

MEDFORD LAKES BOROUGH BOARD OF EDUCATION

Medford Lakes, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MEDFORD LAKES BOROUGH BOARD OF EDUCATION

MEDFORD LAKES, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

Medford Lakes Borough Board of Education

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INTRODUCTORY SECTION

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Medford Lakes Board of Education
44 Neeta Trail
Medford Lakes, NJ 08055

Mr. Anthony V. Dent, Superintendent
Mr. Michael F. Colling, Business Administrator

Telephone (609) 654-5155
Fax (609) 714-0235
www.medford-lakes.k12.nj.us

December 3, 2015

Honorable President and
Members of the Board of Education
Medford Lakes Borough School District
County of Burlington
Medford Lakes, NJ 08055

Dear Board Members:

The comprehensive annual financial report of the Medford Lakes Borough School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness, and fairness of the representation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Government and Non-Profit Organizations", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, are included in the single audit section of this report.

- 1) **Reporting Entity and Its Services:** Medford Lakes Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Medford Lakes Borough Board of Education and 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 include regular, as well as special education for handicapped youngsters. The District's average daily enrollment of 543 students is 13 more students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2010/2011	544
2011/2012	534
2012/2013	534
2013/2014	524
2014/2015	549

The District is a constituent member of the Lenape Regional High School District. The District's students in grades 9 through 12 attend Shawnee High School located in Medford, New Jersey.

2) Economic Condition And Outlook:

Medford Lakes is 1.2 square miles of rustic beauty in Burlington County, NJ. Part of the Pinelands Preservation area, there are 22 lakes within this small area and hundreds of lakefront and lake view properties. Of the 1500 homes in Medford Lakes, over 150 are log cabins, giving Medford Lakes the highest concentration of log cabins in the world.

The Borough of Medford Lakes is experiencing a period of minimal development and little expansion that is expected to continue. The borough is also experiencing a period of moderate housing sales. The state and national economy are reflected in the employment base of the area.

The Borough is 99% residential. Commercial ratables are few and residential taxpayers carry the burden of paying for services. The Borough's tax rate is \$2.998 per \$100 of assessed property value (figures and statistics from 2015). The School District spending ratio shows that 82% of the revenue comes from local sources while only 18% of the revenue comes from state sources. The District's total revenue from state sources is not keeping pace with increasing costs to operate the District. State policies concerning school-funding levels continue to exert upward pressure on property taxes in the District. Over 50% of all state funding goes to approximately thirty school districts leaving most suburban school districts at "flat" funding levels at best. Currently various pieces of legislation along with Commissioner regulations are impeding local control and creating various funding hurdles while the state continues to promise to come up with a better funding equation to assist school districts. To date this has not occurred.

3) Major Initiatives

Educational: The Medford Lakes School District provides a full range of educational services appropriate to grade levels PK through 8 and as outlined by the New Jersey Core Curriculum and Common Core State Standards. These include an integrated pre-school program for three and four year old handicapped children, a four-hour kindergarten program, computer assisted instruction the classroom as well as in the Library/Media Center, a Gifted and Talented program, special education programs for identified students, and a variety of extra-curricular clubs and activities. The goal of the Medford Lakes School District is to provide all children with a curriculum that includes a balance of enriching programs, skill development, intervention support systems, and exposure to 21st Century

Technologies. The goal of the instructional model is to create an environment for students to enjoy the process of learning while acquiring the skills necessary for a lifetime of continuous learning and readiness for college/career.

The Medford Lakes curriculum is aligned with the Common Core State Standards and New Jersey Core Curriculum Content Standards. At the Nokomis School, a PK through grade 2 facility, a strong emphasis is placed on literacy and mathematics. Students in grades K-2 are also provided instruction in art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The Neeta School serves grades 3-8. Neeta students are exposed to a multifaceted well-balanced curriculum that prepares them for the requirements of NJASK (*New Jersey State Assessment of Skills and Knowledge*) and for PARCC (*Partnership for Assessment of Readiness for College and Career*). Students in grades 3-8 receive instruction in a variety of special subject areas, including art, Spanish, music, library, comprehensive physical education/health, and technology literacy. The district also provides for the “inclusion” of our special needs students in all our classrooms.

Students in grades K-5 are evaluated throughout the school year utilizing several benchmark assessments including the following: DRA2 (*Developmental Reading Assessment*), district writing prompts, various publisher developed mid-year and end-of-year assessments, MAP (Measures of Academic Progress), and NJDOE model benchmark assessments. Students in grades K-5 are assessed twice a year using the DRA2 to determine their individual reading ability. Results of these individual assessments are used by classroom teachers to place students in guided reading groups that focus on identified skills to improve individual reading performance. Students in grades 2 through 8 are administered an “on demand” writing prompt twice a year (fall and spring) using district developed writing prompts. A mid-year and end-of year math assessment is administered to all students in grades 3-8. Students in grades 1 and 2 are assessed at the end of the year using an end-of-year assessment in the content area of math. Students in grades 3-8 participate in state testing using the New Jersey Assessment of Skills and Knowledge. The results of these assessments are analyzed by classroom teachers and district personnel to determine the students’ strengths and weaknesses as well as patterns within grade levels/classrooms. The data is utilized to make adjustments to curriculum/pacing, to plan professional development, and to set district instructional goals and objectives. Based on analyzed data Medford Lakes continues to fall within the category of a high performing school district and is proud of its students and staff.

District Information: The overall responsibility for the education of the PK-8 children lies with the District’s Board of Education. The Board is a Type II Board of Education, elected yearly. The New Jersey Department of Education classifies the Medford Lakes School District as District Factor I. The District Factor Group is based on socio-economic status from A-J, with A being the lowest. The Medford Lakes Board of Education voted, by resolution, to move the School Board Election to November in 2012 and thereby eliminated the need for a public vote on the school budget.. The District’s management team is comprised of a Superintendent, a Business Administrator/Board of Education Secretary, Principal, Director of Pupil Services and Supervisor of Buildings and Grounds. The District employs 55 professional staff members and 97 total employees who include secretaries, clerks, and full-time and part-time support staff personnel.

The District was successfully monitored during November 2012 by the State of New Jersey pursuant to N.J.S.A. 18A:7A-1 et seq., and N.J.A.C. 6A:30 et seq. This resulted in certification for a period of seven years. The District is certified until February 1, 2019. The monitoring process included a review of financial and curriculum data, interviews of staff members, inspection of facilities, and visits to the District’s schools. As part of the NJ Quality Single Accountability Continuum (QSAC), the Medford Lakes School District is declared as a “high performing school district.”

The District's Long-Range Facility Plan was submitted in July 2009 and is approved by the State of New Jersey Department of Education. This plan is a requirement of the Educational Facilities Construction and Financing Act, P.L. 2000, c.72, N.J.A.C. 6A:26-1.1 and the Facilities Efficiency Standards.

The District completed a major facility renovation program during the 2003-2004 school year. Renovations and upgrades were made to both District school buildings. The addition of a new multi-purpose room was also made to the Neeta School. The District has just completed the process of installing solar panels at Neeta School as part of a solar power purchase agreement. This project also included the installation of a new roof. In addition, new HVAC air conditioning systems were installed in two computer labs and replacement HVAC units were installed on the Neeta School APR in 2011.

The Medford Lakes School District receives additional financial support from community organizations. They include the Home and School Association, The Medford Lakes Education Foundation and the Athletic and Band Booster Clubs. These organizations provide the funds for many of our enriching programs and extracurricular activities.

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

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

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

- 5) **Budgetary Controls:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the 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 canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

- 6) **Accounting System And Reports:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

- 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 responsibility for sound financial management.

- 8) **Debt Administration:** At June 30, 2015 the District's outstanding debt issues included \$2,610,000 of general obligation bonds.

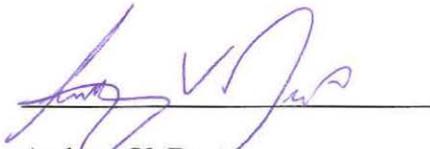
- 9) **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 10) **Risk Management:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District is a member of the Burlington County Insurance Pool Joint Insurance Fund. Twenty-four school districts from Burlington, Gloucester, Camden and Mercer counties participate in this insurance pool. In addition, the District is also a member of the South Jersey Health Insurance Fund providing medical benefits for the staff.

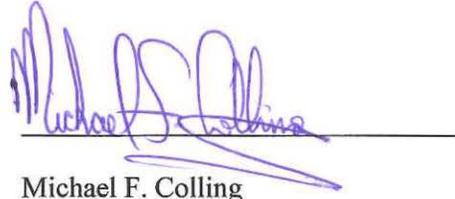
- 11) **Information:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 and/or 15-08. The auditor's report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

- 12) **Acknowledgements:** We would like to express our appreciation to the members of the Medford Lakes Borough Board of Education for their continued support and high standards in providing fiscal accountability to the citizens and taxpayers of the Medford Lakes School District. The Board is also recognized for its vision and dedication to provide the highest quality education for its students. We express our appreciation for their dedication to the development and maintenance of the District's educational and financial operations. It must be noted that the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Their efforts are therefore acknowledged and greatly appreciated.

Respectively submitted,



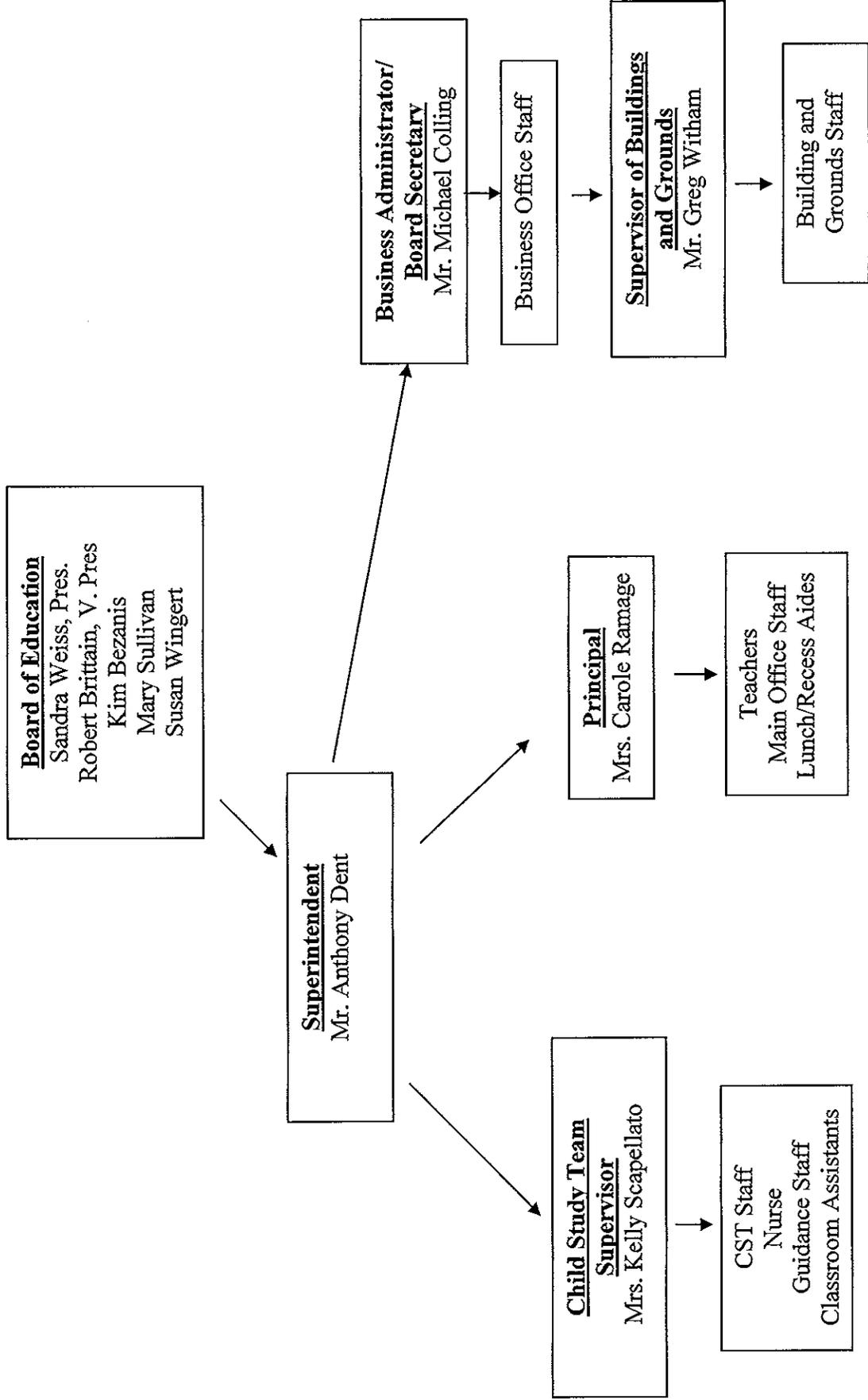
Anthony V. Dent
Superintendent



Michael F. Colling
Business Administrator/Board Secretary

MEDFORD LAKES SCHOOLS

Organizational Chart 2014-2015



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MEDFORD LAKES BOROUGH BOARD OF EDUCATION

135 Mudjekeewis Trail
Medford Lakes, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Sandra Weiss , President	2017
Robert Brittain, Vice President	2017
Kim Bezanis	2015
Mary Sullivan	2015
Susan Wingert	2016

OTHER OFFICIALS

Mr. Anthony V. Dent, Superintendent

Michael F. Colling, Business Administrator/Board Secretary

Mary E. Bakey, Treasurer of School Monies

Frank P. Cavallo, Jr., Esq., Board Attorney

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MEDFORD LAKES BOROUGH BOARD OF EDUCATION
Medford Lakes, New Jersey 08055

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Frank P. Cavallo, Jr., Esq.
Parker McCay
9000 Midlantic Drive, Suite 300
Mount Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

TD Bank
1701 Route 70 East
Cherry Hill, New Jersey 08034

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Medford Lakes Borough Board of Education
County of Burlington
Medford Lakes, New Jersey 08055

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Medford Lakes Borough Board of Education, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Medford Lakes Borough Board of Education, County of Burlington, State of New Jersey, as of June 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medford Lakes Borough Board of Education's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedules of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Medford Lakes Borough Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Medford Lakes Borough Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 3, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
MEDFORD LAKES, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

UNAUDITED

The discussion and analysis of the Medford Lakes School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014/2015) and the prior year (2013/2014) is required to be presented in the MD&A.

