

**MIDLAND PARK**  
**BOARD OF EDUCATION**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2015**

**Midland Park, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Midland Park Board of Education**

**Midland Park, New Jersey**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by**

**Midland Park Board of Education  
Business Office**

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## **INTRODUCTORY SECTION**



USDOE Blue Ribbon School of Excellence  
NJDOE Star School

# MIDLAND PARK PUBLIC SCHOOLS

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

Godwin School

Highland School

Midland Park Junior/Senior High School



Home of the Panthers

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

December 15, 2015

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

Dear Board Members:

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

*The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.*

1. **REPORTING ENTITY AND ITS SERVICES:** *Midland Park School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Midland Park Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 986 students.*

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

3. **MAJOR INITIATIVES:**

**Goal #1**

*Increase achievement for students identified as needing remediation in reading and math through expanded Basic Skills pull-out instruction. A three-year achievement trend analysis of standardized/formative assessment results will be developed for each BSI student in grades 4, 5, and 6. Individualized education plans will be crafted and implemented on or before September 24, 2015.*

**Goal #2**

- *Increase instructional methods in science congruent with the Next Generation Science Standards K-12 (NGSS—mandated implementation Science 6-12: September 2016; Science K-5: September 2017). Implement professional development activities, including shared service endeavors with other county districts, during the curriculum revision process. Ensure the observation and evaluation process reflects the shift to NGSS.*

**Goal #3**

- *Develop a districtwide 504 Procedures Manual in electronic form, which will include mandated 504 procedures and required documents. Ensure consistency in 504 processes for students with disabilities; provide professional development for identified staff at each school; provide administrators with professional development in legal issues related to 504 compliance.*

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

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

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

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

9. **OTHER INFORMATION:**

*Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins CPAs, was selected by the Board Of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.*

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

*Respectfully submitted,*

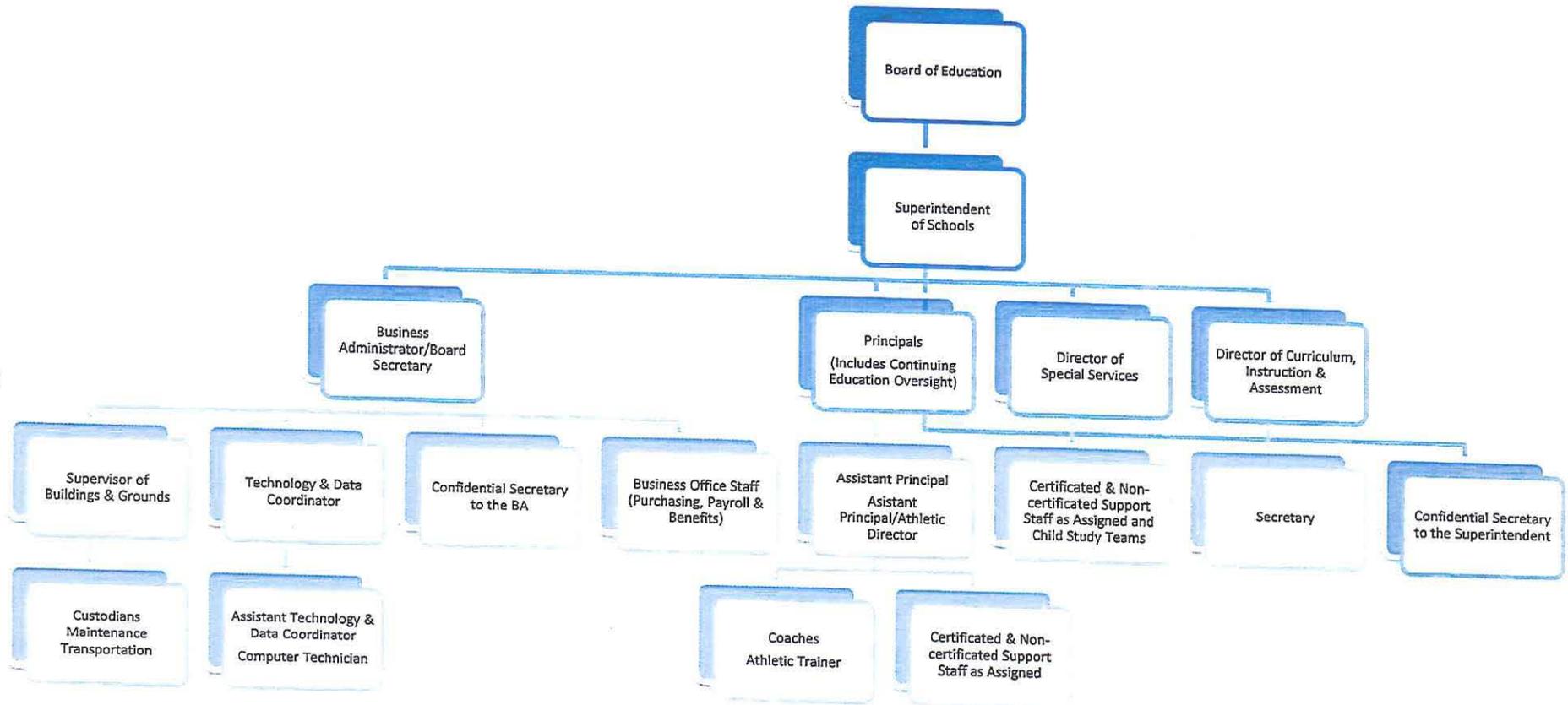
*Marie C. Cirasella, Ed. D.*

*Marie Cirasella, Ed. D.,  
Superintendent of Schools*

*Stacy Garvey*

*Stacy Garvey,  
Board Secretary/  
Business Administrator*

**MIDLAND PARK PUBLIC SCHOOLS  
DISTRICT ORGANIZATIONAL CHART, 2014-2015  
BOE Approval: July 15, 2014**



**MIDLAND PARK BOARD OF EDUCATION  
MIDLAND PARK, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

*Members of the Board of Education* *Term*

*James Canellas* *2017*

*Sandra Criscenzo* *2016*

*Richard Formicola* *2016*

*Brian McCourt* *2016*

*Robert Schiffer* *2015*

*William Sullivan* *2015*

*Dr. MaryAlice Thomas* *2017*

*Timothy Thomas* *2015*

*Peter Triolo* *2017*

*Other Officials*

*Marie Cirasella, Superintendent of Schools*

*Stacy Garvey, Business Administrator/Board Secretary*

**MIDLAND PARK BOARD OF EDUCATION**

***Consultants and Advisors***

***Audit Firm***

*Lerch, Vinci & Higgins, LLP*

*17-17 Route 208*

*Fair Lawn, NJ 07410*

***Attorney***

*Fogarty and Hara*

*21-00 Route 208 South*

*Fair Lawn, NJ 07410*

***Official Depository***

*Columbia Bank*

*Godwin Avenue*

*Midland Park, NJ 07432*

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

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

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Midland Park Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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

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

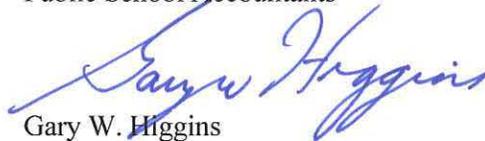
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2015 on our consideration of the Midland Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Midland Park Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 15, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2015**

This section of the Midland Park Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-2015 fiscal year are as follows:

- Net position increased by \$23,830 over the June 30, 2014 balance.
- General revenues of \$19,417,382 accounted for 76 percent of all revenues. Program revenues of \$6,167,428 accounted for 24 percent of total revenues of \$25,584,810.
- Among major funds, the General Fund had \$22,257,830 in revenues and \$21,984,422 in expenditures and other financing uses. The General Fund's fund balance increased \$273,408 over the prior year.
- In total, fund balance of Governmental Funds increased \$8,088,876, which represents a 297 percent increase from the prior year's fund balance of \$2,719,009. Most of this increase can be attributed to bond proceeds received in conjunction with the District's approved referendum in 2014/15.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

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

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

**District-wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

The district has three kinds of funds:

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

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

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

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

The following table provides a summary of the school district's net position as of June 30, 2015 and 2014.

**Net Position.** The district's combined net position was \$4,142,855 as of June 30, 2015 and \$4,119,025 as of June 30, 2014.

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

Statement of Net Position  
As of June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 14,063,585	\$ 3,269,083	\$ 90,270	\$ 95,015	\$ 14,153,855	\$ 3,364,098
Capital Assets - Net	10,325,789	9,919,780	39,561	50,501	10,365,350	9,970,281
<b>Total Assets</b>	<u>24,389,374</u>	<u>13,188,863</u>	<u>129,831</u>	<u>145,516</u>	<u>24,519,205</u>	<u>13,334,379</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding	157,546	177,239	-	-	157,546	177,239
Deferred Amounts on Net Pension Liability	592,160	-	-	-	592,160	-
<b>Total Deferred Outflows of Resources</b>	<u>749,706</u>	<u>177,239</u>	<u>-</u>	<u>-</u>	<u>749,706</u>	<u>177,239</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>25,139,080</u>	<u>13,366,102</u>	<u>129,831</u>	<u>145,516</u>	<u>25,268,911</u>	<u>13,511,618</u>
Long-Term Liabilities	17,433,896	8,783,610			17,433,896	8,783,610
Other Liabilities	3,386,385	589,288	15,482	18,791	3,401,867	608,079
<b>Total Liabilities</b>	<u>20,820,281</u>	<u>9,372,898</u>	<u>15,482</u>	<u>18,791</u>	<u>20,835,763</u>	<u>9,391,689</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	-	-	587	904	587	904
Deferred Amounts on Net Pension Liability	289,706	-	-	-	289,706	-
<b>Total Deferred Inflows of Resources</b>	<u>289,706</u>	<u>-</u>	<u>587</u>	<u>904</u>	<u>290,293</u>	<u>904</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>21,109,987</u>	<u>9,372,898</u>	<u>16,069</u>	<u>19,695</u>	<u>21,126,056</u>	<u>9,392,593</u>
Net Position:						
Net Investment in Capital Assets	5,436,490	5,850,681	39,561	50,501	5,476,051	5,901,182
Restricted	1,518,161	1,125,760			1,518,161	1,125,760
Unrestricted	(2,925,558)	(2,983,237)	74,201	75,320	(2,851,357)	(2,907,917)
<b>Total Net Position</b>	<u>\$ 4,029,093</u>	<u>\$ 3,993,204</u>	<u>\$ 113,762</u>	<u>\$ 125,821</u>	<u>\$ 4,142,855</u>	<u>\$ 4,119,025</u>

The table on the following page shows changes in net position for fiscal years 2015 and 2014.

**Changes in Net Position.** The District's total revenues were \$25,584,810 for the fiscal year ended June 30, 2015. Property taxes accounted for 73% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 20%. The balance or 7% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$25,560,980. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 66% of total costs. The purely administrative activities of the District accounted for just 10% of total costs.

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

Total revenues exceeded expenses, which resulted in an increase in net position of \$28,830 over last year.

