4,447	35,941	-	-	-	115,022	204,810

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	Commercial	Industrial	Total Assessed Value	Memo : Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	1,882,704,267	3.639
2021	18,239,200	1,539,177,200	219,953,500	113,487,400	1,890,857,300	568,598,500	1,573,487	1,892,430,787	2,019,875,654 *	0.963
2022	18,627,300	1,544,441,500	216,595,800	112,842,600	1,892,507,200	568,127,500	1,473,696	1,893,980,896	2,161,870,043	0.987

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 Borough under went a revaluation in 2022

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Mountainside School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Borough of Mountainside ^c	Union County ^c	
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 *
2022	0.922	0.065	0.987	0.523	0.487	1.997

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 Borough under went a revaluation in 2022

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

	2022			2013		
	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	1.32%	Information Unavailable		
Prime Care One LLC	21,558,200	2	1.14%			
Alpine at Mountainside LLC	12,634,900	3	0.67%			
HCR Manor Care Properties LLC	11,705,700	4	0.62%			
Bear Mountainside Realty	10,992,000	5	0.58%			
253 Sheffield Inc.	10,290,000	6	0.54%			
FYL Real Estate LLC	9,610,000	7	0.51%			
SH727, LLC	9,197,300	8	0.49%			
Brookrace Properties LLC	8,756,500	9	0.46%			
Safeguard Mountainside	8,750,000	10	0.46%			
Total	\$ 128,462,000		6.78%	\$ -		0.00%

Source: Municipal Tax Assessor

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2013	\$ 30,074,204	\$ 29,675,471	98.67%
2014	31,211,087	30,858,065	98.87%
2015	32,270,846	31,793,760	98.52%
2016	34,307,065	33,830,436	98.61%
2017	35,035,978	34,379,791	98.13%
2018	35,822,818	35,495,822	99.09%
2019	36,255,073	35,810,885	98.77%
2020	36,441,368	36,177,348	99.28%
2021	36,706,076	36,048,359	98.21%
2022	37,212,018	36,983,327	99.39%

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				Business- Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Bond Anticipation Notes (BANs)	Capital Leases			
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
2022	15,000,000	-	95,035	-	-	15,095,035	3.03%	2,195

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 J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2022	15,000,000		15,000,000	0.79%	2,182

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 J-6 for property tax data.

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

MOUNTAINSIDE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2022
 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Mountainside	\$ 5,854,787	100.000%	\$ 5,854,787
Other Debt			
Union County General Obligation Net Debt-Borough Share	497,922,861	2.429%	12,093,258
Rahway Valley Sewerage Authority	120,556,793	3.360%	<u>4,050,708</u>
Subtotal, overlapping debt			21,998,753
Mountainside District Direct Debt			<u>15,000,000</u>
Total direct and overlapping debt			<u><u>\$ 36,998,753</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, 2021.
 Rahway Valley Sewerage Authority debt is as of December 31, 2021

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	
2022	\$ 2,161,870,043
2021	2,019,875,654
2020	<u>1,882,704,267</u>
[A]	\$ <u>6,064,449,964</u>
[A/3]	\$ 2,021,483,321
[B]	80,859,333 ^a
[C]	<u>15,000,000</u>
[B-C]	\$ <u>65,859,333</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 80,859,333
Total net debt applicable to limit	<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>	<u>15,000,000</u>
Legal debt margin	<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>	<u>\$ 65,859,333</u>
Total net debt applicable to the limit as a percentage of debt limit	4.21%	3.86%	32.34%	30.50%	28.49%	26.52%	24.83%	23.04%	21.01%	18.55%

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

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

Demographic and Economic Information

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2022	6,876 *	498,805,668 *	72,543 *	6.60% *

Source:

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

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

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

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

* Estimate, used prior years amount

MOUNTAINSIDE SCHOOL DISTRICT
 Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

Employer	2022			2013		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
			Information Unavailable			
	-		0.00%	-		0.00%