Change in Accounting Principle

As described in Note 19 to the financial statements, "Restatement of Net Position - Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$(1,171,557), as indicated in Note 19 to the financial statements.

Financial Highlights

Key financial highlights for 2014/2015 are as follows:

- Notification was received that the final two payments of state aid to school districts would be delayed until the next fiscal year. The amount of the delayed payment was \$110,189 in the General Fund revenues.
- In an effort to reduce expenses in the area of Special Education, the district has one tuition student that is sent from Shamong School District. This tuition student helps not only Medford Lakes but Shamong by reducing the amount that each district would have paid if these student were sent to a private school.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Medford Lakes School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the financial activities of each fund. In addition, this report also contains other supplementary and statistical information.

Reporting the School District as a Whole (Government-wide Financial Statements)

Statement of Net Position and Statement of Activities

The Statement of Net Position and Statement of Activities provides information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities and business-type activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's individual funds with all funds presented. In the case of the Medford Lakes School District, the General Fund is by far the most significant fund. The governmental activities are mainly supported by taxes and intergovernmental revenues, while the business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answers this question. The Statement of Net Position includes all assets and liabilities, while the Statement of Activities shows the cost of program services and the charges for those services and the grants offsetting those services. They use the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the timing of the related cash is received or paid.

These two statements report the School District's net position and changes to net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

Governmental Activities — These activities report on the School District's programs and services including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, grant programs, and capital outlay. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund.

Business Type Activities — These activities provide for a charge for goods or services to recover the expenses of the goods and services provided. The Milk Service operation is reported here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's activities that are segregated for specific activities or objectives. The School District uses many funds to account for a multitude of financial transactions. These funds are divided into three categories: Governmental,

Proprietary and Fiduciary Funds.

Governmental Funds

The School District maintains four individual governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found in Exhibits B-1 through B-3 of this report.

Proprietary Funds

The School District maintains one proprietary fund, which consists of one enterprise fund that reports on the milk service operation. This fund uses the same basis of accounting as business-type activities.

The basic proprietary fund financial statements can be found in Exhibits B-4 through B-6 of this report.

Fiduciary Funds

The School District's fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's activities. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found in Exhibits B-7 through B-8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59 to 87 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents statistical and single audit information and schedules relative to the School District and/or its serving community.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for fiscal year 2015 compared to 2014 results.

Table 1				
Net Position				
As of June 30, 2015				
	Governmental Activities		Business-Type Activities	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets				
Current and Other Assets	\$ 667,320	\$ 673,935	\$ 8,439	\$ 1,975
Capital Assets, Net	5,442,494	5,623,831	14,403	16,460
Total Assets	6,109,814	6,297,766	22,842	18,435
Deferred Outflow of Resources				
Deferred Charge on Refunding of Debt	97,310	111,551		
Deferred Outflows Related to Pensions	113,603	-	-	-
Total Deferred Outflow of Resources	210,913	111,551	-	-
Liabilities				
Long-term Liabilities	4,119,463	2,955,972	-	-
Other Liabilities	94,399	372,712	-	-
Total Liabilities	4,213,862	3,328,684	-	-
Deferred Inflow of Resources				
Deferred Inflows Related to Pensions	69,772	-	-	-
Total Deferred Inflow of Resources	69,772	-	-	-
Net Position				
Net Investment in Capital Assets	2,832,494	2,693,831	14,403	16,460
Restricted	349,140	495,647	-	-
Unrestricted	(1,144,541)	(108,845)	8,439	1,975
Total Net Position	\$ 2,037,093	\$ 3,080,633	\$ 22,842	\$ 18,435

As noted earlier, the District's net position may serve over time as a useful Indicator of a government's financial position. The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide the educational programs; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

Table 2 shows changes in net position for fiscal year 2015 as compared to fiscal year 2014.

Table 2					
Changes in Net Position					
Revenues	Governmental Activities		Business-Type Activities		
	2015	2014	2015	2015	2014
Revenues					
Program revenues					
Operating grants and contributions	\$ 1,564,292	\$ 136,491	\$ 6,150	\$	5,654
Charges for Services	-	-	10,682		11,522
General revenues					
Property taxes	5,947,931	5,738,460	-		-
State and Federal Aid	1,117,312	1,722,464	-		-
Miscellaneous	86,001	98,403	-		134
Cancellation of Prior Year Accounts Payable	-	32,635	-		-
Transfer In/(Out)	-	33,154	-		(33,154)
Total Revenues	8,715,536	7,761,607	16,832		(15,844)
Expenses					
Governmental Activities:					
Instruction:					
Regular	\$ 2,426,155	\$ 2,472,409	-		-
Special Education	1,027,398	969,466	-		-
Other Special Instruction	61,071	61,686	-		-
Other Instruction	23,495	35,530	-		-
Support Services:					
Tuition	28,118	111,940	-		-
Health Services	132,430	166,750	-		-
Student & Instruction Related Services	615,758	549,536	-		-
Educational Media Services/School Library	57,061	62,935	-		-
Instructional Staff Training	1,800	-	-		-
School Administrative Services	121,955	121,815	-		-
General Administrative Services	281,374	271,259	-		-
Plant Operations & Maintenance	542,687	504,561	-		-
Pupil Transportation	100,099	111,304	-		-
Business and Other Support Services	217,384	190,845	-		-
Unallocated Benefits	2,606,821	1,703,231	-		-
Interest and cost on Long-Term Debt	137,378	135,963	-		-
Increase in Compensated Absences	(7,292)	25,598	-		-
Unallocated Depreciation	213,827	211,298	-		-
Food Service	-	-	12,425		21,371
Total Expenses	8,587,519	7,706,126	12,425		21,371
Net Increase (Decrease) in Net Position	128,017	55,481	4,407		(37,215)
Net Position, Beginning, as restated	1,909,076	3,025,152	18,435		55,650
Net Position, Ending	\$ 2,037,093	\$ 3,080,633	\$ 22,842	\$	18,435

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instruction staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business operations include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest and fiscal charges involve transactions associated with the payment of interest and other related charges to debt of the School District.

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 68% of revenues for governmental activities for the Medford Lakes School District. Federal, state and local grants accounted for another 31% of revenues. The District's total governmental activities revenues were \$8,715,536 for the year ended June 30, 2015.

Business-Type Activities

Revenues for the District's business-type activity (milk program) were composed of charges for services and federal and state reimbursements. Business-type revenues exceeded expenditures by \$4,407. Charges for services are amounts paid by patrons for daily milk service operations. Federal and state operating grant revenues are composed of reimbursements for milk.

The School District's Funds

Governmental funds (i.e. general fund, special revenue fund, capital projects fund, and debt service fund) presented in the fund-based statements, are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,977,499 and expenditures were \$8,001,119. The net change in overall fund balance for the year was (\$23,620).

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Table 3 presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015 and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in local revenue was due to a tax increase to fund the additional expenditures of the School District associated with an increase in higher operating costs and a minimal increase in state aid.

State revenues reflect a decrease due to a decrease in allocations of state aid

	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Local Sources:				
Local Tax Levy	\$ 5,947,931	\$ 5,738,460	\$ 209,471	3.65%
Miscellaneous	86,001	98,403	(12,402)	-12.60%
Cancellation of PY Accounts Payable	-	32,635	(32,635)	-100.00%
Transfers In	-	33,154	(33,154)	-100.00%
Total - Local Sources:	6,033,932	5,902,652	131,280	2.22%
Federal Sources	131,786	127,018	4,768	3.75%
State Sources	1,811,781	1,731,937	79,844	4.61%
Total - Government Sources:	1,943,567	1,858,955	84,612	4.55%
Total Revenues	\$ 7,977,499	\$ 7,761,607	\$ 215,892	2.78%

Table 4 represents a summary of the combined general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increases and decreases in relation to prior year amounts.

	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Current:				
Regular Instruction	\$ 2,426,155	\$ 2,472,409	\$ (46,254)	-1.87%
Special Education Instruction	1,027,398	969,466	57,932	5.98%
Other Instruction	84,566	97,216	(12,650)	-13.01%
Support Services and Undistributed Costs:				
Tuition	28,118	111,940	(83,822)	-74.88%
Health Services/Attendance	132,430	166,750	(34,320)	-20.58%
Student & Instruction Related Services	615,758	549,536	66,222	12.05%
Education Media Services/Library	57,061	62,935	(5,874)	-9.33%
Instructional Staff Training	1,800	-	1,800	N/A
General Administrative Services	281,374	271,259	10,115	3.73%
School Administrative Services	121,955	121,815	140	0.11%
Plant Operations and Maintenance	540,918	504,561	36,357	7.21%
Pupil Transportation	100,099	111,304	(11,205)	-10.07%
Business and Other Support Services	217,384	190,845	26,539	13.91%
Unallocated Benefits	1,856,509	1,703,231	153,278	9.00%
Debt Service	455,075	454,374	701	0.15%
Capital Outlay	54,519	20,260	34,259	169.10%
Total Expenditures	\$ 8,001,119	\$ 7,807,901	\$ 193,218	2.47%

Changes in expenditures were the result of varying factors. The increase in Current – Instruction is attributed to the establishment of the Kindergarten Program. The increase in Current- Undistributed expenditures is attributed to out of district placement of students.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District’s budget is prepared in accordance with New Jersey law, and is based on accounting for certain transactions on a cash basis of receipts, disbursements and encumbrances. The most significant fund is the General Fund.

Over the course of the year, the District revised its General Fund budget as needed. Revisions in the budget were made to accommodate program changes and to prevent over-expenditures in specific line item accounts. Several of these significant revisions include expenditures for Instruction, Special Education and the Operation and Maintenance of Plant Facilities. The details of individual program budget revisions are reflected In Exhibit C-1 of the CAFR.

While the District’s final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a difference of (\$23,620).

- Local revenues were lower due to a decrease in State Aid.

FUND BALANCES

Table 5 shows a comparison of the fund balances in each of the District’s Governmental and Business-type activity funds.

Table 5				
Changes in Fund Balance				
	<u>2015</u>		<u>2014</u>	<u>Difference</u>
Governmental Funds:				
General Fund	\$ 643,701	\$	667,321	\$ (23,620)
Capital Projects Fund	6,614		6,614	-
Business-Type Activities:				
Milk Service Enterprise Fund	22,842		18,435	4,407

CAPITAL ASSETS

At the end of the fiscal year 2015, the School District had \$5,442,494 invested in land, buildings, furniture, equipment, and vehicles. Table 6 shows fiscal year 2015 balances compared to 2014.

	<u>2015</u>	<u>2014</u>
Building & Bldg Improvements	\$ 12,824,264	\$ 12,797,983
Machinery and Equipment	206,818	200,609
Total Capital Assets	13,031,082	12,998,592
Less: Accumulated Depreciation	(7,588,588)	(7,374,761)
Net Capital Assets	\$ 5,442,494	\$ 5,623,831

Overall capital assets decreased by a net of \$(181,337) from fiscal year 2014. This decrease represents the reduction in value of assets due to depreciation charges. For more detailed information, refer to the Notes to the Financial Statements.

DEBT ADMINISTRATION

In the governmental funds, at June 30, 2015, the School District had \$4,119,463 of outstanding debt. Of this amount \$132,323 is for compensated absences; \$2,610,000 is from serial bonds outstanding from the 2010 bonds issued; \$206,358 is from the bond premium from the 2010 bonds; and \$1,170,782 is from the District's share of Net Pension Liability.

There was no debt outstanding in the business-type activities fund.

The District's credit rating as determined by Moody's continues to be AAA for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue. The District's limit is 3 percent of its equalized valuation basis. The current debt limitation for the District is \$13,821,526, which is significantly in excess of the District's outstanding general obligation debt of \$2,610,000.

Additional information on the District's long-term debt can be found in note 8 in the Notes to the Financial Statements.

For the Future

The Medford Lakes School District is in excellent financial condition presently. The School District is proud of its community support and involvement in the educational program. A major concern is the lack of state and federal revenues, which has resulted in increased property taxes.

The School District's budget has for many years experienced support from the community's voters. While the current change in state law does not require the public to vote on the annual budget if it is maintained within the 2% property tax levy, the overwhelming support of parents, businesses, the

Medford Lakes Education Foundation, the Medford Lakes Athletic Association and the Neeta Sports Association is noteworthy.