**Changes in Net Position  
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 739,830	\$ 555,417	\$ 239,912	\$ 247,855	\$ 979,742	\$ 803,272
Operating Grants and Contributions	4,834,961	2,654,539	74,471	77,687	4,909,432	2,732,226
Capital Grants and Contributions	278,254				278,254	-
<b>General Revenues</b>						
Property Taxes	18,620,004	19,226,431			18,620,004	19,226,431
Unrestricted Federal and State Aid	34,980	34,660			34,980	34,660
Investment Earnings	7,234	3,511	83	287	7,317	3,798
Other	755,081	936,551	-	-	755,081	936,551
<b>Total Revenues</b>	<u>25,270,344</u>	<u>23,411,109</u>	<u>314,466</u>	<u>325,829</u>	<u>25,584,810</u>	<u>23,736,938</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	9,804,531	7,938,421			9,804,531	7,938,421
Special Education	5,193,170	4,501,769			5,193,170	4,501,769
School Sponsored Activities and Ath.	759,684	669,528			759,684	669,528
Other	886,952	671,286			886,952	671,286
<b>Support Services</b>						
Student and Instruction Related Serv.	3,310,290	2,887,818			3,310,290	2,887,818
General Administration Services	663,085	544,939			663,085	544,939
School Administration Services	1,386,281	1,167,881			1,386,281	1,167,881
Business / Central Services	660,834	649,324			660,834	649,324
Plant Operations and Maintenance	1,834,810	1,895,075			1,834,810	1,895,075
Pupil Transportation	539,909	545,022			539,909	545,022
Food Services	-	-	326,525	332,467	326,525	332,467
	<u>25,039,546</u>	<u>21,471,063</u>	<u>326,525</u>	<u>332,467</u>	<u>25,366,071</u>	<u>21,803,530</u>
Interest on Long-Term Debt	<u>194,909</u>	<u>107,932</u>	<u>-</u>	<u>-</u>	<u>194,909</u>	<u>107,932</u>
<b>Total Expenses</b>	<u>25,234,455</u>	<u>21,578,995</u>	<u>326,525</u>	<u>332,467</u>	<u>25,560,980</u>	<u>21,911,462</u>
Change in Net Position	35,889	1,832,114	(12,059)	(6,638)	23,830	1,825,476
Net Position, Beginning of Year	3,993,204	6,603,384	125,821	132,459	4,119,025	6,735,843
Prior Period Adjustment-Net Pension Liability	-	(4,442,294)	-	-	-	(4,442,294)
Net Position, End of Year	<u>\$ 4,029,093</u>	<u>\$ 3,993,204</u>	<u>\$ 113,762</u>	<u>\$ 125,821</u>	<u>\$ 4,142,855</u>	<u>\$ 4,119,025</u>

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

**Total Cost and Net Cost of Services of Governmental Activities  
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 9,804,531	\$ 7,938,421	\$ 7,415,339	\$ 6,938,685
Special Education	5,193,170	4,501,769	3,440,432	3,221,441
School Sponsored Activities and Athletics	759,684	669,528	601,620	600,970
Other	886,952	671,286	109,279	99,804
Support Services				
Student and Instruction Related Svcs.	3,310,290	2,887,818	3,077,938	2,724,261
General Administration Services	663,085	544,939	663,085	544,939
School Administration Services	1,386,281	1,167,881	1,157,209	1,077,074
Business / Central Services	660,834	649,324	660,834	649,324
Plant Operations and Maintenance	1,834,810	1,895,075	1,540,632	1,879,251
Pupil Transportation	539,909	545,022	520,133	525,358
Interest on Long-Term Debt	194,909	107,932	194,909	107,932
	<u>\$ 25,234,455</u>	<u>\$ 21,578,995</u>	<u>\$ 19,381,410</u>	<u>\$ 18,369,039</u>
Total Governmental Activities				

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2015 and 2014.

**General Fund Revenues**

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2015</u>	<u>2014</u>		
Local Sources:				
Property Taxes	\$ 18,204,842	\$ 18,802,959	\$ (598,117)	-3.2%
Tuition	31,195	25,644	5,551	21.6%
Restricted Miscellaneous	1,446,658	1,418,965	27,693	2.0%
Interest Earnings	4,173	3,497	676	19.3%
Miscellaneous	17,058	47,359	(30,301)	-64.0%
Intergovernmental				
State Sources	<u>2,553,904</u>	<u>2,234,040</u>	<u>319,864</u>	<u>14.3%</u>
Total Revenues	<u>\$ 22,257,830</u>	<u>\$ 22,532,464</u>	<u>\$ (274,634)</u>	<u>-1.2%</u>

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2015 and 2014.

**General Fund Expenditures**

	<b>Fiscal Year</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Ended June 30,</b>			
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>Increase</u></b>	<b><u>Increase</u></b>
			<b><u>(Decrease)</u></b>	<b><u>(Decrease)</u></b>
Instruction	\$ 13,972,184	\$ 13,209,643	\$ 762,541	5.8%
Undistributed Expenditures	7,447,872	7,404,117	43,755	0.6%
Debt Service	81,469	137,136	(55,667)	-40.6%
Capital Outlay	<u>332,897</u>	<u>1,747,760</u>	<u>(1,414,863)</u>	-81.0%
 Total Expenditures	 <u>\$ 21,834,422</u>	 <u>\$ 22,498,656</u>	 <u>\$ (664,234)</u>	 -3.0%

**Capital Assets.** As of June 30, 2015 and 2014, the school district had invested in land, site improvements, buildings, building improvements, machinery and equipment as follows:

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Land	\$ 28,714	\$ 28,714			\$ 28,714	\$ 28,714
Construction in Progress	1,107,737				1,107,737	
Site Improvements	535,056	535,056			535,056	535,056
Buildings and Building Improvements	15,454,479	15,204,999			15,454,479	15,204,999
Machinery and Equipment	<u>3,252,906</u>	<u>3,234,580</u>	\$ 307,197	\$ 307,884	<u>3,560,103</u>	<u>3,542,464</u>
 <b>Total</b>	 20,378,892	 19,003,349	 307,197	 307,884	 20,686,089	 19,311,233
Less: Accumulated Depreciation	<u>(10,053,103)</u>	<u>(9,083,569)</u>	<u>(267,636)</u>	<u>(257,383)</u>	<u>(10,320,739)</u>	<u>(9,340,952)</u>
 <b>Total Capital Assets, Net</b>	 <u>\$ 10,325,789</u>	 <u>\$ 9,919,780</u>	 <u>\$ 39,561</u>	 <u>\$ 50,501</u>	 <u>\$ 10,365,350</u>	 <u>\$ 9,970,281</u>

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2015**

**Debt Administration.** As of June 30, 2015 and 2014 the school district had long-term liabilities in the amount of \$17,137,471 and \$8,601,373 as follows:

**Long-Term Debt  
Outstanding Long-Term Liabilities  
As of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u> (Restated)
Bonds Payable	\$ 11,810,000	\$ 3,635,000
Capital Leases/Lease Purchase Agreements	175,137	251,862
Compensated Absences Payable	291,060	272,217
Net Pension Liability	<u>4,861,274</u>	<u>4,442,294</u>
 Total	 <u>\$ 17,137,471</u>	 <u>\$ 8,601,373</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**FINANCIAL STATEMENTS**

**MIDLAND PARK BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,063,572	\$ 75,497	\$ 6,139,069
Investments	5,000,044		5,000,044
Receivables, net			
Receivables from Other Governments	2,975,563	3,575	2,979,138
Other	8,533	-	8,533
Internal Balances	(6,543)	6,543	
Inventory		4,655	4,655
Prepaid Items	22,416		22,416
Capital Assets, Not Being Depreciated	1,136,451		1,136,451
Capital Assets, Being Depreciated, Net	9,189,338	39,561	9,228,899
	<u>24,389,374</u>	<u>129,831</u>	<u>24,519,205</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	157,546	-	157,546
Deferred Amounts on Net Pension Liability	592,160	-	592,160
	<u>749,706</u>	<u>-</u>	<u>749,706</u>
Total Assets and Deferred Outflows of Resources	<u>25,139,080</u>	<u>129,831</u>	<u>25,268,911</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	566,001	13,563	579,564
Accrued Interest Payable	130,685		130,685
Payable to State Government	39,218		39,218
Unearned Revenue	2,650,481	1,919	2,652,400
Long-Term Liabilities			
Due Within One Year	1,018,654		1,018,654
Due Beyond One Year	16,415,242	-	16,415,242
	<u>20,820,281</u>	<u>15,482</u>	<u>20,835,763</u>
<b>DEFERED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	-	587	587
Deferred Amounts on Net Pension Liability	289,706	-	289,706
	<u>289,706</u>	<u>587</u>	<u>290,293</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,109,987</u>	<u>16,069</u>	<u>21,126,056</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,436,490	39,561	5,476,051
Restricted for:			
Capital Projects	1,492,623		1,492,623
Debt Service	4,439		4,439
Other Purposes - Adult Education	21,099		21,099
Unrestricted	(2,925,558)	74,201	(2,851,357)
Total Net Position	<u>\$ 4,029,093</u>	<u>\$ 113,762</u>	<u>\$ 4,142,855</u>

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

MIDLAND PARK BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 9,804,531		\$ 2,389,192		\$ (7,415,339)		\$ (7,415,339)
Special Education	5,193,170	\$ 31,195	1,721,543		(3,440,432)		(3,440,432)
School Sponsored Activities and Athletics	759,684		158,064		(601,620)		(601,620)
Other	886,952	708,635	69,038		(109,279)		(109,279)
Support Services							
Student and Instruction- Related Services	3,310,290		232,352		(3,077,938)		(3,077,938)
General Administration Services	663,085				(663,085)		(663,085)
School Administration Services	1,386,281		229,072		(1,157,209)		(1,157,209)
Business / Central Services	660,834				(660,834)		(660,834)
Plant Operations and Maintenance	1,834,810		15,924	\$ 278,254	(1,540,632)		(1,540,632)
Pupil Transportation	539,909		19,776		(520,133)		(520,133)
Interest on Long-Term Debt	194,909	-	-	-	(194,909)	-	(194,909)
Total Governmental Activities	<u>25,234,455</u>	<u>739,830</u>	<u>4,834,961</u>	<u>278,254</u>	<u>(19,381,410)</u>	<u>-</u>	<u>(19,381,410)</u>
Business-Type Activities							
Food Service	<u>326,525</u>	<u>239,912</u>	<u>74,471</u>	<u>-</u>	<u>-</u>	<u>\$ (12,142)</u>	<u>(12,142)</u>
Total Business-Type Activities	<u>326,525</u>	<u>239,912</u>	<u>74,471</u>	<u>-</u>	<u>-</u>	<u>(12,142)</u>	<u>(12,142)</u>
Total Primary Government	<u>\$ 25,560,980</u>	<u>\$ 979,742</u>	<u>\$ 4,909,432</u>	<u>\$ 278,254</u>	<u>(19,381,410)</u>	<u>(12,142)</u>	<u>(19,393,552)</u>
<b>General Revenues:</b>							
Property Taxes levied for General Purposes					18,204,842		18,204,842
Property Taxes levied for Debt Service					415,162		415,162
Federal and State Aid Not Restricted					34,980		34,980
Investment Earnings					7,234	83	7,317
Miscellaneous Income					755,081	-	755,081
Total General Revenues					<u>19,417,299</u>	<u>83</u>	<u>19,417,382</u>
Change in Net Position					35,889	(12,059)	23,830
Net Position, Beginning of Year (Restated)					<u>3,993,204</u>	<u>125,821</u>	<u>4,119,025</u>
Net Position, End of Year					<u>\$ 4,029,093</u>	<u>\$ 113,762</u>	<u>\$ 4,142,855</u>

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

**FUND FINANCIAL STATEMENTS**

**MIDLAND PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,305,941	\$ 49,823	\$ 2,707,408	\$ 400	\$ 6,063,572
Investments			5,000,044		5,000,044
Due from Other Funds			150,000	4,039	154,039
Receivables from Other Governments	107,016	8,740	2,859,807	-	2,975,563
Other Accounts Receivable	8,533				8,533
Prepaid Items	22,416	-	-	-	22,416
	<u>3,443,906</u>	<u>58,563</u>	<u>10,717,259</u>	<u>4,439</u>	<u>14,224,167</u>
Total Assets	<u>\$ 3,443,906</u>	<u>\$ 58,563</u>	<u>\$ 10,717,259</u>	<u>\$ 4,439</u>	<u>\$ 14,224,167</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 100,914	\$ 14,793	\$ 311,150		\$ 426,857
Other Liabilities	39,144				39,144
Due to Other Funds	256,543	-	4,039		260,582
Payable to State Government		39,218			39,218
Unearned Revenue	63,976	4,552	2,581,953	-	2,650,481
	<u>460,577</u>	<u>58,563</u>	<u>2,897,142</u>	<u>-</u>	<u>3,416,282</u>
Total Liabilities	<u>460,577</u>	<u>58,563</u>	<u>2,897,142</u>	<u>-</u>	<u>3,416,282</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve	464,769				464,769
Capital Reserve- Designated for Subsequent Year's Budget	600,000				600,000
Adult Education Programs	18,476				18,476
Adult Education Programs - Designated for Subsequent Year's Budget	2,623				2,623
Excess Surplus- Designated for Subsequent Years Budget	400,000				400,000
Excess Surplus	375,000				375,000
Capital Projects			\$ 7,820,117		7,820,117
Debt Service				\$ 4,439	4,439
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Budget	238,725				238,725
Year-End Encumbrances	512,001				512,001
Unassigned, Reported in General Fund	371,735	-	-	-	371,735
	<u>2,983,329</u>	<u>-</u>	<u>7,820,117</u>	<u>4,439</u>	<u>10,807,885</u>
Total Fund balances	<u>2,983,329</u>	<u>-</u>	<u>7,820,117</u>	<u>4,439</u>	<u>10,807,885</u>
Total Liabilities and Fund Balances	<u>\$ 3,443,906</u>	<u>\$ 58,563</u>	<u>\$ 10,717,259</u>	<u>\$ 4,439</u>	

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

MIDLAND PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2015

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

\$ 10,807,885

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,378,892 and the accumulated depreciation is \$10,053,103.