Operating Information

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

<u>Function/Program</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>	<u>2022</u>
Instruction										
Teachers	55.9	58.0	58.7	61.0	61.0	61.0	62.1	68.8	71.0	68.7
Classroom Aides	6.5	6.5	7.0	9.8	12.0	11.0	11.0	12.0	17.0	8.1
Support Services:										
Tuition										
Student & Instruction Related Services	10.0	10.0	10.0	11.0	12.0	11.4	11.4	11.4	13.0	12.3
General Administration	1.5	1.5	1.4	2.4	2.0	2.0	2.0	2.0	3.0	3.0
School Administrative Services	5.5	5.5	4.6	4.6	4.6	4.6	4.6	4.6	4.0	5.0
Business Administrative Services	2.7	2.7	2.7	2.7	2.5	3.0	3.0	3.9	3.0	3.0
Administrative Information Technology	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	7.0	7.0	8.0	8.0	8.0	8.0	7.0	8.0	8.0	8.0
Total	<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>	<u>109.1</u>

Source: District Personnel Records

MOUNTAINSIDE SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School					
2013	778	15,478,685	19,895	4.74%	55.9	1:13	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	757.6	735.7	-2.62%	97.11%	
2015	761	16,128,880	21,194	1.58%	58.7	1:13	N/A	741.3	712.6	-2.16%	96.13%	
2016	734	17,200,596	23,434	10.57%	61.0	1:12	N/A	729.2	701.5	-1.63%	96.20%	
2017	718	18,013,300	25,088	7.06%	61.0	1:12	N/A	715.9	687.9	-1.82%	96.09%	
2018	727	18,385,851	25,290	0.80%	61.0	1:12	N/A	724.9	696.5	1.25%	96.09%	
2019	727	18,428,654	25,349	0.23%	62.1	1:12	N/A	729.0	698.1	0.57%	95.76%	
2020	746	19,590,858	26,261	3.60%	68.8	1:11	N/A	764.9	726.9	4.92%	95.04%	
2021	728	20,627,377	28,334	7.89%	71.0	1:11	N/A	725.3	707.1	-5.17%	97.49%	
2022	729	22,203,112	30,457	7.49%	68.7	1:11	N/A	735.0	707.5	1.34%	96.26%	

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 certified 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
(Unaudited)

	<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>	<u>2022</u>
<u>District Building</u>										
Beechwood										
Square Feet	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810
Capacity (students)	235	235	235	235	235	235	235	235	235	235
Enrollment	255	265	233	236	237	237	252	268	265	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	523	505	528	498	481	490	475	478	463	463

Number of Schools at June 30, 2022
 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
 (Unaudited)

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

<u>School Facilities</u>	<u>Project #(s)</u>	<u>2022</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>
Deerfield School	SP201453	\$ 140,993	\$ 136,215	\$ 143,514	\$ 136,673	\$ 122,543	\$ 144,601	\$ 133,819	\$ 165,072	\$ 79,104	\$ 60,300
Beechwood School	SP201452	63,882	54,986	60,659	52,264	58,354	68,857	54,217	65,324	29,990	17,900
Grand Total		<u>\$ 204,875</u>	<u>\$ 191,201</u>	<u>\$ 204,173</u>	<u>\$ 188,937</u>	<u>\$ 180,897</u>	<u>\$ 213,458</u>	<u>\$ 188,036</u>	<u>\$ 230,396</u>	<u>\$ 109,094</u>	<u>\$ 78,200</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, 2022

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

Limits of Liability:

- a. Bodily Injury & Property Damage - \$10,000,000 per occurrence per member
- b. Fire Damage - \$2,500,000 per occurrence & aggregate
- c. Employee Benefits Programs - \$5,000,000 per occurrence (\$1,000 deductible per claim)

2. Workers' Compensation

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

Limits of Liability:

- a. Total Insurance Value on file with the Fund
- b. Extra Expense - \$1,000,000
- c. Member Deductible - \$2,500 per occurrence

4. Automobile

Limits of Liability:

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

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022

5. Environmental Impairment Liability

Limits of Liability:

- a. Aggregate \$1,000,000 per incident/ \$10,000,000 Fund Annual
- b. SAIF Fund Self Insured Retention – NIL
- c. Member Deductible – \$50,000 per incident
- d. 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. Cyber Liability

Limits of Liability:

- a. Aggregate Per Scheduled Insured- \$2,000,000
- b. Third Party Liability
 - I. Privacy Notification Costs- \$500,000 per occurrence/aggregate
 - II. Penalties for Regulatory Defense - \$250,000 per occurrence
 - III. Website Media Content Liability- \$2,000,000 per occurrence/aggregate
 - IV. Cyber Extortion Loss- \$750,000 per occurrence/aggregate
- c. First Party Computer Security
 - I. Cyber Extortion Loss- \$750,000 per occurrence/aggregate
 - II. Data Protection & Business Interruption - \$750,000 per occurrence/aggregate
- d. Member Retention- \$10,000 per occurrence

7. School Leaders Professional Liability

Limits of Liability:

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

8. Excess Liability

Limits of Liability (GL/AL):

- a. \$10,000,000 per occurrence/aggregate per member

Limits of Liability (SLPL):

- a. \$15,000,000 each loss/annual aggregate limit

9. Crime

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
- c. Funds Transfer Fraud- \$50,000 per loss/ \$25,000 Deductible per loss

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022

10. Public Employees Faithful Performance Bonds

Selective Insurance Company of America:

Limits of Liability:

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

11. Student Accident Insurance

Zurich American Insurance Company:

Limits of Liability:

- a. Compulsory/Full Excess - \$1,000,000 per accident/5 year benefit
- b. Volunteers/Non- Enrolled Campers- \$50,000 per accident/ 1 year benefit

12. CAP Excess Liability

Fireman's Fund Insurance Company:

Limits of Liability:

- a. \$25,000,000 per occurrence/ aggregate (Shared Limit)

Source: Borough of Mountainside Board of Education

SINGLE AUDIT SECTION

SECTION – K



K-1

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the 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 ("*Government Auditing Standards*"), 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, in the County of Union, New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 2, 2023.

Report on 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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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.

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

Report on Compliance and Other Matters

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

Cranford, New Jersey
May 2, 2023

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant No. 1049

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the Borough of Mountainside School District's, in the County of Union, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

PKF O'CONNOR DAVIES, LLP
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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
May 2, 2023