The Medford Lakes School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, contact Mr. Michael Colling, School Business Administrator/Board Secretary, at the Medford Lakes School District, 135 Mudjekeewis Trail, Medford Lakes New Jersey 08055.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

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MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 336,114	\$ 1,919	\$ 338,033
Receivables, Net	104,303	414	104,717
Internal Balances	(6,106)	6,106	-
Restricted Assets:			
Restricted Cash & Cash Equivalents	233,009	-	233,009
Capital Assets, Net (Note 6)	5,442,494	14,403	5,456,897
	<hr/>	<hr/>	<hr/>
Total Assets	6,109,814	22,842	6,132,656
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charge on Refunding of Debt	97,310	-	97,310
Deferred Outflows Related to Pensions	113,603	-	113,603
	<hr/>	<hr/>	<hr/>
Total Deferred Outflow of Resources	210,913	-	210,913
	<hr/>	<hr/>	<hr/>
Total Assets and Deferred Outflow of Resources	6,320,727	22,842	6,343,569
LIABILITIES			
Accounts Payable	17,005	-	17,005
Accrued Interest Payable	20,513	-	20,513
PERS Pension Payable	56,881	-	56,881
Noncurrent Liabilities (Note 8):			
Due Within One Year	360,199	-	360,199
Due Beyond One Year	3,759,264	-	3,759,264
	<hr/>	<hr/>	<hr/>
Total Liabilities	4,213,862	-	4,213,862
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	69,772	-	69,772
	<hr/>	<hr/>	<hr/>
Total Deferred Inflow of Resources	69,772	-	69,772
	<hr/>	<hr/>	<hr/>
Total Liabilities and Deferred Inflow of Resources	4,283,634	-	4,283,634
NET POSITION			
Net Investment in Capital Assets	2,832,494	14,403	2,846,897
Restricted For:			
Debt Service	(20,513)	-	(20,513)
Other Purposes	369,653	-	369,653
Unrestricted	(1,144,541)	8,439	(1,136,102)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 2,037,093	\$ 22,842	\$ 2,059,935
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The accompanying Notes to Financial Statements are an integral part of this statement.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 2,426,155	\$ -	\$ 139,307	\$ (2,286,848)	\$ -	\$ (2,286,848)
Special Education	1,027,398	-	-	(1,027,398)	-	(1,027,398)
Other Special Instruction	61,071	-	-	(61,071)	-	(61,071)
Other Instruction	23,495	-	-	(23,495)	-	(23,495)
Support Services & Undistributed Costs:						
Tuition	28,118	-	-	(28,118)	-	(28,118)
Health Services	132,430	-	-	(132,430)	-	(132,430)
Student & Instruction Related Services	615,758	-	19,017	(596,741)	-	(596,741)
Educational Media Services/School Library	57,061	-	-	(57,061)	-	(57,061)
Instructional Staff Training	1,800	-	-	(1,800)	-	(1,800)
School Administrative Services	121,955	-	-	(121,955)	-	(121,955)
General Administrative Services	281,374	-	-	(281,374)	-	(281,374)
Plant Operations & Maintenance	542,687	-	-	(542,687)	-	(542,687)
Pupil Transportation	100,099	-	-	(100,099)	-	(100,099)
Business & Other Support Services	217,384	-	-	(217,384)	-	(217,384)
Unallocated Benefits	2,606,821	-	1,405,968	(1,200,853)	-	(1,200,853)
Interest and charges on long-term debt	137,378	-	-	(137,378)	-	(137,378)
Increase in Compensated Absences	(7,292)	-	-	7,292	-	7,292
Unallocated Depreciation	213,827	-	-	(213,827)	-	(213,827)
Total Governmental Activities	8,587,519	-	1,564,292	(7,023,227)	-	(7,023,227)
Business-Type Activities:						
Food Service	12,425	10,682	6,150	-	4,407	4,407
Total Business-Type Activities	12,425	10,682	6,150	-	4,407	4,407
Total Primary Government	\$ 8,599,944	\$ 10,682	\$ 1,570,442	(7,023,227)	4,407	(7,018,820)

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			5,492,856	-	5,492,856
Taxes Levied for Debt Service			455,075	-	455,075
Federal & State Aid Not Restricted			1,117,312	-	1,117,312
Miscellaneous Revenue			86,001	-	86,001
Total General Revenues, Special Items, Extraordinary Items & Transfer:			7,151,244	-	7,151,244
Change In Net Position			128,017	4,407	132,424
Net Position - Beginning, as restated (See Note 19)			1,909,076	18,435	1,927,511
Net Position - Ending			2,037,093	22,842	2,059,935

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

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B. Fund Financial Statements

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

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Governmental Funds

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Cash & Cash Equivalents	\$ 374,867	\$ -	\$ 6,614	\$ 381,481
Due From Other Funds	15,634	1,571	-	17,205
Intergovernmental Accounts Receivable:				
Federal	-	42,706	-	42,706
State	25,646	-	-	25,646
Other	18,661	1,656	-	20,317
Restricted Cash & Cash Equivalents	233,009	-	-	233,009
Total Assets	\$ 667,817	\$ 45,933	\$ 6,614	\$ 720,364
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Overdraft	\$ -	\$ 45,367	\$ -	\$ 45,367
Accounts Payable	16,439	566	-	17,005
Interfund Payable	7,677	-	-	7,677
Total Liabilities	24,116	45,933	-	70,049
Fund Balances:				
Restricted for:				
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	84,642	-	-	84,642
Excess Surplus - Current Year	52,002	-	-	52,002
Capital Reserve Account	1	-	-	1
Emergency Reserve Account	116,499	-	-	116,499
Maintenance Reserve Account	116,509	-	-	116,509
Assigned to:				
Designated by the BOE for Subsequent Year's Expenditures	1,183	-	-	1,183
Other Purposes	131,488	-	-	131,488
Capital Projects	-	-	6,614	6,614
Unassigned:				
General Fund	141,377	-	-	141,377
Total Fund Balances	643,701	-	6,614	650,315
Total Liabilities & Fund Balances	\$ 667,817	\$ 45,933	\$ 6,614	

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 cost of the assets is \$13,031,082, and the accumulated depreciation is \$7,588,588. (See Note 6)	\$ 5,442,494
Accrued interest payable and PERS pension payable are not recorded in the fund financial statements due to the fact that payable is not due in the current period.	(77,394)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	43,831
Deferred charge on refunding of debt net of bond premium is not recorded in the fund financials, but is recorded on the government-wide financial statements.	97,310
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8)	(4,119,463)
Net position of Governmental Activities	\$ 2,037,093

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Tax Levy	\$ 5,492,856	\$ -	\$ -	\$ 455,075	\$ 5,947,931
Miscellaneous	59,463	26,538	-	-	86,001
State Sources	1,811,781	-	-	-	1,811,781
Federal Sources	-	131,786	-	-	131,786
	<hr/>				
Total Revenues	7,364,100	158,324	-	455,075	7,977,499
	<hr/>				
Expenditures:					
Current:					
Regular Instruction	2,286,848	139,307	-	-	2,426,155
Special Education Instruction	1,027,398	-	-	-	1,027,398
Other Special Instruction	61,071	-	-	-	61,071
Other Instruction	23,495	-	-	-	23,495
Support Services & Undistributed Costs:					
Tuition	28,118	-	-	-	28,118
Health Services\Attendance	132,430	-	-	-	132,430
Student & Instruction Related					
Services	596,741	19,017	-	-	615,758
Educational Media Services/ School Library	57,061	-	-	-	57,061
Instructional Staff Training	1,800	-	-	-	1,800
General Administrative Services	281,374	-	-	-	281,374
School Administrative Services	121,955	-	-	-	121,955
Plant Operations & Maintenance	540,918	-	-	-	540,918
Pupil Transportation	100,099	-	-	-	100,099
Business & Other Support Services	217,384	-	-	-	217,384
Unallocated Benefits	1,856,509	-	-	-	1,856,509
Debt Service:					
Principal	-	-	-	320,000	320,000
Interest	-	-	-	135,075	135,075
Capital Outlay	54,519	-	-	-	54,519
	<hr/>				
Total Expenditures	7,387,720	158,324	-	455,075	8,001,119
	<hr/>				
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(23,620)	-	-	-	(23,620)
	<hr/>				
Net Change in Fund Balances	(23,620)	-	-	-	(23,620)
Fund Balance - July 1	667,321	-	6,614	-	673,935
	<hr/>				
Fund Balance - June 30	\$ 643,701	\$ -	\$ 6,614	\$ -	\$ 650,315
	<hr/>				

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
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, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (23,620)

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

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

Depreciation Expense	(213,827)	
Capital Outlays	32,490	(181,337)

Repayment of bond 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. 320,000

Loss on the early extinguishments of debt, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Prior Year	125,005	
Current Year	(109,048)	15,957

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

PERS District Pension Contribution - 2015	51,551	
State Share of Unfunded TPAF Pension Expense	738,037	
Unfunded TPAF Pension Expense	(738,037)	
Pension Expense	(63,826)	(12,275)

Net difference in accrued interest on bonds and capital leases is not recorded in the fund financial statements. 2,000

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 Fund, 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 a reduction in the reconciliation (-); When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Prior Year Compensated Absences	139,615	
Current Year Compensated Absences	(132,323)	7,292

Change in Net Position of Governmental Activities \$ 128,017

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Proprietary Funds

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 1,919
Accounts Receivable:	
Interfunds	6,106
Federal	414
	8,439
Total Current Assets	8,439
Noncurrent Assets:	
Furniture, Machinery & Equipment	20,574
Accumulated Depreciation	(6,171)
	14,403
Total Noncurrent Assets	14,403
Total Assets	22,842
NET POSITION	
Net Investment in Capital Assets	14,403
Unrestricted	8,439
	22,842
Total Net Position	\$ 22,842

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 10,682
Total Operating Revenues	<hr/> 10,682
Operating Expenses:	
Cost of Sales	9,918
Miscellaneous	450
Depreciation	2,057
Total Operating Expenses	<hr/> 12,425
Operating Income/(Loss)	<hr/> (1,743)
Nonoperating Revenues/(Expenses):	
Federal Sources:	
Special Milk Program	6,150
Total Nonoperating Revenues/(Expenses)	<hr/> 6,150
Change in Net Position	4,407
Total Net Position - Beginning	<hr/> 18,435
Total Net Position - Ending	<hr/> <hr/> \$ 22,842

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 4,576
Payments to Suppliers	<u>(10,368)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(5,792)</u>
Cash Flows From Noncapital Financing Activities:	
Federal Sources	<u>6,107</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>6,107</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	315
Balances - Beginning of Year	<u>1,604</u>
Balances - End of Year	<u><u>\$ 1,919</u></u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (1,743)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation & Net Amortization	2,057
(Increase)/Decrease in Interfund Receivable	<u>(6,106)</u>
Total Adjustments	<u>(4,049)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (5,792)</u></u>

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

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Fiduciary Fund

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE				NEW JERSEY		AGENCY		TOTALS
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL AGENCY	PAYROLL AGENCY	NET PAYROLL		
Cash & Cash Equivalents	\$ 8,832	\$ 2,871	\$ 29,430	\$ 4,605	\$ 65,716	\$ 8,410	\$ 119,864		
Interfund Receivable	-	-	1,200	-	-	-	1,200		
Total Assets	8,832	2,871	30,630	4,605	65,716	8,410	121,064		
LIABILITIES									
Accrued Salaries & Wages	-	-	-	-	60,163	-	60,163		
Interfund Payable	-	2,871	-	-	5,553	8,410	16,834		
Due to Student Groups	-	-	-	4,605	-	-	4,605		
Total Liabilities	-	2,871	-	4,605	65,716	8,410	81,602		
NET POSITION									
Reserved for:									
Scholarships	8,832	-	-	-	-	-	8,832		
Unemployment Claims	-	-	30,630	-	-	-	30,630		
Total Net Position	\$ 8,832	\$ -	\$ 30,630	\$ -	\$ -	\$ -	\$ 39,462		

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

ADDITIONS:	PRIVATE PURPOSE			TOTALS
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND	
Local Sources:				
Interest on Investments	\$ 3	\$ -	\$ -	\$ 3
Contributions	-	5,865	-	5,865
Total Operating Revenue	3	5,865	-	5,868
Total Additions	3	5,865	-	5,868
DEDUCTIONS:				
Scholarship Payments	200	-	-	200
Miscellaneous Expenditures	-	5,865	-	5,865
Total Deductions	200	5,865	-	6,065
Change in Net Position	(197)	-	-	(197)
Net Position - Beginning of the Year	9,029	-	30,630	39,659
Net Position - End of the Year	\$ 8,832	\$ -	\$ 30,630	\$ 39,462

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

MEDFORD LAKES BOROUGH BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Medford Lakes Borough Board of Education (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Medford Lakes Borough Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that a maximum of 2 members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The operations of the District include two elementary schools located in Medford Lakes Borough. The Medford Lakes Borough Board of Education has an approximate enrollment at June 30, 2015 of 505 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

Amounts reported as program revenues include 1) charges 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.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

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

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports 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 noninstructional equipment which are classified in the Capital Outlay sub-fund.