10,325,789

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

(130,685)

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

157,546

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

Bonds Payable	\$ (11,810,000)	
Premium on Issuance	(296,425)	
Capital Leases/Lease Purchase Agreements	(175,137)	
Compensated Absences Payable	(291,060)	
Net Pension Liability	<u>(4,861,274)</u>	
		<u>(17,433,896)</u>

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

Deferred Outflows of Resources	592,160	
Deferred Inflows of Resources	<u>(289,706)</u>	
		<u>302,454</u>

Net Position of Governmental Activities

\$ 4,029,093

**MIDLAND PARK BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 18,204,842			\$ 415,162	\$ 18,620,004
Tuition	31,195				31,195
Other Restricted Miscellaneous Revenues	1,446,658				1,446,658
Miscellaneous	21,231	-	\$ 3,061	-	24,292
Total - Local Sources	19,703,926	-	3,061	415,162	20,122,149
State Sources	2,553,904	\$ 143,708	278,254		2,975,866
Federal Sources	-	289,671	-	-	289,671
Total Revenues	22,257,830	433,379	281,315	415,162	23,387,686
<b>EXPENDITURES</b>					
Current					
Regular Instruction	8,072,513	14,449			8,086,962
Special Education Instruction	4,424,718	219,563			4,644,281
Other Instruction	831,109				831,109
School-Sponsored Activities and Athletics	643,844				643,844
Student and Instruction Related Services	2,857,967	193,795			3,051,762
General Administration Services	501,429				501,429
School Administration Services	1,192,378				1,192,378
Central Services	616,081				616,081
Plant Operations and Maintenance	1,757,337		-		1,757,337
Pupil Transportation	522,680				522,680
Debt Service					
Principal	76,725			325,000	401,725
Interest	4,744			99,250	103,994
Cost of Issuance			\$ 133,459		133,459
Capital Outlay	332,897	5,572	1,107,737	-	1,446,206
Total Expenditures	21,834,422	433,379	1,241,196	424,250	23,933,247
Excess (Deficiency) of Revenues Over Expenditures	423,408	-	(959,881)	(9,088)	(545,561)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds			8,500,000		8,500,000
Premium on Bond Issued			134,437		134,437
Transfer In	-		150,000	4,439	154,439
Transfer Out	(150,000)	-	(4,439)	-	(154,439)
Total Other Financing Sources and Uses	(150,000)	-	8,779,998	4,439	8,634,437
Net Change in Fund Balances	273,408	-	7,820,117	(4,649)	8,088,876
Fund Balance, Beginning of Year	2,709,921	-	-	9,088	2,719,009
Fund Balance, End of Year	\$ 2,983,329	\$ -	\$ 7,820,117	\$ 4,439	\$ 10,807,885

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

**MIDLAND PARK BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 8,088,876

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

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

Capital Outlay	\$ 1,446,206	
Depreciation Expense	<u>(1,040,197)</u>	406,009

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

Compensated Absences, Net	(18,843)	
Increase in Pension Expense	<u>(116,526)</u>	(135,369)

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

(91,471)

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

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

The issuance of long-term debt provides current financial resources to governmental funds.

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities:

Bonds Payable		(8,500,000)
Add: Issuance Premium ( to be amortized over life of debt)		(134,437)
Capital Leases Principal Repayment		76,725
Bonds Principal Repayment		<u>325,000</u>

Change in Net Position of Governmental Activities \$ 35,889

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

**MIDLAND PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 75,497
Accounts Receivable	
Federal	3,319
State	256
Due from Other Funds	6,543
Inventories	<u>4,655</u>
Total Current Assets	<u>90,270</u>
Capital Assets	
Equipment	307,197
Less: Accumulated Depreciation	<u>(267,636)</u>
Total Capital Assets, Net	<u>39,561</u>
Total Assets	<u>129,831</u>
<b>LIABILITIES</b>	
Current Liabilities	
Unearned Revenue	1,919
Accounts Payable	<u>13,563</u>
Total Current Liabilities	<u>15,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>587</u>
Total Deferred Inflows of Resources	<u>587</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,069</u>
<b>NET POSITION</b>	
Investment in Capital Assets	39,561
Unrestricted	<u>74,201</u>
Total Net Position	<u><u>\$ 113,762</u></u>

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

**MIDLAND PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 238,709
Special Functions	<u>1,203</u>
Total Operating Revenues	<u>239,912</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	139,701
Salaries and Employee Benefits	134,683
Purchased Services-Management Fee	15,894
Purchased Services	2,905
Repairs	1,253
Depreciation	14,329
Supplies and Materials	16,860
Miscellaneous Expenditures	<u>900</u>
Total Operating Expenses	<u>326,525</u>
Operating Loss	<u>(86,613)</u>
<b>NONOPERATING REVENUES</b>	
Local Sources	
Interest on Investments	83
State Sources	
School Lunch Program	2,888
Federal Sources	
School Breakfast Program	311
National School Lunch Program	<u>71,272</u>
Total Nonoperating Revenues	<u>74,554</u>
Change in Net Position	(12,059)
Total Net Position, Beginning of Year	<u>125,821</u>
Total Net Position, End of Year	<u>\$ 113,762</u>

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

**MIDLAND PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 241,831
Cash Payments for Employees' Salaries and Benefits	(134,683)
Cash Payments to Suppliers for Goods and Services	<u>(162,702)</u>
Net Cash Used by Operating Activities	<u>(55,554)</u>
<b>Cash Flows from Capital Financing Activities</b>	
Purchase of Capital Assets	<u>(3,389)</u>
Net Cash Used by Capital Financing Activities	<u>(3,389)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>48,972</u>
Net Cash Provided by Noncapital Financing Activities	<u>48,972</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	<u>83</u>
Net Cash Provided by Investing Activities	<u>83</u>
Net Decrease in Cash and Cash Equivalents	(9,888)
Cash and Cash Equivalents, Beginning of Year	<u>85,385</u>
Cash and Cash Equivalents, End of Year	<u>\$ 75,497</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ (86,613)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	14,329
Non-Cash Federal Assistance - National School Lunch (Food Distribution)	19,954
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase)/Decrease in Other Accounts Receivable	204
Increase/(Decrease) in Accounts Payable	9,212
Increase/(Decrease) in Accounts Payable Related to Equipment Purchases	(14,440)
Increase/(Decreased) in Unearned Revenue	1,919
Increase/(Decrease) in Deferred Commodities Revenue	(317)
(Increase)/Decrease in Inventories	<u>198</u>
Total Adjustments	<u>31,059</u>
Net Cash Used by Operating Activities	<u>\$ (55,554)</u>
<b>Non-Cash Financing Activities</b>	
National School Lunch (Food Distribution)	\$ 19,637

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

**MIDLAND PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Scholarships <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 81,991	\$ 16,476	\$ 323,444
Due from Other Funds	<u>100,000</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>181,991</u>	 <u>16,476</u>	 <u>\$ 323,444</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 140,285
Accrued Salaries and Wages			73
Reserve for Flexible Spending (Sect. 125) Plan			18,095
Due to Student Groups			164,991
Due to the State Government	<u>19,021</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>19,021</u>	 <u>-</u>	 <u>\$ 323,444</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 162,970</u>	<u>\$ 16,476</u>	

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

**MIDLAND PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarships Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 33,963	
Board	100,000	
Donations	-	\$ 4,181
	<hr/>	<hr/>
Total Contributions	133,963	4,181
	<hr/>	<hr/>
Investment Earnings		
Interest	87	45
	<hr/>	<hr/>
Net Investment Earnings	87	45
	<hr/>	<hr/>
Total Additions	134,050	4,226
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		7,500
Unemployment Claims and Contributions	63,746	-
	<hr/>	<hr/>
Total Deductions	63,746	7,500
	<hr/>	<hr/>
Change in Net Position	70,304	(3,274)
	<hr/>	<hr/>
Net Position, Beginning of the Year	92,666	19,750
	<hr/>	<hr/>
Net Position, End of the Year	\$ 162,970	\$ 16,476
	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve 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 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**C. Basis of Presentation - Financial Statements**

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Prepaid Items***

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

**5. *Capital Assets***

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

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

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

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

**6. *Deferred Outflows/Inflows of Resources***

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***6. Deferred Outflows/Inflows of Resources (Continued)***

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

***7. Compensated Absences***

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

***8. Pensions***

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

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. *Long-Term Obligations***

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. *Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**10. Net Position/Fund Balance (Continued)**

**Governmental Fund Statements (Continued)**

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

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

*Capital Reserve - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes (See Note 2b.)

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

*Adult Education Program - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of Adult Education Programs fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

*Excess Surplus - Designated for Subsequent Year's Budget* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

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

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

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

*Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Non-Operating Revenues and Expenses***

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original General Fund budget by \$470,394 and the original Special Revenue Fund budget by \$189,576. The increase in the General Fund was funded by additional surplus appropriated and the reappropriation of prior year fund encumbrances. During the fiscal year, the Board authorized and approved the appropriation of additional revenue from continuing education programs of \$80,000 on October 21, 2014. The increase in the Special Revenue Fund was funded by additional grant awards.

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

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

**B. Capital Reserve**

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

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

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

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 1,014,581
Increased by		
Interest earnings	\$ 804	
Deposits Approved by Board Resolutions	<u>199,384</u>	
Total Increases		<u>200,188</u>
		1,214,769
Withdrawals:		
Approved in Bond Referendum		<u>150,000</u>
Balance, June 30, 2015		<u>\$ 1,064,769</u>

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2015 is \$775,000. Of this amount, \$400,000 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$375,000 will be appropriated in the 2016/2017 original budget certified for taxes.

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$6,560,980 and bank and brokerage firm balances of the Board's deposits amounted to \$7,406,883. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ 7,089,685
Uninsured or uncollateralized	<u>317,198</u>
	<u>\$ 7,406,883</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$317,198 was exposed to custodial credit risk as follows:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department or agent not in the Board's name	<u>\$ 317,198</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

As of June 30, 2015, the Board had the following investments:

<b><u>Investment Type:</u></b>	<b><u>Fair Value</u></b>
U.S. Government Securities - NJ/ARM	\$ 5,000,044
	<u>\$ 5,000,044</u>

**Custodial Credit Risk – Investments** – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2015, \$5,000,044 of the Board’s investments was exposed to custodial credit risk as follows as uninsured and uncollateralized.