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant No. 1049

MOUNTAINSIDE SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	OTHER ADJUSTMENTS	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2022	MEMO Payments to Sub-Recipients
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Food Service Fund:										
Child Nutrition Cluster:										
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	\$ 276,516		\$ 252,312	\$ (276,516)		\$ (24,204)	\$ -
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	161,127	(15,431)	15,431				
Emergency Operational Cost Program - Schools	10.555	212121H170341	7/1/20-6/30/21	3,085	(3,085)	3,085				
Federal Food Distribution Program	10.555	221NJ304N1099	7/1/21-6/30/22	22,322		22,322	(22,322)			
Subtotal Child Nutrition Cluster					(18,516)	293,150	(298,838)		(24,204)	
P-EBT Administrative Costs	10.649	212121S900941	7/1/21-6/30/22	628		628	(628)			
P-EBT Administrative Costs	10.649	212121S900941	7/1/20-6/30/21	614	(614)	614				
Subtotal P-EBT Administrative Costs					(614)	1,242	(628)			
Total U.S. Department of Agriculture and Food Service Fund					(19,130)	294,392	(299,466)		(24,204)	
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	H027A200100	7/1/21-9/30/22	148,886			(148,886)		(148,886)	
I.D.E.A. Part B - American Rescue Plan	84.027X	H027X210100	7/1/21-9/30/23	30,637			(30,637)		(30,637)	
I.D.E.A. Part B	84.027	H027A210100	10/1/20-9/30/21	153,978	(47,769)	47,769				
I.D.E.A. Part B, Preschool	84.173	H173A200114	7/1/21-9/30/22	7,871			(7,871)		(7,871)	
I.D.E.A. Part B, Preschool - American Rescue Plan	84.173X	H173X210114	7/1/21-9/30/23	2,617			(2,617)		(2,617)	
Subtotal I.D.E.A. Cluster					(47,769)	47,769	(190,011)		(190,011)	
N.C.L.B. Title IV	84.424	S424A200031	7/1/21-9/30/22	10,000			(10,000)		(10,000)	
N.C.L.B. Title IV	84.424	S424A210031	10/1/20-9/30/21	10,000	(10,000)	10,000				
N.C.L.B. Title II, Part A	84.367A	S367A200029	7/1/21-9/30/22	17,993			(14,738)		(14,738)	
N.C.L.B. Title II, Part A	84.367A	S367A210029	10/1/20-9/30/21	15,213	(15,213)	15,213				
N.C.L.B. Title I, Part A	84.010A	S010A200030	7/1/21-9/30/22	62,686			(62,686)		(62,686)	
N.C.L.B. Title I, Part A	84.010A	S010A210030	10/1/20-9/30/21	75,363	(39,476)	39,476				
Subtotal N.C.L.B.					(64,689)	64,689	(87,424)		(87,424)	
COVID-19 - CARES Act - CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	247,027	(11,681)	74,677	(103,640)	\$ (54,765)	(95,409)	
COVID-19 - ESSER - Learning Acceleration Grant Program	84.425D	S425D210027	3/13/20-9/30/23	25,000	(2,487)	18,750	(7,473)	(8,790)		
COVID-19 - ESSER - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000			(24,900)		(24,900)	
COVID-19 - American Rescue Plan - ESSER III	84.425U	S425U210027	3/13/20-9/30/24	555,178			(141,993)		(141,993)	
COVID-19 - American Rescue Plan - - ESSER III- Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000			(11,126)		(11,126)	
Subtotal CARES Act Grant					(14,168)	93,427	(289,132)	(63,555)	(273,428)	
Total U.S. Department of Education					(126,626)	205,885	(566,567)	(63,555)	(550,863)	
U.S. Department of the Treasury										
Passed-through State Department of Education:										
Special Revenue Fund:										
Coronavirus Relief Fund Grant	21.019	S377A130031	3/13/20-9/30/22	100,855	(63,555)			63,555		
Subtotal Coronavirus Relief Fund Grant					(63,555)			63,555		
Total U.S. Department of the Treasury					(63,555)			63,555		
Total Special Revenue Fund					(190,181)	205,885	(566,567)		(550,863)	
Total Federal Awards					\$ (209,311)	\$ 500,277	\$ (866,033)	\$ -	\$ (575,067)	\$ -