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

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

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

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary fund:

Milk Fund- This fund is used to account for the operations pertaining to the District's milk fund operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Flexible Spending Trust Fund - Revenues consist of employee payroll withholdings. Expenditures consist of employee reimbursement claims for health care costs.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment 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. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

Cash and Cash Equivalents

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

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- **Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued):

Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 3, 2015, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$786,287 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	257,041
Collateralized by securities held by		
Pledging financial institution		403,861
Uninsured and uncollateralized		125,385
		125,385
Total	\$	786,287

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 2. Cash and Cash Equivalents (continued):

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. 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.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure..

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2015.

Note 3. Reserve Accounts

A. Capital Reserve Account

The Medford Lakes Borough Board of Education established a capital reserve account by inclusion of \$1 on September 25, 2000 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). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 3. Reserve Accounts (continued):

budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The balance at June 30, 2015 in the Capital Reserve Account was \$1.

B. Maintenance Reserve Account

The Medford Lakes Borough Board of Education established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$116,509 at June 30, 2015.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	116,509
Board Approved Transfer		-
Ending Balance, June 30, 2015	<u>\$</u>	<u>116,509</u>

C. Emergency Reserve Account

Medford Lakes Borough Board of Education established an Emergency Reserve Account for the accumulation of funds for use to finance unanticipated general fund expenditures required for a thorough and efficient education. The Emergency Reserve Account is maintained in the general fund and has a balance of \$116,499 at June 30, 2015.

A district may increase the balance in the emergency reserve by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The maximum balance permitted at any time in the emergency reserve is the greater of \$250,000 or 1 percent of the general fund budget, not too exceed \$1 million.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	116,499
Board Approved Transfer		-
Ending Balance, June 30, 2015	<u>\$</u>	<u>116,499</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Proprietary <u>Funds</u>	<u>Total</u>
State Aid	\$ 25,646	\$ -	\$ -	\$ 25,646
Federal Aid	-	42,706	414	43,120
Other	<u>18,661</u>	<u>1,656</u>	<u>-</u>	<u>20,317</u>
Total	<u>\$ 44,307</u>	<u>\$ 44,362</u>	<u>\$ 414</u>	<u>\$ 89,083</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2015, the District had no transfers to or from capital outlay accounts.

Note 6. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Deletions	June 30, 2015
Governmental Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 12,797,983	\$ 26,281	\$ -	\$ 12,824,264
Machinery and equipment	200,609	6,209	-	206,818
Total capital assets being depreciated	<u>12,998,592</u>	<u>32,490</u>	<u>-</u>	<u>13,031,082</u>
Less: accumulated depreciation:				
Buildings and improvements	(7,239,225)	(183,966)	-	(7,423,191)
Machinery and equipment	(135,536)	(29,861)	-	(165,397)
Total accumulated depreciation	<u>(7,374,761)</u>	<u>(213,827)</u>	<u>-</u>	<u>(7,588,588)</u>
Total capital assets being depreciated, net	<u>5,623,831</u>	<u>(181,337)</u>	<u>-</u>	<u>5,442,494</u>
Governmental activities capital assets, net	<u>\$ 5,623,831</u>	<u>\$ (181,337)</u>	<u>\$ -</u>	<u>\$ 5,442,494</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 6. Capital Assets (continued):

	June 30, 2014	Additions	Deletions	June 30, 2015
Business-Type Activities				
Capital assets being depreciated:				
Machinery and equipment	\$ 20,574	\$ -	\$ -	\$ 20,574
Total capital assets being depreciated	20,574	-	-	20,574
Less: accumulated depreciation:				
Machinery and equipment	(4,114)	(2,057)	-	(6,171)
Total accumulated depreciation	(4,114)	(2,057)	-	(6,171)
Total capital assets being depreciated, net	16,460	(2,057)	-	14,403
Total Business-Type activities capital assets, net	\$ 16,460	\$ (2,057)	\$ -	\$ 14,403

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 15,634	\$ 7,677
Special Revenue Fund	1,571	-
Enterprise Fund	6,106	-
Trust and Agency Fund	1,200	16,834
Total	<u>\$ 24,511</u>	<u>\$ 24,511</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 6,107	\$ 32,037
Special Revenue Fund	-	-
Capital Projects Fund	30,000	-
Food Service Fund	-	6,107
Fiduciary Funds	2,037	-
	<u>\$ 38,144</u>	<u>\$ 38,144</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 7. Interfund Receivables, Payables and Transfers (continued):

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the long-term debt

	Balance Within 6/30/2014	Retired/ Adjustments	6/30/2015	Balance Due One year
Governmental Activities:				
Compensated Absences	\$ 139,615	\$ (7,292)	\$ 132,323	\$ -
General Obligation Bonds	2,930,000	(320,000)	2,610,000	330,000
Unamortized Bond Premiums	236,556	(30,198)	206,358	30,199
Net Pension Liability	1,171,557	(775)	1,170,782	-
	<u>\$ 4,477,728</u>	<u>\$ (358,265)</u>	<u>\$ 4,119,463</u>	<u>\$ 360,199</u>

A. Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

2010 Bonds

Description

The Board of Education issued Revenue Refunding Bonds, Series 2010, dated May 1, 2010 in the amount of \$3,845,000. The proceeds of this bond issue were used to advance refund certain callable maturities of the Board of Education's outstanding Series 2002 Bonds dated May 1, 2002.

At June 30, 2015, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bonds	2.75% - 5.00%	5/15/2022	\$ 3,845,000	<u>\$ 2,610,000</u>
Total				<u><u>\$ 2,610,000</u></u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 8. Long-Term Obligations (continued):

Principal and interest due on the total bonds outstanding is as follows:

Year-ending June 30,	Principal	Interest	Total
2016	\$ 330,000	\$ 123,075	\$ 453,075
2017	335,000	114,000	449,000
2018	355,000	97,250	452,250
2019	370,000	79,500	449,500
2020	385,000	61,000	446,000
2021-2022	835,000	63,250	898,250
Total	\$ 2,610,000	\$ 538,075	\$ 3,148,075

B. Bonds Authorized But Not Issued

As of June 30, 2015, the District had no authorized but not issued bonds.

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th 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 with 25 or more

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

years of service credit 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 age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

Year	Annual Pension Cost (APC)	Excess Pension Asset Credit	Percentage of APC Contributed	Net Pension Obligation
6/30/2015	\$ 51,551	\$ -	100%	\$ 1,170,782
6/30/2014	50,514	-	100%	1,171,557
6/30/2013	55,847	-	100%	N/A

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$1,170,782 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .00625%, which was an decrease of .00012% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	6/30/2015 July 1, 2014	6/30/2014 July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 113,603	\$ 51,551
Deferred Inflows of Resources	\$ 69,772	N/A
Net Pension Liability	\$ 1,170,782	\$ 1,171,557
District's portion of the Plan's total net pension Liability	0.00625%	0.00613%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$63,826. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	36,816	-
Net difference between projected and actual earnings on pension plan investments	-	69,772
Changes in proportion and differences between District contributions and proportionate share of contributions	19,906	-
District contributions subsequent to the measurement date	56,881	-
Total	\$ 113,603	\$ 69,772

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The \$56,881 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30:</u>	<u>PERS</u>
2016	\$ (5,147)
2017	(5,147)
2018	(5,147)
2019	(5,147)
2020	(5,147)
Thereafter	12,683

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	<u>PERS</u> June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>Decrease</u> (4.39%)	<u>Discount</u> (5.39%)	<u>Increase</u> (6.39%)
District's proportionate share of the net pension liability	\$ 1,472,883	\$ 1,170,782	\$ 917,093

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

**Three-Year Trend Information for TPAF Pension & Post-Retirement Medical Contributions
 (Paid on behalf of the District)**

Year Funding	Annual Pension/Medical Cost	Percentage of Cost Contributed	Net Pension/Medical Obligation
6/30/2015	\$ 410,670	100%	\$ -
6/30/2014	348,190	100%	-
6/30/2013	464,807	100%	-

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Teachers Pensions and Annuity Fund (TPAF) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuity Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 9. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Defined Contribution Retirement Plan (DCRP) – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2015, employee contributions total \$10,252, and the District recognized pension expense of \$5,592.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2015, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103,432 retirees eligible for post-retirement medical benefits, and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The Board of Education has an agreement with the former Superintendent of the School, which provides that he shall receive retirement, medical coverage for himself and his dependents, so long as he shall live. Benefits are currently being provided for the former Superintendent and his dependents under the Board provided Prescription Plan. The annual cost to the Board during the 2013-2014 school year was \$6,276. The Board funds these payments on an annual basis.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ -	\$ -	\$ -	\$ 30,630
2013-2014	101	-	-	30,630
2012-2013	145	-	-	30,529

Note 12. Fund Balance

General Fund (Exhibit B-1) – Of the \$643,701 General Fund fund balance at June 30, 2015, \$1 has been restricted for future capital activity; \$116,509 has been restricted for maintenance reserve; \$116,499 has been restricted for emergency reserve; \$84,642 has been restricted as excess surplus and designated for subsequent year’s expenditures; \$1,183 has been assigned as designated for subsequent year’s expenditures; \$131,488 has been assigned for other purposes, \$52,002 is restricted for excess surplus; and \$141,377 is unassigned.

Capital Projects Fund (Exhibit B-1) – The Capital Projects Fund has an assigned fund balance at June 30, 2015 of \$6,614.

Note 13. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment	Equivest	MetLife Company
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MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 14. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and 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.

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 specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$132,323.

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, 2015 no liability existed for compensated absences in the proprietary fund types.

Note 15. 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.

Note 16. Joint Insurance Fund

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2015 for the joint insurance pool.

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$52,002.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$20,513 at June 30, 2015. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position for the Governmental Activities in the amount of \$1,144,541 at June 30, 2015. The primary causes of this deficit includes the District not recognizing the receivable for the last two state aid payments and the recording of long-term liabilities for compensated absences and net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 19: Restatement of Net Position

Change in Accounting Principle - Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	<u>Governmental Activities</u>
Net Position as adjusted for Correction of Error, reported at June 30, 2014	\$ 3,080,633
Prior period adjustment - Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(1,171,557)
Deferred Outflows - district contributions made during fiscal year 2015	51,551
PERS Pension Payable (2015 district PERS Pension Contribution)	(51,551)
	(1,171,557)
Total prior period adjustment	(1,171,557)
Net Position as restated, July 1, 2014	\$ 1,909,076

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 5,492,856	\$ -	\$ 5,492,856	\$ 5,492,856	\$ -
Miscellaneous	10-1XXX	53,050	-	53,050	59,463	6,413
Total Local Sources		5,545,906	-	5,545,906	5,552,319	6,413
State Sources:						
Special Education Categorical Aid	10-3132	312,385	-	312,385	312,385	-
Equalization Aid	10-3176	791,104	-	791,104	791,104	-
Security Aid	10-3177	7,871	-	7,871	7,871	-
Under Adequacy Aid	10-3100	2,090	-	2,090	2,090	-
Transportation Aid	10-3121	7,335	-	7,335	7,335	-
Extraordinary Aid	10-3131	22,154	-	22,154	12,169	(9,985)
PARCC Readiness Aid	10-3190	5,170	-	5,170	5,170	-
Per Pupil Growth Aid	10-3190	5,170	-	5,170	5,170	-
Nonpublic Transportation Aid		-	-	-	1,566	1,566
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	158,713	158,713
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	251,957	251,957
Reimbursed TPAF Social Security Contributions		-	-	-	257,261	257,261
Total State Sources		1,153,279	-	1,153,279	1,812,791	659,512
Total Revenues		6,699,185	-	6,699,185	7,365,110	665,925
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	99,283	412	99,695	99,472	223
Grades 1 - 5	11-120-100-101	1,269,272	26,520	1,295,792	1,293,316	2,476
Grades 6 - 8	11-130-100-101	679,287	24,615	703,902	702,239	1,663
Home Instruction:						
Salaries of Teachers	11-150-100-101	2,100	1,300	3,400	3,315	85
Purchased Professional - Educational Services	11-150-100-320	4,500	2,868	7,368	7,368	-
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services	11-190-100-320	1,000	(1,000)	-	-	-
Purchased Technical Services	11-190-100-340	29,402	(4,959)	24,443	24,443	-
Other Purchased Services	11-190-100-500	46,020	6,104	52,124	52,102	22
General Supplies	11-190-100-610	114,136	(20,122)	94,014	92,596	1,418
Textbooks	11-190-100-640	3,000	12,493	15,493	11,997	3,496
Other Objects	11-190-100-890	10,150	(7,977)	2,173	-	2,173
Total Regular Programs - Instruction		2,258,150	40,254	2,298,404	2,286,848	11,556
Special Education Instruction						
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	107,705	3,511	111,216	107,954	3,262
Other Salaries for Instruction	11-212-100-106	37,419	52,833	90,252	90,124	128
Purchased Prof.-Ed. Services	11-212-100-320	5,700	(3,167)	2,533	2,533	-
General Supplies	11-212-100-610	2,920	(166)	2,754	2,754	-
Textbooks	11-212-100-640	2,747	(719)	2,028	2,028	-
Other Objects	11-212-100-800	4,000	(1,283)	2,717	2,705	12
Total Multiple Disabilities		160,491	51,009	211,500	208,098	3,402