**Interest Rate Risk** – The Board 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.

The fair value of the above-listed investments were based on quoted market prices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2015 for the district’s individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 8,533				\$ 8,533
Intergovernmental					
Federal		\$ 8,740		\$ 3,319	12,059
State	44,222		\$ 2,859,807	256	2,904,285
Local	62,794	-	-	-	62,794
Gross Receivables	115,549	8,740	2,859,807	3,575	2,987,671
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 115,549</u>	<u>\$ 8,740</u>	<u>\$ 2,859,807</u>	<u>\$ 3,575</u>	<u>\$ 2,987,671</u>

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

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

	<u>Total</u>
General Fund	
Adult/Continuing Education Fees	\$ 51,796
Preschool Tuition	12,180
Special Revenue Fund	
Unencumbered Grant Draw Downs	2,652
Grant Drawdowns Reserved for Encumbrances	1,900
Capital Projects Fund	
Unrealized School Facilities Grants	<u>2,581,953</u>
Total Unearned Revenue of Governmental Funds	<u>\$ 2,650,481</u>

**D. Capital Assets**

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

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 28,714			\$ 28,714
Construction in Progress	<u>-</u>	<u>\$ 1,107,737</u>	<u>-</u>	<u>1,107,737</u>
Total Capital Assets, Not Being Depreciated	<u>28,714</u>	<u>1,107,737</u>	<u>-</u>	<u>1,136,451</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,204,999	249,480		15,454,479
Site Improvements	535,056			535,056
Machinery and Equipment	<u>3,234,580</u>	<u>88,989</u>	<u>\$ (70,663)</u>	<u>3,252,906</u>
Total Capital Assets Being Depreciated	<u>18,974,635</u>	<u>338,469</u>	<u>(70,663)</u>	<u>19,242,441</u>
Less Accumulated Depreciation for:				
Site Improvements	(383,588)	(47,026)		(430,614)
Buildings and Building Improvements	(6,439,375)	(665,158)		(7,104,533)
Machinery and Equipment	<u>(2,260,606)</u>	<u>(328,013)</u>	<u>70,663</u>	<u>(2,517,956)</u>
Total Accumulated Depreciation	<u>(9,083,569)</u>	<u>(1,040,197)</u>	<u>70,663</u>	<u>(10,053,103)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,891,066</u>	<u>(701,728)</u>	<u>-</u>	<u>9,189,338</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,919,780</u>	<u>\$ 406,009</u>	<u>\$ -</u>	<u>\$ 10,325,789</u>

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 307,884	\$ 3,389	\$ (4,076)	\$ 307,197
Total Capital Assets Being Depreciated	<u>307,884</u>	<u>3,389</u>	<u>(4,076)</u>	<u>307,197</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(257,383)</u>	<u>(14,329)</u>	<u>4,076</u>	<u>(267,636)</u>
Total Accumulated Depreciation	<u>(257,383)</u>	<u>(14,329)</u>	<u>4,076</u>	<u>(267,636)</u>
Total Capital Assets, Being Depreciated, Net	<u>50,501</u>	<u>(10,940)</u>	<u>-</u>	<u>39,561</u>
Business-Type Activities Capital Assets, Net	<u>\$ 50,501</u>	<u>\$ (10,940)</u>	<u>\$ -</u>	<u>\$ 39,561</u>

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

<b>Governmental Activities:</b>	
Instruction	
Regular	\$ 499,295
Special	114,422
School-Sponsored Activities and Athletics	31,205
Other Instructional	<u>31,206</u>
Total Instruction	<u>676,128</u>
Support Services	
Student and Instruction Related Services	176,833
General Administrative Services	20,804
School Administrative Services	62,412
Plant Operations and Maintenance	62,412
Pupil Transportation	10,402
Business / Central Services	<u>31,206</u>
Total Support Services	<u>364,069</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,040,197</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 14,329</u>

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction Commitments**

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Mechanical Upgrades - Highland School	\$ 19,247	\$ 945,753
Athletic Field Upgrades at High School and Highland	213,066	1,342,502
Electrical and Ceiling Upgrades Project	311,150	<u>1,062,950</u>
 Total		 <u>\$ 3,351,205</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 150,000
Debt Service Fund	Capital Projects Fund	4,039
Food Service Enterprise Fund	General Fund	6,543
Unemployment Compensation Trust Fund	General Fund	<u>100,000</u>
	Total	 <u>\$ 260,582</u>

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

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

**Interfund Transfers**

	<u>Transfer In:</u>		
	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund		\$ 4,439	\$ 4,439
General Fund	\$ 150,000	-	<u>150,000</u>
Total	<u>\$ 150,000</u>	<u>\$ 4,439</u>	<u>\$ 154,439</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District leases Chrome Books under noncancelable operating leases. Lease payments begin during the fiscal year ended June 30, 2016. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2016	\$ 76,439
2017	76,439
2018	<u>76,439</u>
Total	<u>\$ 229,317</u>

**Capital Leases**

The District is leasing wireless network upgrades, copiers, buses and vehicles and technology equipment totaling \$496,404 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 496,404</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 99,008
2017	<u>78,160</u>
Total Minimum Lease Payments	177,168
Less: Amount Representing Interest	<u>(2,031)</u>
Present Value of Minimum Lease Payments	<u>\$ 175,137</u>

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2015 are comprised of the following issues:

\$3,695,000, 2012 Refunding Bonds, due in annual installments of \$330,000 to \$395,000 through August 15, 2023, interest at 2-3%	\$3,310,000
\$8,500,000, 2015 School Bonds, due in annual installments of \$270,000 to \$540,000 through August 15, 2035, interest at 2-3.125%	<u>8,500,000</u>
Total	<u>\$11,810,000</u>

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 600,000	\$ 205,974	\$ 805,974
2017	625,000	293,525	918,525
2018	650,000	277,475	927,475
2019	675,000	260,825	935,825
2020	695,000	243,575	938,575
2021-2025	3,355,000	948,675	4,303,675
2026-2030	2,140,000	648,525	2,788,525
2031-2035	2,530,000	316,725	2,846,725
2036	<u>540,000</u>	<u>16,875</u>	<u>556,875</u>
Total	<u>\$ 11,810,000</u>	<u>\$ 3,212,174</u>	<u>\$ 15,022,174</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 46,201,991
Less: Net Debt	<u>11,810,000</u>
Remaining Borrowing Power	<u>\$ 34,391,991</u>

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 3,635,000	\$ 8,500,000	\$ 325,000	\$ 11,810,000	\$ 600,000
Add:					
Unamortized Premium	182,237	134,437	20,249	296,425	-
Bonds Payable, Net	3,817,237	8,634,437	345,249	12,106,425	600,000
Capital Leases/Lease Purchase Agreements	251,862	-	76,725	175,137	97,414
Compensated Absences Payable	272,217	22,252	3,409	291,060	30,000
Net Pension Liability	4,442,294	418,980	-	4,861,274	291,240
Governmental Activity Long-Term Liabilities	<u>\$ 8,783,610</u>	<u>\$ 9,075,669</u>	<u>\$ 425,383</u>	<u>\$ 17,433,896</u>	<u>\$ 1,018,654</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and other various types of insurance coverages.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund are on file with the School's Business Administrator.

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

Fiscal Year ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015	\$ 100,000	\$ 33,963	\$ 63,746	\$ 162,970
2014	20,000	33,743	65,856	92,666
2013	50,000	33,778	41,960	104,688

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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

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

**Other Pension Funds**

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

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

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

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

**Funding Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	<u>DCRP</u>	On-behalf <u>TPAF</u>
2015	\$ 220,946	\$ 2,390	\$ 452,363
2014	180,164	1,622	343,474
2013	186,080	1,686	525,988

For fiscal years 2014/2015 and 2012/2013, the state contributed \$452,363 and \$525,988, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$343,474 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$628,324 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$4,861,274 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .02596 percent, which was an increase of .00272 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$330,574 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions	\$ 152,865	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 289,706
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>439,295</u>	<u>-</u>
Total	<u>\$ 592,160</u>	<u>\$ 289,706</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ 36,426
2017	36,426
2018	36,426
2019	36,426
2020	108,853
Thereafter	<u>47,897</u>
	<u>\$ 302,454</u>

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Long-Term Expected Rate of Return*

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

*Discount Rate*

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%



**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,335,021 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$43,394,304. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

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

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%	0.50%
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%

**MIDLAND PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

**TPAF**

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>1% Decrease <u>(3.68%)</u></b>	<b>Current Discount Rate <u>(4.68%)</u></b>	<b>1% Increase <u>(5.68%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 52,192,065</u>	<u>\$ 43,394,304</u>	<u>\$ 36,077,156</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving 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 and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program 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 State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$718,128, \$563,170 and \$594,760, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2014, the Midland Park Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions". The Midland Park Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$4,442,294. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$8,435,498 as originally reported to \$3,993,204 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 18,204,842		\$ 18,204,842	\$ 18,204,842	
Tuition from Individuals (Integrated Preschool)	25,000		25,000	29,150	\$ 4,150
Tuition from Other LEAs			-	2,045	2,045
Other Restricted Miscellaneous Revenues	1,387,194	\$ 80,000	1,467,194	1,446,658	(20,536)
Interest on Investments				3,369	3,369
Unrestricted Miscellaneous Revenues	22,500	-	22,500	17,058	(5,442)
Interest Earned on Capital Reserve Funds	500	-	500	804	304
	<u>19,640,036</u>	<u>80,000</u>	<u>19,720,036</u>	<u>19,703,926</u>	<u>(16,110)</u>
Total Local Sources					
State Sources					
Special Education Aid	519,994		519,994	519,994	-
Equalization Aid	35,213		35,213	35,213	-
Security Aid	16,031		16,031	16,031	-
Transportation Aid	19,908		19,908	19,908	-
PARCC Readiness	9,520		9,520	9,520	-
Per Pupil Growth Aid	9,520		9,520	9,520	-
Extraordinary Aid				139,240	139,240
On-behalf TPAF Normal Cost & Accrued Liab. (Non-Budgeted)				422,002	422,002
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)				30,361	30,361
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				718,128	718,128
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	628,324	628,324
	<u>610,186</u>	<u>-</u>	<u>610,186</u>	<u>2,548,241</u>	<u>1,938,055</u>
Total State Sources					
Total Revenues	<u>20,250,222</u>	<u>80,000</u>	<u>20,330,222</u>	<u>22,252,167</u>	<u>1,921,945</u>
<b>EXPENDITURES</b>					
CURRENT					
Regular Programs- Instruction					
Salaries of Teachers					
Kindergarten	133,575	3,013	136,588	136,588	-
Grades 1-5	2,086,833	61,079	2,147,912	2,147,484	428
Grades 6-8	1,079,773	(80,826)	998,947	998,274	673
Grades 9-12	1,869,581	30,911	1,900,492	1,899,479	1,013
Regular Programs - Home Instruction					
Salaries of Teachers	18,000	(105)	17,895	12,689	5,206
Purchased Professional/Educational Services	8,000	(7,960)	40	-	40
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	12,975	2,605	15,580	10,498	5,082
Other Purchased Services	50,450	75,108	125,558	48,681	76,877
General Supplies	232,207	67,677	299,884	261,409	38,475
Textbooks	90,079	(24,972)	65,107	56,268	8,839
Other Objects	3,239	(370)	2,869	1,266	1,603
	<u>5,584,712</u>	<u>126,160</u>	<u>5,710,872</u>	<u>5,572,636</u>	<u>138,236</u>
Total Regular Programs					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	99,508	(19,009)	80,499	80,499	-
Other Salaries for Instruction	94,842	51,547	146,389	146,100	289
Other Purchased Services	50	-	50	-	50
General Supplies	1,900	-	1,900	227	1,673
Textbooks	150	-	150	-	150
	<u>196,450</u>	<u>32,538</u>	<u>228,988</u>	<u>226,826</u>	<u>2,162</u>
Total Learning and/or Language Disabilities					