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

MOUNTAINSIDE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit K-4

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE - JUNE 30, 2021			BUDGETARY EXPENDITURES	GAAP (ACCOUNTS RECEIVABLE)	BALANCE - JUNE 30, 2022		MEMO CUMULATIVE TOTAL EXPENDITURES
				GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CASH RECEIVED			UNEARNED REVENUE	BUDGETARY RECEIVABLE	
State Department of Education:											
Governmental Funds											
General Fund											
Special Education Aid	22-495-034-5120-089	\$ 745,884	7/1/21-6/30/22			\$ 672,776	\$ (745,884)			\$ (73,108)	\$ (745,884)
Special Education Aid	21-495-034-5120-089	553,695	7/1/20-6/30/21		\$ (54,022)	54,022					
Transportation Aid	22-495-034-5120-014	307,722	7/1/21-6/30/22			277,565	(307,722)			(30,157)	(307,722)
Transportation Aid	21-495-034-5120-014	307,722	7/1/20-6/30/21		(30,023)	30,023					
Security Aid	22-495-034-5120-084	19,731	7/1/21-6/30/22			17,809	(19,731)			(1,922)	(19,731)
Security Aid	21-495-034-5120-084	19,731	7/1/20-6/30/21		(1,923)	1,923					
Extraordinary Aid	22-495-034-5120-044	193,789	7/1/21-6/30/22				(193,789)	\$ (193,789)			(193,789)
Extraordinary Aid	21-495-034-5120-044	228,643	7/1/20-6/30/21	\$ (228,643)		228,643					
Nonpublic School Transportation	22-495-034-5120-014	22,910	7/1/21-6/30/22				(22,910)	(22,910)			(22,910)
Nonpublic School Transportation	21-495-034-5120-014	24,070	7/1/20-6/30/21	(24,070)		24,070					
T.P.A.F. Social Security Aid	22-495-034-5094-003	423,268	7/1/21-6/30/22			423,268	(423,268)				(423,268)
T.P.A.F. Pension Contributions	22-495-034-5094-002	2,134,008	7/1/21-6/30/22			2,134,008	(2,134,008)				(2,134,008)
T.P.A.F. Post Retirement Medical	22-495-034-5094-001	498,591	7/1/21-6/30/22			498,591	(498,591)				(498,591)
T.P.A.F. Non-Contributory Insurance	22-495-034-5094-004	1,359	7/1/21-6/30/22			1,359	(1,359)				(1,359)
				(252,713)	(85,968)	4,364,057	(4,347,262)	(216,699)	-	(105,187)	(4,347,262)
Special Revenue Fund											
SDA Emergent Needs											
	Not Available	16,524	7/1/21-6/30/22			16,524	(6,975)		\$ 9,549		(6,975)
						16,524	(6,975)		9,549		(6,975)
Debt Service Fund											
School Building Aid											
	22-495-034-5120-017	450,043	7/1/21-6/30/22			450,043	(450,043)				(450,043)
				-	-	450,043	(450,043)	-	-	-	(450,043)
Enterprise Funds											
State School Lunch Program											
	22-100-010-3350-023	6,497	7/1/21-6/30/22			5,940	(6,497)	(557)			(6,497)
State School Lunch Program											
	21-100-010-3350-023	6,299	7/1/20-6/30/21	(1,438)		1,438					
				(1,438)	-	7,378	(6,497)	(557)	-	-	(6,497)
Total State Financial Assistance				\$ (254,151)	\$ (85,968)	\$ 4,838,002	\$ (4,810,777)	\$ (217,256)	\$ 9,549	\$ (105,187)	\$ (4,810,777)
Less: Assistance Not Subject to Single Audit Determination:											
							\$ (2,134,008)				
							(498,591)				
							(1,359)				
							\$ (2,176,819)				
State Expenditures Subject to Single Audit											

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state 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 awards and state financial assistance.

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 federal awards and 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, 2022

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.

As a result, the federal account receivable balance in the special revenue fund on the budgetary basis differs from the GAAP basis as follows:

<u>Accounts Receivable</u>	<u>Budgetary Basis</u>	<u>Add: PY Encumbrances</u>	<u>Less: CY Encumbrances</u>	<u>GAAP Basis</u>
Federal	\$ 550,863	\$ - 0 -	\$ 75,537	\$ 475,326

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(19,219) for the general fund and \$(96,437) for the special revenue 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	\$ ---	\$ 4,328,043	\$ 4,328,043
Special Revenue Fund	491,030	6,975	498,005
Debt Service Fund	---	450,043	450,043
Food Service Fund	<u>299,466</u>	<u>6,497</u>	<u>305,963</u>
Total Assistance	\$ <u>790,496</u>	\$ <u>4,791,558</u>	\$ <u>5,582,054</u>

MOUNTAINSIDE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2022. 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, 2022, 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, 2022

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

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D/84.425U</u>	<u>COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)</u>
<u>10.555</u>	<u>National School Lunch Program Cluster</u>

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

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

MOUNTAINSIDE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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? _____ Yes X 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:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-017</u>	<u>School Building Aid</u>
<u>495-034-5094-003</u>	<u>TPAF Social Security Aid</u>

Section II - Financial Statement Findings

NONE

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

NONE

MOUNTAINSIDE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

No prior year findings were noted.