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	534,998	53,344	588,342	588,342	-
Other Salaries for Instruction	11-213-100-106	149,721	(35,865)	113,856	111,820	2,036
Purchased Prof. Ed. Services	11-213-100-320	2,000	(552)	1,448	1,448	-
Purchased Technical Services	11-213-100-340	5,000	(2,684)	2,316	2,316	-
General Supplies	11-213-100-610	1,070	(12)	1,058	1,058	-
Textbooks	11-213-100-640	1,750	910	2,660	2,660	-
Other Objects	11-213-100-800	2,260	(1,388)	872	872	-
Total Resource Room/Resource Center		696,799	13,753	710,552	708,516	2,036
Preschool Disabilities - Part Time:						
Salaries of Teachers	11-215-100-101	87,755	(1,860)	85,895	84,855	1,040
Other Salaries for Instruction	11-215-100-106	30,585	(7,485)	23,100	23,050	50
Purchased Prof. Ed. Services	11-215-100-320	3,960	(2,380)	1,580	315	1,265
General Supplies	11-215-100-610	830	155	985	984	1
Other Objects	11-215-100-800	2,250	(670)	1,580	1,580	-
Total Preschool Disabilities - Part Time		125,380	(12,240)	113,140	110,784	2,356
Total Special Education		982,670	52,522	1,035,192	1,027,398	7,794
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	97,907	(43,848)	54,059	54,059	-
General Supplies	11-230-100-610	500	(130)	370	370	-
Other Objects	11-230-100-800	7,000	(358)	6,642	6,642	-
Total Basic Skills/Remedial		105,407	(44,336)	61,071	61,071	-
School Sponsored Cocurricular Activities - Instruction:						
Salaries	11-401-100-100	17,555	10,518	28,073	23,495	4,578
Supplies and Materials	11-401-100-600	1,561	(1,561)	-	-	-
Other Objects	11-401-100-800	100	(100)	-	-	-
Total School Sponsored Cocurricular Activities		19,216	8,857	28,073	23,495	4,578
Total Instruction		3,365,443	57,297	3,422,740	3,398,812	23,928
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's Special - Within State	11-000-100-562	40,913	(135)	40,778	25,118	15,660
Tuition to Private School for Disabled - Within State	11-000-100-566	7,639	(4,639)	3,000	3,000	-
Total Undistributed Expenditures - Instruction		48,552	(4,774)	43,778	28,118	15,660
Attendance & Social Work:						
Purchased Professional - Technical Services	11-000-211-300	12,266	29	12,295	12,295	-
Supplies and Materials	11-000-211-600	1,500	(1,500)	-	-	-
Total Attendance & Social Work		13,766	(1,471)	12,295	12,295	-
Health Services:						
Salaries	11-000-213-100	116,045	15,038	131,083	112,051	19,032
Purchased Professional & Technical Services	11-000-213-300	4,743	1,319	6,062	6,062	-
Other Purchased Services	11-000-213-500	50	(50)	-	-	-
Supplies and Materials	11-000-213-600	1,850	172	2,022	2,022	-
Total Health Services		122,688	16,479	139,167	120,135	19,032

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	73,380	-	73,380	72,976	404
Purchased Professional - Educational Services	11-000-216-320	122,700	(18,802)	103,898	103,333	565
Supplies and Materials	11-000-216-600	380	-	380	380	-
Total Other Support Services - Students - Related Services		196,460	(18,802)	177,658	176,689	969
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	80,866	(1,882)	78,984	78,984	-
Supplies and Materials	11-000-218-600	53	(1)	52	52	-
Total Other Support Services - Students - Regular		80,919	(1,883)	79,036	79,036	-
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	125,093	28,728	153,821	151,363	2,458
Salaries of Secretarial & Clerical Assistants	11-000-219-105	41,417	(585)	40,832	40,832	-
Purchased Professional & Educational Services	11-000-219-320	30,381	(30,381)	-	-	-
Other Purchased Services (400-500 series)	11-000-219-500	500	(500)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	2,600	1,176	3,776	3,276	500
Supplies and Materials	11-000-219-600	287	(30)	257	257	-
Other Objects	11-000-219-800	1,995	(292)	1,703	1,703	-
Total Other Support Services - Students - Special Services		202,273	(1,884)	200,389	197,431	2,958
Improvement of Instruction Services/Other Support Services - Instructional Staff:						
Salaries-Supervisors of Instruction	11-000-221-102	44,260	-	44,260	44,249	11
Purchased Prof. Ed. Services	11-000-221-320	6,000	1,242	7,242	7,242	-
Supplies and Materials	11-000-221-600	82,500	(166)	82,334	82,334	-
Other Objects	11-000-221-800	12,000	(1,866)	10,134	9,760	374
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		144,760	(790)	143,970	143,585	385
Educational Media Services/School Library:						
Salaries	11-000-222-100	54,849	(1,045)	53,804	53,804	-
Purchased Professional & Technical Services	11-000-222-300	1,200	(906)	294	294	-
Other Purchased Services	11-000-222-500	2,000	(305)	1,695	1,695	-
Supplies and Materials	11-000-222-600	1,658	(390)	1,268	1,268	-
Total Educational Media Services/School Library		59,707	(2,646)	57,061	57,061	-
Instructional Staff Training Services:						
Other Salaries	11-000-223-110	387	(387)	-	-	-
Purchased Professional Educational Services	11-000-223-320	7,500	(3,200)	4,300	1,800	2,500
Workshop Travel Instr. Training	11-000-223-580	1,587	(1,587)	-	-	-
Total Instructional Staff Training Services		9,474	(5,174)	4,300	1,800	2,500

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015

	ACCOUNT NUMBER	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	167,265	(62)	167,203	167,140	63
Legal Services	11-000-230-331	20,100	(1,320)	18,780	18,780	-
Audit Fees	11-000-230-332	13,000	1,188	14,188	14,188	-
Architectural/Engineering Services	11-000-230-334	1,800	(1,800)	-	-	-
Other Purchased						
Professional Services	11-000-230-339	2,500	(2,062)	438	438	-
Purchased Technical Services	11-000-230-340	3,713	-	3,713	3,713	-
Communications/Telephone	11-000-230-530	24,720	24,821	49,541	49,541	-
BOE Other Purchased Services	11-000-230-585	350	50	400	400	-
Other Purchased Services	11-000-230-590	11,945	150	12,095	10,749	1,346
Supplies and Materials	11-000-230-610	2,000	(200)	1,800	1,798	2
BOE In-house Training &						
Meeting Supplies	11-000-230-630	30	-	30	-	30
Judgements Against the District	11-000-230-820	2,000	(2,000)	-	-	-
Miscellaneous Expenditures	11-000-230-890	13,711	(2,244)	11,467	10,605	862
BOE Membership Dues	11-000-230-895	4,400	(148)	4,252	4,022	230
Total Support Services General Administration		267,534	16,373	283,907	281,374	2,533
Support Services School Administration:						
Salaries of Principals &						
Assistant Principals	11-000-240-103	66,388	-	66,388	66,373	15
Salaries of Secretarial &						
Clerical Assistants	11-000-240-105	41,872	2,629	44,501	44,501	-
Other Purchased Services	11-000-240-500	500	(84)	416	416	-
Supplies and Materials	11-000-240-600	14,700	(9,198)	5,502	5,502	-
Other Objects	11-000-240-800	4,150	1,013	5,163	5,163	-
Total Support Services School Administration		127,610	(5,640)	121,970	121,955	15
Regular Maintenance School Facilities:						
Cleaning, Repair &						
Maintenance Services	11-000-261-420	30,500	(515)	29,985	29,880	105
General Supplies	11-000-261-610	10,100	3,923	14,023	13,582	441
Total Regular Maintenance School Facilities		40,600	3,408	44,008	43,462	546
Custodial Services:						
Salaries	11-000-262-100	231,404	5,348	236,752	222,150	14,602
Salaries of Non-Instructional Aides	11-000-262-107	28,213	-	28,213	17,161	11,052
Purchased Professional &						
Technical Services	11-000-262-300	2,100	-	2,100	2,072	28
Cleaning, Repair &						
Maintenance Services	11-000-262-420	3,800	308	4,108	4,107	1
Other Purchased Property Services	11-000-262-490	1,900	-	1,900	1,900	-
Insurance	11-000-262-520	25,000	1,750	26,750	26,750	-
Travel	11-000-262-580	-	609	609	609	-
Miscellaneous Purchased Services	11-000-262-590	1,750	(1,100)	650	647	3
General Supplies	11-000-262-610	26,500	(676)	25,824	24,513	1,311
Energy (Natural Gas)	11-000-262-621	46,200	21,009	67,209	64,308	2,901
Energy (Electricity)	11-000-262-622	130,000	(13,029)	116,971	115,031	1,940
Energy (Gasoline)	11-000-262-626	600	-	600	490	110
Other Objects	11-000-262-800	650	-	650	649	1
Total Custodial Services		498,117	14,219	512,336	480,387	31,949

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Care & Upkeep of Grounds:						
Cleaning, Repair & Maintenance Services	11-000-263-420	4,000	210	4,210	4,203	7
General Supplies	11-000-263-610	3,450	621	4,071	3,058	1,013
Total Care & Upkeep of Grounds		7,450	831	8,281	7,261	1,020
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	1,600	8,208	9,808	9,808	-
General Supplies	11-000-266-610	2,000	(2,000)	-	-	-
Total Security		3,600	6,208	9,808	9,808	-
Student Transportation Services:						
Contracted Services (Other Than Between Home & School)	11-000-270-512	2,244	-	2,244	2,225	19
Contracted Services (Between Home & School)	11-000-270-513	15,272	5,999	21,271	20,654	617
Contracted Services - Joint Agreements	11-000-270-515	13,526	-	13,526	11,503	2,023
Management Fee-ESC & CTS Transportation Program	11-000-270-350	781	-	781	439	342
Contracted Services - ESC & CTS: Regular Students	11-000-270-517	19,226	-	19,226	19,143	83
Special Education Students	11-000-270-518	55,000	(12,703)	42,297	37,359	4,938
Contracted Services - Aid in Lieu of Payments	11-000-270-503	8,738	38	8,776	8,776	-
Total Student Transportation Services		114,787	(6,666)	108,121	100,099	8,022
Business & Other Support Services:						
Salaries	11-000-251-100	185,263	(860)	184,403	182,809	1,594
Purchased Professional Services	11-000-251-330	1,000	(50)	950	950	-
Purchased Technical Services	11-000-251-340	18,900	1,000	19,900	19,900	-
Miscellaneous Purchased Services	11-000-251-592	7,375	4,174	11,549	6,706	4,843
Supplies and Materials	11-000-251-600	4,475	513	4,988	4,985	3
Miscellaneous Expenditures	11-000-251-890	1,710	325	2,035	2,034	1
Total Business & Other Support Services		218,723	5,102	223,825	217,384	6,441
Administration Information Technology:						
Salaries	11-000-252-100	2,273	(2,273)	-	-	-
Total Administration Information Technology		2,273	(2,273)	-	-	-
Unallocated Benefits Employee Benefits:						
Social Security Contributions - Other	11-000-291-220	85,000	3,031	88,031	82,539	5,492
PERS Contributions	11-000-291-241	60,000	(8,449)	51,551	51,551	-
Other Retirement Contributions	11-000-291-249	7,775	2,773	10,548	5,592	4,956
Unemployment Compensation	11-000-291-250	20,519	(12,092)	8,427	8,427	-
Other Employee Benefits	11-000-291-290	3,300	(920)	2,380	2,379	1
Workmen's Compensation	11-000-291-260	33,982	2,030	36,012	36,012	-
Health Benefits	11-000-291-270	1,081,400	(35,598)	1,045,802	1,002,078	43,724
Tuition Reimbursements	11-000-291-280	16,000	(15,360)	640	-	640
Total Unallocated Benefits - Employee Benefits		1,307,976	(64,585)	1,243,391	1,188,578	54,813

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBER	JUNE 30, 2015			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	158,713	(158,713)
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	251,957	(251,957)
Reimbursed TPAF Social Security Contributions		-	-	-	257,261	(257,261)
Total Undistributed Expenditures		3,467,269	(53,968)	3,413,301	3,934,389	(521,088)
Total Expenditures - Current Expense		6,832,712	3,329	6,836,041	7,333,201	(497,160)
Capital Outlay:						
Undistributed Expenditures:						
Instruction	12-000-100-730	3,000	-	3,000	-	3,000
Total Equipment		3,000	-	3,000	-	3,000
Facilities Acquisition & Construction Services:						
Other Purchased Professional & Construction Services	12-000-400-450	47,550	-	47,550	34,259	13,291
Assessment for Debt Service on SDA Funding	12-000-400-931	20,260	-	20,260	20,260	-
Total Facilities Acquisition & Construction Services		67,810	-	67,810	54,519	13,291
Total Capital Outlay		70,810	-	70,810	54,519	16,291
Total Expenditures		6,903,522	3,329	6,906,851	7,387,720	(480,869)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures		(204,337)	(3,329)	(207,666)	(22,610)	185,056
Fund Balances, July 1		776,500	-	776,500	776,500	-
Fund Balances, June 30		572,163	(3,329)	568,834	753,890	185,056