(Continued)

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 73,283	\$ (14,334)	\$ 58,949	\$ 58,949	-
Other Salaries for Instruction	42,207	(13,109)	29,098	29,098	-
Other Purchased Services	100	-	100	-	\$ 100
General Supplies	3,000	(1,050)	1,950	1,950	-
Textbooks	200	(130)	70	-	70
	<u>118,790</u>	<u>(28,623)</u>	<u>90,167</u>	<u>89,997</u>	<u>170</u>
Resource Room/Resource Center					
Salaries of Teachers	1,070,681	(34,759)	1,035,922	1,035,922	-
Other Salaries for Instruction	279,163	8,920	288,083	287,978	105
Other Purchased Services	300	-	300	-	300
General Supplies	10,850	7,626	18,476	15,615	2,861
Textbooks	2,000	(2,000)	-	-	-
	<u>1,362,994</u>	<u>(20,213)</u>	<u>1,342,781</u>	<u>1,339,515</u>	<u>3,266</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	116,479	1,525	118,004	118,004	-
Other Salaries for Instruction	81,839	43,738	125,577	125,577	-
Other Purchased Services	100	(58)	42	-	42
General Supplies	4,500	(2,657)	1,843	561	1,282
	<u>202,918</u>	<u>42,548</u>	<u>245,466</u>	<u>244,142</u>	<u>1,324</u>
Home Instruction					
Purchased Professional-Educational Services	8,000	(2,710)	5,290	216	5,074
	<u>8,000</u>	<u>(2,710)</u>	<u>5,290</u>	<u>216</u>	<u>5,074</u>
	<u>1,889,152</u>	<u>23,540</u>	<u>1,912,692</u>	<u>1,900,696</u>	<u>11,996</u>
School Spons. Co-Curricular Activities-Instruction					
Salaries	80,000	(4,252)	75,748	74,352	1,396
Purchased Services	8,550	(6,050)	2,500	2,500	-
Supplies and Materials	12,850	19	12,869	12,813	56
Other Objects	1,500	(1,100)	400	400	-
	<u>102,900</u>	<u>(11,383)</u>	<u>91,517</u>	<u>90,065</u>	<u>1,452</u>
School Sponsored Athletics - Instruction					
Salaries	301,161	(10,118)	291,043	289,159	1,884
Purchased Services	33,700	14,409	48,109	43,209	4,900
Supplies and Materials	45,508	12,316	57,824	47,805	10,019
Other Objects	16,865	(6,732)	10,133	10,133	-
	<u>397,234</u>	<u>9,875</u>	<u>407,109</u>	<u>390,306</u>	<u>16,803</u>
	<u>7,973,998</u>	<u>148,192</u>	<u>8,122,190</u>	<u>7,953,703</u>	<u>168,487</u>

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	\$ 86,000	\$ (43,160)	\$ 42,840	\$ 42,840	-
Tuition to Other LEA's Within the State - Special	552,522	(73,246)	479,276	475,264	\$ 4,012
Tuition to Vocational School Districts- Regular	43,000	(8,099)	34,901	33,709	1,192
Tuition to Vocational School Districts- Special	-	14,400	14,400	14,400	-
Tuition to County Special Services School Districts and Regional Day Schools	299,200	42,063	341,263	310,150	31,113
Tuition to Private Schools for the Disabled Within the State	967,638	(84,086)	883,552	860,588	22,964
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,948,360</b>	<b>(152,128)</b>	<b>1,796,232</b>	<b>1,736,951</b>	<b>59,281</b>
Health Services					
Salaries	214,198	6,964	221,162	221,162	-
Purchased Professional Educational Services	3,000	90	3,090	3,028	62
Supplies and Materials	5,500	2,054	7,554	6,741	813
<b>Total Health Services</b>	<b>222,698</b>	<b>9,108</b>	<b>231,806</b>	<b>230,931</b>	<b>875</b>
Other Support Services - Speech, OT, PT & Related Svcs					
Salaries	356,561	61,457	418,018	418,018	-
Purchased Professional/Educational Services	85,000	(17,213)	67,787	61,420	6,367
Supplies and Materials	5,000	(195)	4,805	547	4,258
<b>Total Other Support Services - Speech, OT, PT &amp; Related Svcs</b>	<b>446,561</b>	<b>44,049</b>	<b>490,610</b>	<b>479,985</b>	<b>10,625</b>
Other Support Services - Extra. Serv.					
Purchased Professional/Education Services	168,500	48,097	216,597	186,441	30,156
<b>Total Other Support Services - Extra. Serv.</b>	<b>168,500</b>	<b>48,097</b>	<b>216,597</b>	<b>186,441</b>	<b>30,156</b>
Other Support Services - Guidance					
Salaries of Other Professional Staff	249,322	(16,018)	233,304	233,304	-
Salaries of Secretarial and Clerical Assistants	33,102	151	33,253	33,253	-
Other Purchased Professional and Technical Services	4,400	303	4,703	1,373	3,330
Supplies and Materials	4,750	(650)	4,100	3,501	599
Other Objects	10,242	1,182	11,424	11,024	400
<b>Total Other Support Services - Guidance</b>	<b>301,816</b>	<b>(15,032)</b>	<b>286,784</b>	<b>282,455</b>	<b>4,329</b>
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	330,894	(44,675)	286,219	277,867	8,352
Salaries of Secretarial and Clerical Assistants	34,159	(878)	33,281	33,281	-
Purchased Professional/Educational Services	76,090	(41,054)	35,036	29,873	5,163
Other Purchased Professional and Techn. Services	12,500	(11,910)	590	590	-
Misc. Purchased Services	1,200	-	1,200	150	1,050
Supplies and Materials	25,600	343	25,943	22,985	2,958
Other Objects	4,500	(305)	4,195	1,219	2,976
<b>Total Other Support Services - Child Study Teams</b>	<b>484,943</b>	<b>(98,479)</b>	<b>386,464</b>	<b>365,375</b>	<b>21,089</b>

(Continued)

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 58,650	\$ (1,760)	\$ 56,890	\$ 56,890	-
Salaries of Other Professional Staff	30,600	-	30,600	30,600	-
Salaries of Secretarial and Clerical Assistants	23,995	(3,862)	20,133	20,133	-
Other Salaries	22,200	(5,000)	17,200	17,200	-
Other Purchased Services	51,725	(26,403)	25,322	22,300	\$ 3,022
Supplies and Materials	6,000	26,996	32,996	32,741	255
Other Objects	900	-	900	-	900
	<u>194,070</u>	<u>(10,029)</u>	<u>184,041</u>	<u>179,864</u>	<u>4,177</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	147,320	(22,636)	124,684	124,684	-
Salaries of Technology Coordinators	149,762	35,577	185,339	185,339	-
Purchased Professional and Technical Services	7,720	(378)	7,342	7,151	191
Supplies and Materials	16,750	468	17,218	17,217	1
Other Objects	850	(600)	250	225	25
	<u>322,402</u>	<u>12,431</u>	<u>334,833</u>	<u>334,616</u>	<u>217</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	58,650	(1,760)	56,890	56,890	-
Salaries of Other Professional Staff	30,600	-	30,600	30,600	-
Salaries of Secretarial and Clerical Assistants	23,995	59	24,054	24,054	-
Other Salaries	-	-	-	-	-
Other Purchased Professional and Technical Serv.	15,000	-	15,000	9,875	5,125
Supplies and Materials	520	(39)	481	209	272
Other Objects	12,100	1,200	13,300	8,526	4,774
	<u>140,865</u>	<u>(540)</u>	<u>140,325</u>	<u>130,154</u>	<u>10,171</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	248,302	(18,768)	229,534	229,534	-
Legal Services	35,000	19,941	54,941	49,803	5,138
Audit Fees	21,000	615	21,615	21,615	-
Other Purchased Professional Services	2,400	21,222	23,622	23,622	-
Purchased Technical Services	4,500	2,108	6,608	6,608	-
Communications/Telephone	18,750	(121)	18,629	18,598	31
BOE Other Purchased Services	2,000	877	2,877	2,877	-
Misc. Purchased Services	10,600	8,782	19,382	19,382	-
General Supplies	6,450	818	7,268	7,268	-
BOE In-House Training/Meeting Supplies	500	(439)	61	61	-
Miscellaneous Expenditures	4,100	(552)	3,548	3,548	-
Board of Education Membership Dues and Fees	10,000	(565)	9,435	9,435	-
	<u>363,602</u>	<u>33,918</u>	<u>397,520</u>	<u>392,351</u>	<u>5,169</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	507,172	3,145	510,317	503,137	7,180
Salaries of Other Professional Staff	90,780	1,815	92,595	89,000	3,595
Salaries of Secretarial and Clerical Assistants	174,867	8,525	183,392	183,392	-
Purchased Professional and Technical Services	6,980	(5,721)	1,259	1,259	-
Other Purchased Services	23,250	(542)	22,708	21,769	939
Supplies and Materials	19,500	15,971	35,471	27,423	8,048
Other Objects	8,500	(768)	7,732	7,626	106
	<u>831,049</u>	<u>22,425</u>	<u>853,474</u>	<u>833,606</u>	<u>19,868</u>
Total Support Services School Administration					

(Continued)

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 359,757	\$ (256)	\$ 359,501	\$ 359,501	-
Purchased Professional Services	600	2,240	2,840	2,840	-
Purchased Technical Services	13,100	45,305	58,405	33,405	\$ 25,000
Miscellaneous Purchased Services	3,500	2,366	5,866	5,866	-
Supplies and Materials	3,000	(1)	2,999	2,996	3
Interest on Current Loans	6,000	(2,432)	3,568	3,568	-
Miscellaneous Expenditures	2,240	98	2,338	2,338	-
<b>Total Central Services</b>	<b>388,197</b>	<b>47,320</b>	<b>435,517</b>	<b>410,514</b>	<b>25,003</b>
Admin. Information Technology					
Salaries	27,054	-	27,054	27,054	-
Purchased Professional Services	2,500	(100)	2,400	2,400	-
Purchased Technical Services	21,960	3,227	25,187	25,186	1
Other Purchased Services	45,210	13,327	58,537	45,833	12,704
Supplies and Materials	1,000	(1,000)	-	-	-
Other Objects	1,000	(856)	144	144	-
<b>Total Admin. Information Technology</b>	<b>98,724</b>	<b>14,598</b>	<b>113,322</b>	<b>100,617</b>	<b>12,705</b>
Required Maintenance for School Facilities					
Salaries	199,589	(16,857)	182,732	181,565	1,167
Cleaning, Repair and Maintenance Services	90,000	234,836	324,836	214,979	109,857
General Supplies	33,000	25,430	58,430	45,961	12,469
<b>Total Required Maintenance for School Facilities</b>	<b>322,589</b>	<b>243,409</b>	<b>565,998</b>	<b>442,505</b>	<b>123,493</b>
Custodial Services					
Salaries	409,508	9,601	419,109	406,373	12,736
Salaries of Non-Instructional Aides	107,200	779	107,979	105,929	2,050
Purchased Professional and Technical Services	35,270	(3,523)	31,747	31,747	-
Cleaning, Repair and Maintenance Services	108,400	(58,102)	50,298	50,227	71
Other Purchased Property Services	12,000	3,464	15,464	15,464	-
Insurance	96,200	(2,104)	94,096	94,096	-
General Supplies	40,000	7,857	47,857	42,734	5,123
Energy (Natural Gas)	135,000	(20,318)	114,682	104,320	10,362
Energy (Electricity)	235,000	(35,071)	199,929	156,010	43,919
Other Objects	350	(122)	228	228	-
<b>Total Custodial Services</b>	<b>1,178,928</b>	<b>(97,539)</b>	<b>1,081,389</b>	<b>1,007,128</b>	<b>74,261</b>
Security					
Purchased Professional and Technical Services	45,000	48,223	93,223	68,591	24,632
General Supplies	-	2,702	2,702	2,702	-
<b>Total Security</b>	<b>45,000</b>	<b>50,925</b>	<b>95,925</b>	<b>71,293</b>	<b>24,632</b>

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 40,000	\$ 20,884	\$ 60,884	\$ 57,904	\$ 2,980
Salaries for Pupil Transportation (Between Home and School)-Special Education	126,705	40,524	167,229	154,053	13,176
Cleaning, Repair and Maintenance Services	10,000	-	10,000	7,576	2,424
Lease Purchase Payments - School Buses	54,094	-	54,094	34,163	19,931
Contracted Services (Other than Between Home and School) - Vendors	21,150	-	21,150	17,768	3,382
Contracted Services (Between Home and School) - Joint Agreements	50,000	-	50,000	35,876	14,124
Contracted Services (Special Education Students) - Joint Agreements	290,000	(61,409)	228,591	163,595	64,996
Transportation Supplies	5,000	-	5,000	726	4,274
Other Objects	28,500	-	28,500	19,649	8,851
<b>Total Student Transportation Services</b>	<u>625,449</u>	<u>(1)</u>	<u>625,448</u>	<u>491,310</u>	<u>134,138</u>
Unallocated Benefits					
Group Insurance		430	430	430	
Social Security Contributions	230,000	12,119	242,119	238,866	3,253
Other Retirement Contributions - PERS	235,000	(4,745)	230,255	220,946	9,309
Other Retirement Contributions - Regular	-	2,625	2,625	2,390	235
Unemployment Compensation	30,000	70,000	100,000	100,000	
Workmen's Compensation	141,500	(5,148)	136,352	129,822	6,530
Health Benefits	2,855,000	(166,138)	2,688,862	2,597,901	90,961
Tuition Reimbursement	40,000	(5,000)	35,000	28,128	6,872
Other Employee Benefits	43,000	5,570	48,570	3,409	45,161
<b>Total Unallocated Benefits</b>	<u>3,574,500</u>	<u>(90,287)</u>	<u>3,484,213</u>	<u>3,321,892</u>	<u>162,321</u>
On-Behalf TPAF Normal & Accrued Liab. Contribution (Non-Budgeted)				422,002	(422,002)
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)				30,361	(30,361)
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)				718,128	(718,128)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	628,324	(628,324)
<b>Total On-Behalf Payments</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798,815</u>	<u>(1,798,815)</u>
<b>Total Undistributed Expenditures</b>	<u>11,658,253</u>	<u>62,245</u>	<u>11,720,498</u>	<u>12,796,803</u>	<u>(1,076,305)</u>
<b>Total Expenditures-Current Expense</b>	<u>19,632,251</u>	<u>210,437</u>	<u>19,842,688</u>	<u>20,750,506</u>	<u>(907,818)</u>

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
<b>Equipment</b>					
Grades 1-5		\$ 3,300	3,300		3,300
Grades 6-8		14,775	14,775	\$ 14,290	485
Grades 9-12		8,600	8,600		8,600
School Sponsored and Other Instructional Programs		36,581	36,581	16,923	19,658
Undistributed Expend. Support Services- Students- Special		23,759	23,759		23,759
Undistributed Expenditures-School Admin		3,811	3,811	3,811	-
Undistributed Expenditures-Admin Info Tech	-	17,235	17,235	5,935	11,300
Undistributed Expenditures- Required Maintenance		67,458	67,458	42,458	25,000
Undistributed Expend- Security	-	15,596	15,596	-	15,596
<b>Total Equipment</b>	<b>-</b>	<b>191,115</b>	<b>191,115</b>	<b>83,417</b>	<b>107,698</b>
<b>Facilities Acq. And Construction Services</b>					
Architectural/Engineering Services	50,000	-	50,000	15,000	35,000
Construction Services	300,000	(11,158)	288,842	234,480	54,362
Other Objects-Debt Service Assessment	22,775	-	22,775	22,775	-
<b>Total Facilities Acq. And Contr. Services</b>	<b>372,775</b>	<b>(11,158)</b>	<b>361,617</b>	<b>272,255</b>	<b>89,362</b>
<b>Total Capital Outlay</b>	<b>373,275</b>	<b>179,957</b>	<b>553,232</b>	<b>355,672</b>	<b>197,560</b>
<b>SPECIAL SCHOOLS</b>					
<b>Adult Education - Local - Instruction</b>					
Salaries of Teachers	114,000	-	114,000	83,199	30,801
Purchased Professional and Technical Services	127,000	4,100	131,100	113,120	17,980
Other Purchased Services	254,500	75,900	330,400	314,567	15,833
General Supplies	8,000	-	8,000	3,065	4,935
Textbooks	3,500	-	3,500	1,621	1,879
Other Objects	100	-	100	54	46
<b>Total Adult Education - Local - Instruction</b>	<b>507,100</b>	<b>80,000</b>	<b>587,100</b>	<b>515,626</b>	<b>71,474</b>
<b>Adult Education - Local - Support Services</b>					
Salaries	143,889	-	143,889	125,701	18,188
Personal Services-Employee Benefits	90,000	-	90,000	86,917	3,083
<b>Total Adult Education - Local - Support Services</b>	<b>233,889</b>	<b>-</b>	<b>233,889</b>	<b>212,618</b>	<b>21,271</b>
<b>Total Special Schools</b>	<b>740,989</b>	<b>80,000</b>	<b>820,989</b>	<b>728,244</b>	<b>92,745</b>
<b>Total Expenditures</b>	<b>20,746,515</b>	<b>470,394</b>	<b>21,216,909</b>	<b>21,834,422</b>	<b>(617,513)</b>
<b>Excess (Deficiency) of Revenues</b>					
Over/(Under) Expenditures	(496,293)	(390,394)	(886,687)	417,745	1,304,432
<b>Other Financing Sources (Uses)</b>					
Transfers Out	-	-	-	(150,000)	(150,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>(150,000)</b>

(Continued)

**MIDLAND PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditure and Other Financing Uses	\$ (496,293)	\$ (390,394)	\$ (886,687)	\$ 267,745	\$ 1,154,432
Fund Balances, Beginning of Year	<u>2,886,801</u>	<u>-</u>	<u>2,886,801</u>	<u>2,886,801</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,390,508</u>	<u>\$ (390,394)</u>	<u>\$ 2,000,114</u>	<u>\$ 3,154,546</u>	<u>\$ 1,154,432</u>
<b><u>Recapitulation</u></b>					
Restricted Fund Balance					
Capital Reserve				\$ 464,769	
Capital Reserve - Designated for Subsequent Year's Budget				600,000	
Adult Education Programs				18,476	
Adult Education Program - Designated for Subsequent Year's Budget				2,623	
Excess Surplus - Designated for Subsequent Year's Budget				400,000	
Excess Surplus				375,000	
Assigned Fund Balance					
Designated for Subsequent Year's Budget				238,725	
Year-End Encumbrances				512,001	
Unassigned Fund Balance				<u>542,952</u>	
				3,154,546	
Reconciliation to Governmental Fund Statement (GAAP)					
State Aid Payments Not Recognized on GAAP Basis				(31,977)	
Extraordinary Aid Payment Not Recognized on GAAP Basis				<u>(139,240)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,983,329</u>	

**MIDLAND PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 9	\$ 9	-	\$ (9)
State	\$ 137,284	46,580	183,864	\$ 143,447	(40,417)
Federal	191,968	142,987	334,955	291,571	(43,384)
Total Revenues	<u>329,252</u>	<u>189,576</u>	<u>518,828</u>	<u>435,018</u>	<u>(83,810)</u>
<b>EXPENDITURES</b>					
Instruction					
Other Purchased Services	154,632	62,013	216,645	216,645	-
General Supplies	40,344	(30,559)	9,785	7,713	2,072
Textbooks	8,249	1,530	9,779	9,393	386
Total Instruction	<u>203,225</u>	<u>32,984</u>	<u>236,209</u>	<u>233,751</u>	<u>2,458</u>
Support Services					
Purchased Professional/Technical Svcs.	-	89,551	89,551	62,546	27,005
Purchased Professional/Educational Svcs.	126,027	41,710	167,737	128,998	38,739
Other Purchased Services		4,033	4,033	3,900	133
General Supplies	-	13,381	13,381	251	13,130
Total Support Services	<u>126,027</u>	<u>148,675</u>	<u>274,702</u>	<u>195,695</u>	<u>79,007</u>
Facilities Acquisitions and Construction					
Instructional Equipment	-	7,917	7,917	5,572	2,345
Total Facilities Acquisitions and Construction	<u>-</u>	<u>7,917</u>	<u>7,917</u>	<u>5,572</u>	<u>2,345</u>
Total Expenditures	<u>329,252</u>	<u>189,576</u>	<u>518,828</u>	<u>435,018</u>	<u>83,810</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**MIDLAND PARK BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 22,252,167	\$ 435,018	
<b>Difference-Budget to GAAP:</b>			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2014		261	
Encumbrances, June 30, 2015		(1,900)	
Extraordinary aid payments recognized for GAAP purpose not recognized for budgetary statements (2013/2014 State aid)	176,880		
State aid and Extraordinary aid payments recognized for budgetary purpose not recognized for GAAP statements (2014/2015 State aid)	<u>(171,217)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 22,257,830</u>	<u>\$ 433,379</u>	
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 21,834,422	\$ 435,018	
<b>Differences-Budget to GAAP</b>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the orders is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2014		\$ 261	
Encumbrances, June 30, 2015	<u>-</u>	<u>(1,900)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 21,834,422</u>	<u>\$ 433,379</u>	

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Public Employees Retirement System**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02596%	0.02324%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,861,274	\$ 4,442,294
District's Covered-Employee Payroll	\$ 1,791,926	\$ 1,695,648
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	271%	262%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 214,048	\$ 175,135
Contributions in Relation to the Contractually Required Contribution	<u>214,048</u>	<u>175,135</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,791,926	\$ 1,695,648
Contributions as a Percentage of Covered-Employee Payroll	11.95%	10.33%

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

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

**Teachers Pension and Annuity Fund**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 43,394,304	\$ 41,140,249
<b>Total</b>	<b>\$ 43,394,304</b>	<b>\$ 41,140,249</b>
District's Covered-Employee Payroll	\$ 8,146,793	\$ 8,201,607
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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

**MIDLAND PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Change of Benefit Terms:**           None.

**Change of Assumptions:**       The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**MIDLAND PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>I.D.E.A. Part B Preschool</u>	<u>I.D.E.A. Part B Basic</u>	<u>Total Exhibit E-1A</u>	<u>Total Exhibit E-1B</u>	<u>Total 2014/15</u>
<b>REVENUES</b>							
Intergovernmental							
State	\$ 9,393	\$ 13,983		-	\$ 120,071	-	\$ 143,447
Federal	-	-	\$ 20,538	\$ 243,720	11,390	\$ 15,923	291,571
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 9,393</u>	<u>\$ 13,983</u>	<u>\$ 20,538</u>	<u>\$ 243,720</u>	<u>\$ 131,461</u>	<u>\$ 15,923</u>	<u>\$ 435,018</u>
<b>EXPENDITURES</b>							
Instruction							
Other Purchased Services			\$ 20,538	\$ 196,107		-	\$ 216,645
General Supplies					\$ 7,713	-	7,713
Textbooks	\$ 9,393	-	-	-	-	-	9,393
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Instruction	<u>9,393</u>	<u>-</u>	<u>20,538</u>	<u>196,107</u>	<u>7,713</u>	<u>-</u>	<u>233,751</u>
Support Services							
Purchased Prof. And Technical Svcs.			-	47,613	3,161	\$ 11,772	62,546
Purchased Prof. - Educational Svc		\$ 13,983			115,015	-	128,998
Other Purchased Services						3,900	3,900
General Supplies	-	-	-	-	-	251	251
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Support Services	<u>-</u>	<u>13,983</u>	<u>-</u>	<u>47,613</u>	<u>118,176</u>	<u>15,923</u>	<u>195,695</u>
Facilities Acquisitions and Construction							
Instructional Equipment	-	-	-	-	5,572	-	5,572
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Facilities Acquisitions and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,572</u>	<u>-</u>	<u>5,572</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>\$ 9,393</u>	<u>\$ 13,983</u>	<u>\$ 20,538</u>	<u>\$ 243,720</u>	<u>\$ 131,461</u>	<u>\$ 15,923</u>	<u>\$ 435,018</u>