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 3,329
Total	<u>\$ 3,329</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Excess Surplus	\$ 52,002
Capital Reserve	1
Maintenance Reserve	116,509
Emergency Reserve	116,499
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	84,642
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	1,183
Year-End Encumbrances	131,488
Unassigned Fund Balance	<u>251,566</u>
Subtotal	753,890
Reconciliation to Governmental Fund Schedules (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(110,189)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 643,701</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
Federal Sources	\$ 105,431	\$ 26,105	\$ 131,536	\$ 131,536	\$ -
Local Sources	20,000	10,000	30,000	26,538	(3,462)
Total Revenues	125,431	36,105	161,536	158,074	(3,462)
EXPENDITURES:					
Instruction:					
Tuition	91,101	21,668	112,769	112,769	-
General Supplies	20,000	10,000	30,000	26,538	3,462
Total Instruction	111,101	31,668	142,769	139,307	3,462
Support Services:					
Purchased Professional-Educational Services	14,330	4,437	18,767	18,767	-
Total Support Services	14,330	4,437	18,767	18,767	-
Total Expenditures	125,431	36,105	161,536	158,074	3,462
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR FISCAL YEAR ENDED JUNE 30, 2015**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 7,365,110	\$ 158,074
Difference - Budget to GAAP:		
<p>State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33 Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.</p>		
Prior Year	109,179	250
Current Year	(110,189)	-
Total Revenues as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 7,364,100	\$ 158,324
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,387,720	\$ 158,074
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	250
Total Expenditures as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 7,387,720	\$ 158,324

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00625%	0.00613%
District's proportionate share of the net pension liability (asset)	\$ 1,170,782	\$ 1,171,557
District's covered-employee payroll	\$ 467,756	\$ 414,398
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.30%	282.71%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 56,881	\$ 51,551
Contributions in relation to the contractually required contribution	<u>56,881</u>	<u>51,551</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 467,756	\$ 414,398
Contributions as a percentage of covered- employee payroll	12.16%	12.44%

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.03118%	0.03376%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 16,665,311	\$ 17,062,151
District's covered-employee payroll	\$ 3,428,497	\$ 3,244,142
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Teachers Pension and Annuity Fund (TPAF)

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	NO CHILD LEFT BEHIND TITLE IIA	MEDFORD LAKES EDUCATION FOUNDATION	I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE	TOTALS
Revenues:					
Federal Sources	\$ 13,400	\$ -	\$ 112,769	\$ 5,367	\$ 131,536
Local Sources	-	26,538	-	-	26,538
Total Revenues	\$ 13,400	\$ 26,538	\$ 112,769	\$ 5,367	\$ 158,074
Expenditures:					
Instruction:					
Tuition	\$ -	\$ -	\$ 112,769	\$ -	\$ 112,769
General Supplies	-	26,538	-	-	26,538
Total Instruction	-	26,538	112,769	-	139,307
Support Services:					
Purchased Professional Services	13,400	-	-	5,367	18,767
Total Support Services	13,400	-	-	5,367	18,767
Total Expenditures	\$ 13,400	\$ 26,538	\$ 112,769	\$ 5,367	\$ 158,074

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F. Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2015**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		SDA GRANT AWARD	TRANSFER FROM GENERAL FUND	UNEXPENDED BALANCE JUNE 30, 2015
			PRIOR YEARS	CURRENT YEAR			
Nokomis Elementary HVAC Replacements	2/3/2011	\$18,750	\$ 17,648	\$ -	7,500	11,250	\$ 1,102
Neeta Elementary HVAC Repair and Replacement	2/3/2011	31,250	25,738	-	12,500	18,750	5,512
Total			\$ 43,386	\$ -	20,000	30,000	\$ 6,614

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE-BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2015**

Fund Balance - Beginning	\$	6,614
Fund Balance - Ending	\$	6,614

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NOKOMIS ELEMENTARY SCHOOL HVAC REPLACEMENT
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$ 7,500	\$ -	\$ 7,500	\$ 7,500
Transfers In	11,250	-	11,250	11,250
Total Revenues	18,750	-	18,750	18,750
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	2,566	-	2,566	2,566
Construction Services	14,412	-	14,412	14,412
Cancellation of SDA Grant	670	-	670	670
Total Expenditures	17,648	-	17,648	17,648
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 1,102	\$ -	\$ 1,102	\$ 1,102

ADDITIONAL PROJECT INFORMATION

Project Number	3070-050-10-1002
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ -
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 18,750
Percentage Increase Over Original Authorized Cost	
Percentage Completion	94%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NEETA ELEMENTARY SCHOOL HVAC REPAIR AND REPLACEMENT
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SCC Grant	\$ 12,500	\$ -	\$ 12,500	\$ 12,500
Transfers In	18,750	-	18,750	18,750
Total Revenues	31,250	-	31,250	31,250
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	3,638	-	3,638	3,638
Construction Services	22,100	-	22,100	22,100
Total Expenditures	25,738	-	25,738	25,738
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 5,512	\$ -	\$ 5,512	\$ 5,512

ADDITIONAL PROJECT INFORMATION

Project Number	3070-040-10-2001
Grant Date	2/3/2011
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ -
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ -
Percentage Increase Over Original Authorized Cost	
Percentage Completion	N/A
Original Target Completion Date	6/30/2011
Revised Target Completion Date	N/A

G. Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private enterprise - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides operation of food services within the School District.

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Enterprise Funds

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,919
Accounts Receivable:	
Interfunds	6,106
Federal	414
	8,439
Total Current Assets	8,439
Noncurrent Assets:	
Furniture, Machinery & Equipment	20,574
Accumulated Depreciation	(6,171)
	14,403
Total Noncurrent Assets	14,403
Total Assets	22,842
NET POSITION	
Investments in Capital Assets -	
Net of Related Debt	14,403
Unrestricted	8,439
	22,842
Total Net Position	\$ 22,842

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 10,682
	<hr/>
Total Operating Revenues	10,682
	<hr/>
Operating Expenses:	
Cost of Sales	9,918
Miscellaneous	450
Depreciation	2,057
	<hr/>
Total Operating Expenses	12,425
	<hr/>
Operating Income/(Loss)	(1,743)
	<hr/>
Nonoperating Revenues/(Expenses):	
Federal Sources:	
Special Milk Program	6,150
	<hr/>
Total Nonoperating Revenues/(Expenses)	6,150
	<hr/>
Change in Net Position	4,407
Total Net Position - Beginning	18,435
	<hr/>
Total Net Position - Ending	\$ 22,842
	<hr/> <hr/>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	<u>FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 4,576
Payments to Suppliers	(10,368)
	<hr/>
Net Cash Provided/(Used) by Operating Activities	(5,792)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
Federal Sources	6,107
	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	6,107
	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	315
Balances - Beginning of Year	1,604
	<hr/>
Balances - End of Year	<u>\$ 1,919</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (1,743)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation & Net Amortization	2,057
(Increase)/Decrease in Interfund Receivable	(6,106)
	<hr/>
Total Adjustments	(4,049)
	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (5,792)</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

Private Purpose Trust Funds:

Unemployment Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

Flexible Spending Fund: This Fund is used to account for flexible spending activities.

Scholarship Fund: This Fund is an Expendable Trust Fund and limits expenses according to the Scholarship Agreement.

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE			AGENCY FUNDS			TOTALS
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL AGENCY	NET PAYROLL	
Cash & Cash Equivalents	\$ 8,832	\$ 2,871	\$ 29,430	\$ 4,605	\$ 65,716	\$ 8,410	\$ 119,864
Interfund Receivable	-	-	1,200	-	-	-	1,200
Total Assets	8,832	2,871	30,630	4,605	65,716	8,410	121,064
LIABILITIES							
Payroll Deductions & Withholdings Interfund Payable Due to Student Groups	-	-	-	-	60,163	-	60,163
	-	2,871	-	-	5,553	8,410	16,834
	-	-	-	4,605	-	-	4,605
Total Liabilities	-	2,871	-	4,605	65,716	8,410	81,602
NET POSITION							
Reserved for Scholarships Unemployment Claims	8,832	-	-	-	-	-	8,832
	-	-	30,630	-	-	-	30,630
Total Net Position	8,832	-	-	-	-	-	39,462

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	PRIVATE PURPOSE			TOTALS
	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND	
Additions:				
Local Sources:				
Interest on Investments	\$ 3	\$ -	\$ -	\$ 3
Contributions	-	5,865	-	5,865
Total Additions	3	5,865	-	5,868
Deductions:				
Scholarship Payments	200	-	-	200
Miscellaneous Expenditures	-	5,865	-	5,865
Total Deductions	200	5,865	-	6,065
Change in Net Position	(197)	-	-	(197)
Net Position, July 1	9,029	-	30,630	39,659
Net Position, June 30	\$ 8,832	\$ -	\$ 30,630	\$ 39,462

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STUDENT ACTIVITY FUND
SCHEDULE OF ACTIVITY
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JUNE 30, 2014	CASH RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2015
Elementary School	\$ 3,169	\$ 6,443	\$ 5,007	\$ 4,605
Total	<u>\$ 3,169</u>	<u>\$ 6,443</u>	<u>\$ 5,007</u>	<u>\$ 4,605</u>

EXHIBIT H-4(1)

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JUNE 30, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 70,329	\$ 2,225,972	\$ 2,230,585	\$ 65,716
Total Assets	<u>\$ 70,329</u>	<u>\$ 2,225,972</u>	<u>\$ 2,230,585</u>	<u>\$ 65,716</u>
LIABILITIES:				
Payroll Deductions & Withholdings	\$ 68,639	\$ 2,222,109	\$ 2,230,585	\$ 60,163
Interfund Payable - Unemployment	1,200	-	-	1,200
Interfund Payable - General Fund	490	3,863	-	4,353
Total Liabilities	<u>\$ 70,329</u>	<u>\$ 2,225,972</u>	<u>\$ 2,230,585</u>	<u>\$ 65,716</u>

EXHIBIT H-4(2)

**NET PAYROLL FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JUNE 30, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 10,726	\$ 2,794,259	\$ 2,796,575	\$ 8,410
Total Assets	<u>\$ 10,726</u>	<u>\$ 2,794,259</u>	<u>\$ 2,796,575</u>	<u>\$ 8,410</u>
LIABILITIES				
Interfund Payable	\$ 10,726	-	\$ 2,316	\$ 8,410
Net Payroll	-	2,794,259	2,794,259	-
Total Liabilities	<u>\$ 10,726</u>	<u>\$ 2,794,259</u>	<u>\$ 2,796,575</u>	<u>\$ 8,410</u>

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I. Long-Term Debt

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

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**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2014	RETIRED	BALANCE JUNE 30, 2015
			DATE	AMOUNT				
2010 School Refunding Bonds	5/3/2010	\$3,845,000	5/15/16	330,000	2.75%	\$ 2,930,000	\$ 320,000	\$ 2,610,000
			5/15/17	335,000	5.00%			
			5/15/18	355,000	5.00%			
			5/15/19	370,000	5.00%			
			5/15/20	385,000	5.00%			
			5/15/21	405,000	5.00%			
5/15/22	430,000	5.00%						
Total						\$ 2,930,000	\$ 320,000	\$ 2,610,000

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 455,075	\$ -	\$ 455,075	\$ 455,075	\$ -
Total Revenues	455,075	-	455,075	455,075	-
Expenditures:					
Regular Debt Service:					
Interest	135,075	-	135,075	135,075	-
Redemption of Principal	320,000	-	320,000	320,000	-
Total Expenditures	455,075	-	455,075	455,075	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 2,832,494	\$ 2,693,831	\$ 2,595,129	\$ 2,446,188	\$ 2,365,645	\$ 2,121,969	\$ 1,907,011	\$ 1,826,095	\$ 1,778,758	\$ 1,557,059
Restricted	349,140	495,647	501,203	424,832	205,358	152,989	303,204	254,474	679,597	1,083,397
Unrestricted	(1,144,541)	(108,845)	(18,549)	392,488	379,618	164,818	104,460	280,582	118,664	(20,702)
Total Governmental Activities Net Position	\$ 2,037,093	\$ 3,080,633	\$ 3,077,783	\$ 3,263,508	\$ 2,950,621	\$ 2,439,776	\$ 2,314,675	\$ 2,361,151	\$ 2,577,019	\$ 2,619,754
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 14,403	\$ 16,460	\$ 20,574	\$ 20,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,439	1,975	27,553	27,553	63,895	54,557	46,785	34,990	26,928	19,768
Total Business-Type Activities Net Position	\$ 22,842	\$ 18,435	\$ 48,127	\$ 48,127	\$ 63,895	\$ 54,557	\$ 46,785	\$ 34,990	\$ 26,928	\$ 19,768
District-Wide:										
Net Investment in Capital Assets	\$ 2,846,897	\$ 2,710,291	\$ 2,615,703	\$ 2,446,188	\$ 2,365,645	\$ 2,121,969	\$ 1,907,011	\$ 1,826,095	\$ 1,778,758	\$ 1,557,059
Restricted	349,140	495,647	501,203	424,832	205,358	152,989	303,204	254,474	679,597	1,083,397
Unrestricted	(1,136,102)	(106,870)	9,004	420,041	443,513	219,375	151,245	315,572	145,592	(934)
Total District Net Position	\$ 2,059,935	\$ 3,099,068	\$ 3,125,910	\$ 3,291,061	\$ 3,014,516	\$ 2,494,333	\$ 2,361,460	\$ 2,396,141	\$ 2,603,947	\$ 2,639,522