MIDLAND PARK BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Comp. Ed.</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Suppl. Inst.</u>	<u>Nonpublic Exam. and Class</u>	<u>Nonpublic Speech Corr.</u>	<u>Transportation</u>	<u>Nonpublic Technology</u>	<u>Title I</u>	<u>Total</u>
<b>REVENUES</b>									
Intergovernmental									
State	\$ 46,223	\$ 7,217	\$ 7,847	\$ 11,707	\$ 29,421	\$ 12,600	\$ 5,056		\$ 120,071
Federal	-	-	-	-	-	-	-	\$ 11,390	11,390
Total Revenues	<u>\$ 46,223</u>	<u>\$ 7,217</u>	<u>\$ 7,847</u>	<u>\$ 11,707</u>	<u>\$ 29,421</u>	<u>\$ 12,600</u>	<u>\$ 5,056</u>	<u>\$ 11,390</u>	<u>\$ 131,461</u>
<b>EXPENDITURES</b>									
Instruction									
General Supplies	-	-	-	-	-	-	\$ 5,056	\$ 2,657	\$ 7,713
Total Instruction	-	-	-	-	-	-	5,056	2,657	7,713
Support Services									
Purchased Prof. - Educational Svc	\$ 46,223	\$ 7,217	\$ 7,847	\$ 11,707	\$ 29,421	\$ 12,600			115,015
Purchased Prof. and Technical Svcs.								3,161	3,161
General Supplies	-	-	-	-	-	-	-	-	-
Total Support Services	<u>46,223</u>	<u>7,217</u>	<u>7,847</u>	<u>11,707</u>	<u>29,421</u>	<u>12,600</u>	<u>-</u>	<u>3,161</u>	<u>118,176</u>
Facilities Acquisition and Construction									
Instructional Equipment	-	-	-	-	-	-	-	5,572	5,572
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	5,572	5,572
Total Expenditures	<u>\$ 46,223</u>	<u>\$ 7,217</u>	<u>\$ 7,847</u>	<u>\$ 11,707</u>	<u>\$ 29,421</u>	<u>\$ 12,600</u>	<u>\$ 5,056</u>	<u>\$ 11,390</u>	<u>\$ 131,461</u>

**MIDLAND PARK BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT E-1B

	<u>Title IIA</u>	<u>Total</u>
REVENUES		
Intergovernmental		
State		-
Federal	\$ 15,923	\$ 15,923
Total Revenues	<u>\$ 15,923</u>	<u>\$ 15,923</u>
EXPENDITURES		
Instruction		
Other Purchased Services	-	-
General Supplies		-
Other Objects	-	-
Total Instruction	<u>-</u>	<u>-</u>
Support Services		
Purchased Prof. and Technical Svcs.	\$ 11,772	\$ 11,772
Purchased Prof. - Educational Svc		-
Other Purchased Services	3,900	3,900
General Supplies	251	251
Total Support Services	<u>15,923</u>	<u>15,923</u>
Total Expenditures	<u>\$ 15,923</u>	<u>\$ 15,923</u>

**MIDLAND PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**MIDLAND PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Cancelled</u>	<u>Expenditures to Date Prior Years</u>	<u>Transfer to Debt Service Fund</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
Replacement of HVAC System- High School	\$ 179,833	\$ (578)	\$ 178,855	\$ 400		
Various Improvements and Renovations to Midland Park High School and Highland/Godwin School	<u>11,509,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ 1,107,737	\$ 10,402,070
	<u>\$ 11,689,640</u>	<u>\$ (578)</u>	<u>\$ 178,855</u>	<u>\$ 400</u>	<u>\$ 1,107,737</u>	<u>\$ 10,402,070</u>
			Project Balance			\$ 10,402,070
			Less:			
				Unrealized SDA Grant Revenue		<u>(2,581,953)</u>
			Fund Balance - June 30, 2015 (GAAP)			<u>\$ 7,820,117</u>
			<b><u>Reconciliation of Fund Balance</u></b>			
			Restricted			
				Year-End Encumbrances		\$ 3,512,550
				Available for Capital Projects		<u>4,307,567</u>
			Total Fund Balance- Restricted			
			for Capital Projects			
						<u>\$ 7,820,117</u>

**MIDLAND PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Revenues and Other Financing Sources</b>	
Bond Proceeds	\$ 8,500,000
SDA Grants	2,859,807
Transfer from Capital Reserve	150,000
Premium on Bonds	134,437
Interest Earnings on Deposits	<u>3,061</u>
 Total Revenues and Other Financing Sources	 <u>11,647,305</u>
 <b>Expenditures and Other Financing Uses</b>	
Purchased Professional Services	564,274
Constructions Services	543,463
Cancelled SDA Receivable	578
Cost of Issuance - Bond Issue	133,459
Transfers Out - Debt Service Fund	<u>4,439</u>
 Total Expenditures and Other Financing Uses	 <u>1,246,213</u>
 Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	  10,401,092
 Fund Balance- Beginning of Year	  <u>978</u>
 Fund Balance - End of Year	  <u>\$ 10,402,070</u>
 Fund Balance (Budgetary Basis)	  \$ 10,402,070
Reconciliation to Governmental Fund Statements (GAAP):	
Less: Unrealized SDA Grant Revenue Not Recognized on GAAP Basis	<u>(2,581,953)</u>
 Fund Balance - Per Governmental Funds (GAAP)	  <u>\$ 7,820,117</u>

**MIDLAND PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
REPLACEMENT OF HVAC SYSTEM- HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 71,933	\$ (578)	\$ 71,355	\$ 71,355
Transfers from Capital Reserve	107,900	-	107,900	107,900
	<u>179,833</u>	<u>(578)</u>	<u>179,255</u>	<u>179,255</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	178,658	-	178,658	178,658
Transfer to Debt Service Fund	197	400	597	597
	<u>178,855</u>	<u>400</u>	<u>179,255</u>	<u>179,255</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 978</u>	<u>\$ (978)</u>	<u>\$ -</u>	<u>\$ -</u>

**MIDLAND PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS BUDGETARY BASIS  
VARIOUS IMPROVEMENTS AND RENOVATIONS TO THE MIDLAND PARK  
HIGH SCHOOL AND THE HIGHLAND AVENUE, GODWIN ELEMENTARY SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>			
Bond Proceeds	\$ 8,500,000	\$ 8,500,000	\$ 8,500,000
State Sources- SCC Grant	2,859,807	2,859,807	2,859,807
Transfers from Capital Reserve	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
<b>Total Revenues and Other Financing Sources</b>	<u>11,509,807</u>	<u>11,509,807</u>	<u>11,509,807</u>
<b>Expenditures and Other Financing Uses</b>			
<b>Expenditures</b>			
Purchase Professional and Technical Services	564,274	564,274	646,620
Construction Services	<u>543,463</u>	<u>543,463</u>	<u>10,863,187</u>
<b>Total Expenditures</b>	<u>1,107,737</u>	<u>1,107,737</u>	<u>11,509,807</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>\$ 1,107,737</u>	<u>\$ 10,402,070</u>	<u>\$ -</u>

**Additional Project Information:**

Project Numbers	3170-050-14-1001-G04 3170-050-14-1002-G04 3170-070-14-1003-G04
Grant Date	2/24/2014
Bond Authorization Date	1/15/2015
Proceeds Issued	\$ 8,500,000
Original Authorized Cost	\$ 11,509,807
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	10%
Original Target Completion Date	2015/2016

**PROPRIETARY FUNDS**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**MIDLAND PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 164,991	\$ 158,453	\$ 323,444
Total Assets	<u>\$ 164,991</u>	<u>\$ 158,453</u>	<u>\$ 323,444</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 140,285	\$ 140,285
Accrued Salaries and Wages		73	73
Reserve for Flexible Spending (Sect. 125) Plan		18,095	18,095
Due to Student Groups	<u>\$ 164,991</u>	<u>-</u>	<u>164,991</u>
Total Liabilities	<u>\$ 164,991</u>	<u>\$ 158,453</u>	<u>\$ 323,444</u>

**MIDLAND PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

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

**MIDLAND PARK BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2015</u>
<b>ELEMENTARY SCHOOLS</b>				
Student activity	\$ 6,917	\$ 21,532	\$ 22,146	\$ 6,303
<b>HIGH SCHOOL</b>				
Student activity	<u>142,422</u>	<u>243,026</u>	<u>226,760</u>	<u>158,688</u>
	<u>\$ 149,339</u>	<u>\$ 264,558</u>	<u>\$ 248,906</u>	<u>\$ 164,991</u>

**MIDLAND PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 92,129	\$ 13,650,131	\$ 13,583,807	\$ 158,453
Due from General Fund	1,139		1,139	1,139
Due from Unemployment Compensation Trust Fund	<u>7,046</u>	<u>-</u>	<u>7,046</u>	<u>7,046</u>
 Total Assets	 <u>\$ 100,314</u>	 <u>\$ 13,650,131</u>	 <u>\$ 13,591,992</u>	 <u>\$ 166,638</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 85,541	\$ 5,848,589	\$ 5,793,845	\$ 140,285
Accrued Salaries and Wages	92	7,766,028	7,766,047	73
Reserve for Flexible Spending (Sect. 125) Plan	<u>14,681</u>	<u>35,514</u>	<u>32,100</u>	<u>18,095</u>
 Total Liabilities	 <u>\$ 100,314</u>	 <u>\$ 13,650,131</u>	 <u>\$ 13,591,992</u>	 <u>\$ 158,453</u>

**LONG-TERM DEBT**

**MIDLAND PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Bonds</u>	<u>Amount of Bonds</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
2012 Refunding Bonds	3/28/2012	\$ 3,695,000	8/15/2015	\$ 330,000	2.000 %				
			8/15/2016	340,000	3.000				
			8/15/2017	350,000	3.000				
			8/15/2018	360,000	3.000				
			8/15/2019	370,000	3.000				
			8/15/2020	380,000	3.000				
			8/15/2021	390,000	3.000				
			8/15/2022	395,000	3.000				
			8/15/2023	395,000	3.000	\$ 3,635,000		\$ 325,000	\$ 3,310,000
∞ 2015 School Bonds	2/5/2015	8,500,000	8/15/2015	270,000	2.000				
			8/15/2016	285,000	2.000				
			8/15/2017	300,000	2.000				
			8/15/2018	315,000	2.000				
			8/15/2019	325,000	2.000				
			8/15/2020	335,000	2.000				
			8/15/2021	345,000	2.000				
			8/15/2022	360,000	2.000				
			8/15/2023	370,000	2.000				
			8/15/2024	385,000	2.000				
			8/15/2025	400,000	2.000				
			8/15/2026	415,000	2.000				
			8/15/2027	425,000	3.000				
			8/15/2028	440,000	3.000				
			8/15/2029	460,000	3.000				
			8/15/2030	475,000	3.000				
			8/15/2031	490,000	3.000				
			8/15/2032	505,000	3.000				
			8/15/2033	525,000	3.000				
			8/15/2034	535,000	3.000				
			8/15/2035	540,000	3.125				
						-	\$ 8,500,000	-	8,500,000
						<u>\$ 3,635,000</u>	<u>\$ 8,500,000</u>	<u>\$ 325,000</u>	<u>\$ 11,810,000</u>
								Paid by Budget Appropriation	<u>\$ 325,000</u>