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Instruction:										
Regular	\$ 2,426,155	\$ 2,472,409	\$ 2,610,192	\$ 2,273,605	\$ 2,353,857	\$ 2,350,951	\$ 2,262,824	\$ 2,224,695	\$ 2,123,702	\$ 2,001,990
Special Education	1,027,398	969,466	904,275	794,094	708,664	797,433	713,836	887,080	919,501	861,566
Other Special Instruction	61,071	61,686	62,145	62,779	39,669	38,298	35,676	31,617	36,714	34,685
Other Instruction	23,495	35,530	25,593	20,808	30,883	84,443	72,739	78,221	60,737	55,172
Support Services & Undistributed Costs:										
Tuition	28,118	111,940	64,603	118,623	85,908	73,359	206,721	80,025	27,116	47,471
Health Services	132,430	166,750	191,526	204,382	171,790	152,271	143,930	113,930	104,489	105,661
Student & Instruction Related Services	615,758	549,536	499,905	497,854	479,334	536,484	434,037	410,376	434,078	466,268
Educational Media Services/School Library	57,061	62,935	65,708	54,677	61,713	76,173	116,546	106,136	105,662	104,041
Instructional Staff Training	1,800	-	970	1,622	5,246	5,989	7,214	6,188	16,637	4,720
School Administrative Services	121,955	121,815	151,809	132,878	137,301	124,163	153,274	142,429	155,545	130,652
General Administrative Services	281,374	271,259	280,362	271,407	269,289	299,899	256,071	255,528	253,701	283,898
Plant Operations & Maintenance	542,687	504,561	535,064	505,545	467,828	575,798	563,337	552,838	626,517	555,617
Pupil Transportation	100,099	111,304	142,710	128,679	133,478	133,992	232,972	124,023	79,141	70,193
Business & Other Support Services	217,384	190,845	198,871	183,895	199,505	195,859	183,650	174,506	177,739	181,568
Administration Information Technology	-	-	-	2,184	2,184	4,368	4,200	4,800	1,720	-
Unallocated Benefits	2,606,821	1,703,231	1,802,941	1,602,622	1,492,439	1,441,070	1,295,937	1,586,964	1,534,096	1,292,082
Interest on Long-Term Debt	137,378	135,963	158,489	183,095	169,390	206,923	219,538	245,136	250,682	268,620
Change in Compensated Absences	(7,292)	25,598	4,540	5,838	9,444	(20,360)	21,124	(976)	6,057	(30,837)
Adjustment to Fixed Assets	-	-	-	-	(111,391)	-	-	-	-	-
Unallocated Depreciation	213,827	211,298	211,298	209,457	209,457	243,195	238,101	231,189	198,204	215,645
Total Governmental Activities Expenses	8,587,519	7,706,126	7,911,001	7,254,044	6,915,988	7,320,308	7,161,727	7,254,705	7,112,038	6,649,012

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-Type Activities:										
Food Service	12,425	21,371	9,783	10,154	9,324	10,144	8,875	8,576	5,801	6,489
Total Business-Type Activities Expense	12,425	21,371	9,783	10,154	9,324	10,144	8,875	8,576	5,801	6,489
Total District Expenses	\$ 8,599,944	\$ 7,727,497	\$ 7,920,784	\$ 7,264,198	\$ 6,925,312	\$ 7,330,452	\$ 7,170,602	\$ 7,263,281	\$ 7,117,839	\$ 6,655,501
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants & Contributions	\$ 1,564,292	\$ 136,491	\$ 180,255	\$ 159,272	\$ 223,503	\$ 167,709	\$ 124,056	\$ 126,327	\$ 171,474	\$ 216,010
Total Governmental Activities Program Revenues	1,564,292	136,491	180,255	159,272	223,503	167,709	124,056	126,327	171,474	216,010
Business-Type Activities:										
Charges for Services:										
Food Service	10,682	11,522	11,881	13,205	11,208	11,240	12,248	9,652	7,709	8,565
Operating Grants & Contributions	6,150	5,654	5,292	6,355	7,155	6,400	8,304	6,553	4,628	5,308
Total Business Type Activities Program Revenues	16,832	17,176	17,173	19,560	18,363	17,640	20,552	16,205	12,337	13,873
Total District Program Revenues	\$ 1,581,124	\$ 153,667	\$ 197,428	\$ 178,832	\$ 241,866	\$ 185,349	\$ 144,608	\$ 142,532	\$ 183,811	\$ 229,883
Net (Expense)/Revenue:										
Governmental Activities	\$ (7,023,227)	\$ (7,569,635)	\$ (7,730,746)	\$ (7,094,772)	\$ (6,692,485)	\$ (7,152,599)	\$ (7,037,671)	\$ (7,128,378)	\$ (6,940,564)	\$ (6,433,002)
Business-Type Activities	4,407	(4,195)	7,390	9,406	9,039	7,496	11,677	7,629	6,536	7,384
Total District-Wide Net Expense	\$ (7,018,820)	\$ (7,573,830)	\$ (7,723,356)	\$ (7,085,366)	\$ (6,683,446)	\$ (7,145,103)	\$ (7,025,994)	\$ (7,120,749)	\$ (6,934,028)	\$ (6,425,618)

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 5,492,856	\$ 5,284,086	\$ 5,171,005	\$ 5,120,136	\$ 5,070,796	\$ 4,949,681	\$ 4,759,309	\$ 4,602,225	\$ 4,445,864	\$ 4,263,167
Taxes Levied for Debt Service	455,075	454,374	427,796	452,457	472,430	462,880	470,973	300,474	485,688	455,214
Federal & State Aid Not Restricted	1,117,312	1,722,464	1,782,505	1,644,821	1,428,593	1,609,848	1,561,499	1,794,462	1,733,879	1,457,983
Miscellaneous Revenue	86,001	98,403	163,715	165,595	231,511	255,291	199,414	199,073	222,798	244,432
Tuition Received	-	-	-	-	-	-	-	16,275	9,601	53,994
Cancellation of Grants	-	-	-	(670)	-	-	-	-	-	-
Cancellation of Prior Year's Accounts Payable	-	32,635	-	-	-	-	-	-	-	-
Transfer In	-	33,154	-	-	-	-	-	-	-	-
Total Governmental Activities	7,151,244	7,625,116	7,545,021	7,382,339	7,203,330	7,277,700	6,991,195	6,912,509	6,897,830	6,474,790
Business-Type Activities:										
Investment Earnings	-	134	133	146	299	276	118	433	624	420
Transfer Out	-	(33,154)	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	(33,020)	133	146	299	276	118	433	624	420
Total District-Wide	\$ 7,151,244	\$ 7,592,096	\$ 7,545,154	\$ 7,382,485	\$ 7,203,629	\$ 7,277,976	\$ 6,991,313	\$ 6,912,942	\$ 6,898,454	\$ 6,475,210
Change in Net Position:										
Governmental Activities	\$ 128,017	\$ 55,481	\$ (185,725)	\$ 287,567	\$ 510,845	\$ 125,101	\$ (46,476)	\$ (215,869)	\$ (42,734)	\$ 41,788
Business-Type Activities	4,407	(37,215)	7,523	9,552	9,338	7,772	11,795	8,062	7,160	7,804
Total District	\$ 132,424	\$ 18,266	\$ (178,202)	\$ 297,119	\$ 520,183	\$ 132,873	\$ (34,681)	\$ (207,807)	\$ (35,574)	\$ 49,592

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 369,653	\$ 518,160	\$ 536,427	\$ 432,535	\$ 306,392	\$ 196,477	\$ 352,728	\$ 275,501	\$ 522,553	\$ 859,565
Assigned	132,671	7,157	32,282	412,222	292,664	227,402	-	-	-	-
Unassigned	141,377	142,004	144,906	181,462	180,913	131,673	188,998	374,013	213,071	67,648
Total General Fund	\$ 643,701	\$ 667,321	\$ 713,615	\$ 1,026,219	\$ 779,969	\$ 555,552	\$ 541,726	\$ 649,514	\$ 735,624	\$ 927,213
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, Reported in:										
Capital Projects Fund	6,614	6,614	6,614	6,614	7,284	-	-	-	171,543	240,837
Debt Service Fund	-	-	1	28,062	28,061	85	6,678	6,595	2	2
Total All Other Governmental Funds	\$ 6,614	\$ 6,614	\$ 6,615	\$ 34,676	\$ 35,345	\$ 85	\$ 6,678	\$ 6,595	\$ 171,545	\$ 240,839

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Tax Levy	\$ 5,947,931	\$ 5,738,460	\$ 5,598,801	\$ 5,572,593	\$ 5,543,226	\$ 5,412,561	\$ 5,230,282	\$ 4,902,699	\$ 4,931,552	\$ 4,718,381
Tuition Charges	-	-	-	-	-	-	-	16,275	9,601	53,994
Miscellaneous	86,001	98,403	163,715	165,595	231,511	255,291	199,414	199,073	222,798	244,432
State Sources	1,811,781	1,731,937	1,827,684	1,609,132	1,432,020	1,469,194	1,577,014	1,794,462	1,784,492	1,533,400
Federal Sources	131,786	127,018	135,076	194,961	220,076	308,363	108,541	126,327	120,861	140,593
Total Revenue	7,977,499	7,695,818	7,725,276	7,542,281	7,426,833	7,445,409	7,115,251	7,038,836	7,069,304	6,690,800
Expenditures										
Current Expense:										
Instruction	3,538,119	3,539,091	3,602,205	3,151,286	3,133,073	3,271,125	3,085,075	3,221,613	3,140,654	2,953,413
Undistributed										
Expenditures	3,953,406	3,794,176	3,934,469	3,682,257	3,502,074	3,606,030	3,597,889	3,557,743	3,519,418	3,253,612
Capital Outlay	54,519	20,260	73,410	35,351	83,450	91,548	69,017	38,525	68,926	32,667
Debt Service	455,075	454,374	455,857	452,456	448,559	469,473	470,975	472,015	601,188	624,488
Total Expenditures	8,001,119	7,807,901	8,065,941	7,321,350	7,167,156	7,438,176	7,222,956	7,289,896	7,330,186	6,864,180
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(23,620)	(112,083)	(340,665)	220,931	259,677	7,233	(107,705)	(251,060)	(260,882)	(173,380)
Other Financing Sources/(Uses):										
Cancellation of SDA Grant	-	-	-	(670)	-	-	-	-	-	-
Cancellation of Prior Year	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	32,635	-	-	-	-	-	-	-	-
Transfers in	-	33,154	-	25,320	30,000	-	-	171,542	69,294	120,000
Transfers Out	-	-	-	-	(30,000)	-	-	(171,542)	(69,294)	(120,000)
Total Other Financing Sources/(Uses)	-	65,789	-	24,650	-	-	-	-	-	-
Net Change in Fund Balances	\$ (23,620)	\$ (46,294)	\$ (340,665)	\$ 245,581	\$ 259,677	\$ 7,233	\$ (107,705)	\$ (251,060)	\$ (260,882)	\$ (173,380)
Debt Service as a Percentage of Noncapital Expenditures	5.73%	5.83%	5.70%	6.21%	6.33%	6.39%	6.58%	6.51%	8.28%	9.14%

Source: District records

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	CLASSROOM RENTAL	INTEREST ON INVESTMENTS	TUITION	MISCELLANEOUS	TOTAL
2015	\$ -	\$ -	\$ 30,645	\$ 28,818	\$ 59,463
2014	-	-	22,675	66,255	88,930
2013	-	-	47,175	71,361	118,536
2012	-	14,591	71,889	56,524	143,004
2011	142,885	12,508	-	58,330	213,723
2010	142,885	12,508	-	62,187	217,580
2009	138,398	10,759	-	31,548	180,705
2008	125,817	35,230	-	7,709	168,756
2007	119,830	59,088	-	40,029	218,947
2006	114,120	66,823	-	41,989	222,932

Source: District records

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REVENUE CAPACITY INFORMATION

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND		RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
	\$								
2015	\$ 954,800		\$ 440,338,200	\$ 8,473,400	\$ 449,766,400	\$ 336,134	\$ 450,102,534	1.970	\$ 456,460,836
2014	1,078,100		441,031,300	8,473,400	450,582,800	407,702	450,990,502	1.885	450,990,502
2013	1,159,500		442,688,300	8,473,400	452,321,200	389,070	452,710,270	1.830	477,484,641
2012	1,159,500		443,517,100	8,574,200	453,250,800	415,050	453,665,850	1.789	480,451,451
2011	1,028,500		446,100,800	8,574,200	455,703,500	577,611	456,281,111	1.757	491,581,256
2010	476,000		228,453,100	4,363,400	233,292,500	277,038	233,569,538	3.302	493,962,463
2009	521,000		227,566,900	4,390,300	232,478,200	220,690	232,698,890	3.276	483,086,999
2008	745,500		226,717,600	4,390,300	231,853,400	222,020	232,075,420	3.196	449,349,454
2007	745,500		227,007,700	4,330,300	232,083,500	159,914	232,243,414	3.123	413,853,293
2006	1,051,500		227,264,500	3,415,300	231,731,300	201,524	231,932,824	2.997	365,682,306

Source: Burlington County Abstract of Ratables

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		
	LOCAL	REGIONAL	TOTAL	BOROUGH OF MEDFORD LAKES	BURLINGTON COUNTY	TOTAL DIRECT AND OVERLAPPING TAX RATE
	SCHOOL	SCHOOL	DIRECT			
2015	1.365	0.605	1.970	0.649	0.379	2.998
2014	1.272	0.613	1.885	0.601	0.391	2.877
2013	1.237	0.593	1.830	0.587	0.326	2.743
2012	1.228	0.561	1.789	0.587	0.327	2.703
2011	1.215	0.542	1.757	0.590	0.334	2.681
2010	2.317	0.985	3.302	1.153	0.656	5.111
2009	2.247	1.029	3.276	1.141	0.808	5.225
2008	2.113	1.083	3.196	1.099	0.815	5.110
2007	2.124	0.999	3.123	1.030	0.788	4.941
2006	2.035	0.962	2.997	0.969	0.720	4.686

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2015		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	\$ 3,008,000	1	0.67%
61 Stokes Road, LLC	1,722,800	2	0.38%
Taxpayer #1	756,900	3	0.17%
Taxpayer #2	700,000	4	0.16%
Taxpayer #3	689,700	5	0.15%
Taxpayer #4	682,500	6	0.15%
Taxpayer #5	670,000	7	0.15%
Taxpayer #6	664,600	8	0.15%
Taxpayer #7	653,800	9	0.15%
Taxpayer #8	650,000	10	0.14%
Total	<u>\$ 10,198,300</u>		<u>2.27%</u>

TAXPAYER	2006		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	\$ 1,436,400	1	0.62%
Taxpayer #1	400,000	2	0.17%
Taxpayer #2	360,000	3	0.16%
Taxpayer #3	334,500	4	0.14%
Taxpayer #4	308,700	5	0.13%
Taxpayer #5	300,200	6	0.13%
Taxpayer #6	287,800	7	0.12%
Taxpayer #7	279,900	8	0.12%
Taxpayer #8	278,800	9	0.12%
Taxpayer #9	273,400	10	0.12%
Total	<u>\$ 4,259,700</u>		<u>1.83%</u>

Source: Municipal Tax Assessor

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2015	\$ 5,947,931	\$ 5,947,931	100.00%
2014	5,738,460	5,738,460	100.00%
2013	5,598,801	5,598,801	100.00%
2012	5,572,593	5,572,593	100.00%
2011	5,543,226	5,543,226	100.00%
2010	5,412,561	5,230,282	100.00%
2009	5,230,282	4,902,699	100.00%
2008	4,902,699	4,931,552	100.00%
2007	4,931,552	4,718,381	100.00%
2006	4,718,381	4,612,125	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F form)

DEBT CAPACITY INFORMATION

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2015	\$ 2,610,000	\$ -	\$	2,610,000	N/A
2014	2,930,000	-		2,930,000	N/A
2013	2,935,000	-		2,935,000	714.11
2012	3,545,000	-		3,545,000	858.56
2011	3,835,000	-		3,835,000	924.76
2010	4,120,000	-		4,120,000	995.17
2009	4,500,000	-		4,500,000	1,086.17
2008	4,750,000	-		4,750,000	1,155.72
2007	4,990,000	-		4,990,000	1,211.46
2006	5,338,000	2,977		5,340,977	1,299.82

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ 2,610,000	\$ -	\$ 2,610,000	0.58%	N/A
2014	2,930,000	-	2,930,000	0.65%	712.90
2013	2,935,000	-	2,935,000	0.65%	710.83
2012	3,545,000	-	3,545,000	0.65%	854.83
2011	3,835,000	-	3,835,000	0.84%	926.33
2010	4,120,000	-	4,120,000	1.76%	994.45
2009	4,500,000	-	4,500,000	1.93%	1,094.89
2008	4,750,000	-	4,750,000	2.17%	1,153.19
2007	4,990,000	-	4,990,000	2.30%	1,214.41
2006	5,338,000	-	5,338,000	2.32%	1,288.75

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Medford Lakes	\$ 1,986,832	100.000%	\$ 1,986,832
Lenape Regional School District	66,450,000	2.602%	1,729,029
Burlington County	303,356,410	1.005%	<u>3,050,080</u>
Subtotal, Overlapping Debt			6,765,941
Medford Lakes Borough Board of Education			<u>2,610,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 9,375,941</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 13,821,526	\$ 14,097,429	\$ 14,264,835	\$ 14,727,640	\$ 14,633,447	\$ 14,223,672	\$ 13,435,095	\$ 12,270,181	\$ 10,954,333	\$ 9,730,192
Total Net Debt Applicable to Limit	2,610,000	2,930,000	3,240,000	3,835,000	4,120,000	4,500,000	4,750,000	4,990,000	5,338,000	5,688,000
Legal Debt Margin	\$ 11,211,526	\$ 11,167,429	\$ 11,024,835	\$ 10,892,640	\$ 10,513,447	\$ 9,723,672	\$ 8,685,095	\$ 7,280,181	\$ 5,616,333	\$ 4,042,192
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.88%	20.78%	22.71%	26.04%	28.15%	31.64%	35.36%	40.67%	48.73%	58.46%

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
2014	\$ 455,983,894
2013	460,530,253
2012	465,638,460
	<u>\$ 1,382,152,607</u>
Average Equalized Valuation of Taxable Property	<u>\$ 460,717,536</u>
Debt Limit (3 % of Average Equalization Value)	\$ 13,821,526
Net Bonded School Debt	<u>2,610,000</u>
Legal Debt Margin	<u>\$ 11,211,526</u>

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

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DEMOGRAPHIC AND ECONOMIC STATISTICS
& OPERATING INFORMATION

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE
2014	4,110	N/A	5.2%
2013	4,129	N/A	6.3%
2012	4,147	51,638	4.2%
2011	4,140	51,149	4.4%
2010	4,143	49,471	4.1%
2009	4,110	47,586	2.3%
2008	4,119	47,384	2.2%
2007	4,109	47,758	3.9%
2006	4,142	46,295	1.7%
2005	4,159	44,519	3.5%

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

	<u>2015</u>	<u>2006</u>
	EMPLOYEES	EMPLOYEES
Medford Lakes Board of Education	<u>100</u>	<u>116</u>
Total	<u><u>100</u></u>	<u><u>116</u></u>

The Borough has no other employers with more than 25 Full Time Employees

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

INFORMATION NOT CURRENTLY AVAILABLE

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2015	549	\$6,971,746	12,699	-2.81%	43	13/1	543.3	517.8	1.97%	94.32%
2014	520	6,831,093	13,137	0.54%	43	13/1	524.4	501.5	-1.58%	96.44%
2013	534	6,977,204	13,066	13.73%	43	13/1	532.8	506.4	-0.30%	94.83%
2012	534	6,134,741	11,488	4.50%	43	13/1	534.4	511.8	-1.33%	95.84%
2011	544	5,980,616	10,994	-1.54%	44	13/1	543.8	518.7	-2.94%	95.35%
2010	564	6,297,450	11,166	-0.08%	43	13/1	558.3	534.4	0.19%	94.75%
2009	552	6,168,396	11,175	3.42%	43	13/1	559.1	533.4	4.61%	96.63%
2008	544	5,878,118	10,805	-11.74%	45	12/1	534.2	509.9	0.20%	93.73%
2007	544	6,660,072	12,243	8.29%	45	12/1	532.2	508.9	-3.65%	93.55%
2006	549	6,207,025	11,306	7.90%	49	11/1	549.7	528.2	1.58%	96.21%

Sources: District records

Note: Enrollment based on annual October district count.

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
Neeta School:										
Square Feet	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573	65,573
Capacity (Students)	489	489	489	489	489	489	489	489	489	489
Enrollment	372	334	355	344	358	356	351	348	356	356
Nokomis School:										
Square Feet	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment	177	186	179	190	186	208	201	190	188	179

Number of Schools at June 30, 2015:

Elementary = 1

Middle School = 1

Source: District Facilities Office

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

	*	NEETA SCHOOL	NOKOMIS SCHOOL	TOTAL
2015	\$	24,094	\$ 19,368	\$ 43,462
2014		23,837	10,479	34,316
2013		18,921	14,240	33,161
2012		23,124	9,685	32,809
2011		21,780	11,925	33,705
2010		27,532	17,210	44,742
2009		24,316	12,777	37,093
2008		42,972	14,315	57,287
2007		44,004	22,160	66,164
2006		37,207	24,479	61,686

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

Source: District records

**INSURANCE SCHEDULE
JUNE 30, 2015**

	COVERAGE	DEDUCTIBLE
School Package Policy - Burlington County Insurance Pool - Joint Insurance Fund - BCIPJIF:		
Specialty National Insurance Co.:		
Property - Blanket Building and Contents		
Crime	\$150,000,000	500
General & Automobile Liability	500,000	500
Worker's Compensation	10,000,000	
Educator's Legal Liability	Statutory 10,000,000	
Hartford Steam Boiler & Inspection Company:		
Boiler & Machinery	100,000,000	1,000
AIG Insurance Company:		
Pollution Legal Liability	3,000,000	10,000

Source: District records.

SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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

Honorable President and Members
of the Board of Education
Medford Lakes Borough Board of Education
County of Burlington
Medford Lakes, New Jersey 08055

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Medford Lakes Borough Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Medford Lakes Borough Board of Education's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 3, 2015



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members
of the Board of Education
Medford Lakes Board of Education
County of Burlington
Medford Lakes, New Jersey 08055

Report on Compliance for Each Major State Program

We have audited Medford Lakes Board of Education’s compliance with the types of compliance requirements described in the *OMB Circular A-133 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 state programs for the year ended June 30, 2015. Medford Lakes Board of Education’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Medford Lakes Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit

includes examining, on a test basis, evidence about Medford Lakes Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Medford Lakes Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Medford Lakes Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Medford Lakes Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Medford Lakes Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
December 3, 2015

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2015**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	JUNE 30, 2015 (ACCOUNTS RECEIVABLE)	MEMO	
								BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
STATE DEPARTMENT OF EDUCATION:									
General Fund:									
State Aid:									
Equalization Aid	15-495-034-5120-078	\$ 791,104	7/1/14-6/30/15	\$ -	\$ 791,104	\$ (791,104)	\$ -	\$ (77,066)	\$ 791,104
Special Education Categorical Aid	15-495-034-5120-089	312,385	7/1/14-6/30/15	-	312,385	(312,385)	-	(30,431)	312,385
Security Aid	15-495-034-5120-084	7,871	7/1/14-6/30/15	-	7,871	(7,871)	-	(767)	7,871
Transportation Aid	15-495-034-5120-014	7,335	7/1/14-6/30/15	-	7,335	(7,335)	-	(715)	7,335
Under Adequacy Aid	15-495-034-5120-083	2,090	7/1/14-6/30/15	-	2,090	(2,090)	-	(204)	2,090
Per Pupil Growth Aid	15-495-034-5120-097	5,170	7/1/14-6/30/15	-	5,170	(5,170)	-	(503)	5,170
PARCC Readiness	15-495-034-5120-098	5,170	7/1/14-6/30/15	-	5,170	(5,170)	-	(503)	5,170
Nonpublic Transportation Aid	15-100-034-5120-068	1,566	7/1/14-6/30/15	-	-	(1,566)	(1,566)	-	1,566
Nonpublic Transportation Aid	14-100-034-5120-068	1,183	7/1/13-6/30/14	(1,183)	1,183	-	-	-	-
Extraordinary Aid	15-495-034-5120-044	12,169	7/1/14-6/30/15	-	-	(12,169)	(12,169)	-	12,169
Extraordinary Aid	14-495-034-5120-044	7,256	7/1/13-6/30/14	(7,256)	7,256	-	-	-	-
On-Behalf TPAF Pension									
Contributions (Non-Budgeted)	15-495-034-5095-001	158,713	7/1/14-6/30/15	-	158,713	(158,713)	-	-	158,713
On-Behalf TPAF Post-Retirement									
Medical (Non-Budgeted)	15-495-034-5095-001	251,957	7/1/14-6/30/15	-	251,957	(251,957)	-	-	251,957
Reimbursed TPAF Social Security									
Contribution	15-495-034-5095-002	257,261	7/1/14-6/30/15	-	245,350	(257,261)	(11,911)	-	257,261
Reimbursed TPAF Social Security									
Contribution	14-495-034-5095-002	254,034	7/1/13-6/30/14	(12,434)	12,434	-	-	-	-
Total General Fund				(20,873)	1,808,018	(1,812,791)	(25,646)	(110,189)	1,812,791
Total State Financial Assistance				\$ (20,873)	\$ 1,808,018	\$ (1,812,791)	\$ (25,646)	\$ (110,189)	\$ 1,812,791

Less: Grants Not Subject to New Jersey OMB Circular 04-04:

On Behalf TPAF Pension									
Contributions (Non-Budgeted)	100-034-5095-001	158,713	7/1/14-6/30/15		\$	158,713			
On Behalf TPAF Post-Retirement									
Medical (Non-Budgeted)	100-034-5095-001	251,957	7/1/14-6/30/15			251,957			
Total State Financial Assistance subject to New Jersey OMB Circular 04-04					\$	(1,402,121)			

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2015**

Note 1. General

The accompanying schedules of expenditures of state financial assistance include state award activity of the Board of Education, Medford Lakes Borough Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to 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 audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund 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 payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,010) for the general fund. See C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2015**

Note 3. Relationship to Basic Financial Statements (continued):

	State
General Fund	<u>\$ 1,811,781</u>
Total Financial Assistance	<u>\$ 1,811,781</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF social security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

Note 6. State Loans Outstanding

The Medford Lakes Borough Board of Education has no loan balances outstanding at June 30, 2015.

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04 and/or 15-08	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Categorical Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-083	Under Adequacy Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards* and New Jersey OMB's Circular 04-04 and/or 15-08 audit.

No Current Year Findings

Section III – State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of New Jersey OMB's Circular 04-04 and/or 15-08.

No Current Year Findings

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and New Jersey OMB's Circular 04-04 and/or 15-08.

No Prior Year Findings

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