**MIDLAND PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Wireless Network	3.65%	\$ 180,000	\$ 57,457		\$ 37,958	\$ 19,499
Copiers	5.40%	25,500	13,616		4,604	9,012
Lease Purchase-Buses and Vehicles	1.74%	176,145	104,283		34,163	70,120
Technology Equipment	0.00%	114,759	76,506	-	-	76,506
			<u>\$ 251,862</u>	<u>\$ -</u>	<u>\$ 76,725</u>	<u>\$ 175,137</u>
				Paid by Budget Appropriation	<u>\$ 76,725</u>	

MIDLAND PARK BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 415,162	-	\$ 415,162	\$ 415,162	-
Total Revenues	415,162	-	415,162	415,162	-
<b>EXPENDITURES</b>					
Debt Service					
Principal on Bonds	325,000		325,000	325,000	
Interest on Bonds	99,250	-	99,250	99,250	-
Total Expenditures	424,250	-	424,250	424,250	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(9,088)	-	(9,088)	(9,088)	-
<b>OTHER FINANCING SOURCES</b>					
Transfer In	-	-	-	4,439	\$ 4,439
Total Other Financing Sources	-	-	-	4,439	4,439
Net Change in Fund Balance	(9,088)	-	(9,088)	(4,649)	4,439
Fund Balances, Beginning of Year	9,088	-	9,088	9,088	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ 4,439	\$ 4,439

**Recapitulation of fund Balance:**

Restricted for Debt Service -  
Available for Future Use                   \$ 4,439

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	2006	2007	2008	2009	Fiscal Year Ending June 30,		2012	2013	2014	2015
					2010	2011	(Restated)		(Restated)	
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,861,830	\$ 2,937,499	\$ 2,922,055	\$ 2,871,852	\$ 2,958,287	\$ 2,890,629	\$ 3,734,127	\$ 3,978,371	\$ 5,850,681	\$ 5,436,490
Restricted	278,029	271,301	174,145	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161
Unrestricted	132,550	104,366	213,499	276,821	580,254	1,284,612	1,276,874	1,594,958	(2,983,237)	(2,925,558)
<b>Total governmental activities net position</b>	<u>\$ 3,272,409</u>	<u>\$ 3,313,166</u>	<u>\$ 3,309,699</u>	<u>\$ 3,389,674</u>	<u>\$ 3,741,688</u>	<u>\$ 4,527,116</u>	<u>\$ 5,977,861</u>	<u>\$ 6,603,384</u>	<u>\$ 3,993,204</u>	<u>\$ 4,029,093</u>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 6,860	\$ 5,833	\$ 15,777	\$ 13,782	\$ 11,787	\$ 9,793	\$ 61,733	\$ 53,102	\$ 50,501	\$ 39,561
Restricted										
Unrestricted	43,934	30,059	36,780	37,914	51,303	66,196	78,731	79,357	75,320	74,201
<b>Total Business-Type Activities Net Position</b>	<u>\$ 50,794</u>	<u>\$ 35,892</u>	<u>\$ 52,557</u>	<u>\$ 51,696</u>	<u>\$ 63,090</u>	<u>\$ 75,989</u>	<u>\$ 140,464</u>	<u>\$ 132,459</u>	<u>\$ 125,821</u>	<u>\$ 113,762</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 2,868,690	\$ 2,943,332	\$ 2,937,832	\$ 2,885,634	\$ 2,970,074	\$ 2,900,422	\$ 3,795,860	\$ 4,031,473	\$ 5,901,182	\$ 5,476,051
Restricted	278,029	271,301	174,145	241,001	203,147	351,875	966,860	1,030,055	1,125,760	1,518,161
Unrestricted	176,484	134,425	250,279	314,735	631,557	1,350,808	1,355,605	1,674,315	(2,907,917)	(2,851,357)
<b>Total District Net Position</b>	<u>\$ 3,323,203</u>	<u>\$ 3,349,058</u>	<u>\$ 3,362,256</u>	<u>\$ 3,441,370</u>	<u>\$ 3,804,778</u>	<u>\$ 4,603,105</u>	<u>\$ 6,118,325</u>	<u>\$ 6,735,843</u>	<u>\$ 4,119,025</u>	<u>\$ 4,142,855</u>

Note 1 - Net Position at June 30, 2012 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 7,366,758	\$ 8,010,924	\$ 7,941,650	\$ 7,735,674	\$ 7,464,207	\$ 6,901,491	\$ 7,688,003	\$ 8,084,461	\$ 7,938,421	\$ 9,804,531
Special education	3,528,983	3,588,433	3,709,021	3,920,717	4,393,254	4,774,144	4,419,116	4,587,358	4,501,769	5,193,170
Other instruction				621						
School Sponsored Activities and Athletics	587,178	651,198	702,554	688,805	646,706	538,492	584,681	670,894	669,528	759,684
Other		458,843	459,542	420,414	433,849	337,381	726,031	633,752	671,286	886,952
Support Services:										
Student & instruction related services	2,400,000	3,110,037	3,160,077	3,005,599	3,270,124	2,838,277	2,894,049	2,823,942	2,887,818	3,310,290
General and Business Admin/Central Svcs.	932,137	961,140	1,048,697	1,024,063	1,061,754	1,162,374	1,230,311	1,209,666	1,194,263	1,323,919
School Administration services	844,285	886,575	924,819	1,058,664	1,062,906	1,000,521	1,074,035	1,195,229	1,167,881	1,386,281
Plant operations and maintenance	1,202,465	1,340,455	1,515,169	1,529,510	1,649,030	1,521,540	1,672,952	1,724,253	1,895,075	1,834,810
Pupil transportation	522,417	504,319	558,479	517,610	601,594	565,859	545,018	560,515		539,909
Special Schools (A)	841,646									
Interest on long-term debt	239,949	232,576	224,672	211,268	201,294	198,631	154,502	122,852	107,932	194,909
Total governmental activities expenses	18,465,818	19,744,500	20,244,680	20,112,945	20,784,718	19,838,710	20,988,698	21,612,922	21,578,995	25,234,455
<b>Business-type activities:</b>										
Food service	312,690	331,966	338,634	333,321	322,503	305,068	340,708	339,638	332,467	326,525
Total business-type activities expense	312,690	331,966	338,634	333,321	322,503	305,068	340,708	339,638	332,467	326,525
Total district expenses	\$ 18,778,508	\$ 20,076,466	\$ 20,583,314	\$ 20,446,266	\$ 21,107,221	\$ 20,143,778	\$ 21,329,406	\$ 21,952,560	\$ 21,911,462	\$ 25,560,980
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Instruction (tuition)	\$ 54,589	\$ 63,395	\$ 49,798	\$ 42,241	\$ 2,624		\$ 27,700	\$ 26,482	\$ 25,644	\$ 31,195
Adult education	702,965	644,694	589,875	645,601	626,761	\$ 561,131	631,163	553,341	529,773	708,635
Operating grants and contributions	2,644,558	3,153,267	3,180,401	2,532,761	2,974,870	1,891,083	2,554,206	2,889,511	2,654,539	4,834,961
Capital grants and contributions	1,200,810									278,254
Total governmental activities program revenues	4,602,922	3,861,356	3,820,074	3,220,603	3,604,255	2,452,214	3,213,069	3,469,334	3,209,956	5,853,045
<b>Business-type activities:</b>										
Charges for services:										
Food service	263,801	267,880	296,015	284,516	280,468	259,182	277,845	255,620	247,855	239,912
Operating grants and contributions	52,753	43,028	39,536	46,666	52,809	58,513	70,470	75,845	77,687	74,471
Total business type activities program revenues	316,554	310,908	335,551	330,982	333,277	317,695	348,315	331,465	325,542	314,383
Total district program revenues	\$ 4,919,476	\$ 4,172,264	\$ 4,155,625	\$ 3,551,585	\$ 3,937,532	\$ 2,769,909	\$ 3,561,384	\$ 3,800,799	\$ 3,535,498	\$ 6,167,428
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (13,862,896)	\$ (15,883,144)	\$ (16,424,606)	\$ (16,892,342)	\$ (17,180,463)	\$ (17,386,496)	\$ (17,775,629)	\$ (18,143,588)	\$ (18,369,039)	\$ (19,381,410)
<b>Business-type activities</b>	3,864	(21,058)	(3,083)	(2,339)	10,774	12,627	7,607	(8,173)	(6,923)	(12,142)
Total district-wide net expense	\$ (13,859,032)	\$ (15,904,202)	\$ (16,427,689)	\$ (16,894,681)	\$ (17,169,689)	\$ (17,373,869)	\$ (17,768,022)	\$ (18,151,761)	\$ (18,375,964)	\$ (19,393,552)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	\$ 13,563,447	\$ 14,448,910	\$ 15,017,682	\$ 15,538,133	\$ 16,171,595	\$ 16,818,459	\$ 17,154,828	\$ 17,497,925	\$ 18,802,959	\$ 18,204,842
Property Taxes levied for debt service	449,459	450,590	451,309	451,615	451,509	450,990	450,059	423,524	423,472	415,162
Unrestricted grants and contributions	197,667	155,155	190,076	169,274	136,320	77,936		30,576	34,660	34,980
Investment earnings	118,441	119,445	81,826	26,001	40,282	14,723	8,397	8,256	3,511	7,234
Miscellaneous income	807,302	756,385	727,595	787,294	732,671	809,816	799,462	808,830	936,551	755,081
Loss on Disposal of Capital Assets		(4,584)	(30,481)							
Transfers	(11,000)	(2,000)	(16,868)							
Total governmental activities	15,125,516	15,925,901	16,421,139	16,972,317	17,532,577	18,171,924	18,412,746	18,769,111	20,201,153	19,417,299
<b>Business-type activities:</b>										
Investment Earnings		4,156	2,880	1,478	620	272	179	168	287	83
Transfers	11,000	2,000	16,868							
Total business-type activities	11,000	6,156	19,748	1,478	620	272	179	168	287	83
Total district-wide	\$ 15,136,516	\$ 15,932,057	\$ 16,440,887	\$ 16,973,795	\$ 17,533,197	\$ 18,172,196	\$ 18,412,925	\$ 18,769,279	\$ 20,201,440	\$ 19,417,382
<b>Change in Net Position</b>										
<b>Governmental activities</b>	\$ 1,262,420	\$ 40,757	\$ (3,467)	\$ 79,975	\$ 351,914	\$ 785,428	\$ 637,117	\$ 625,523	\$ 1,832,114	\$ 35,889
<b>Business-type activities</b>	14,864	(14,902)	16,665	(861)	11,394	12,899	7,786	(8,005)	(6,638)	(12,059)
Total district	\$ 1,277,284	\$ 25,855	\$ 13,198	\$ 79,114	\$ 363,308	\$ 798,327	\$ 644,903	\$ 617,518	\$ 1,825,476	\$ 23,830

(A) Prior to fiscal year ending June 30, 2007, the Special Schools expenditures were not allocated.

Source: District financial statements

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 439,568	\$ 420,358	\$ 431,873	\$ 755,309	\$ 889,847					
Unreserved	497,762	449,698	463,249	203,045	364,406					
Nonspendable						\$ 39,783	\$ 36,057	\$ 40,349		
Restricted						1,051,968	1,560,054	1,518,044	\$ 1,797,257	\$ 1,860,868
Committed						214,375	267,345	493,776	267,213	-
Assigned						278,788	332,789	138,120	255,094	750,726
Unassigned						376,893	357,065	371,248	390,357	371,735
Total general fund	<u>\$ 937,330</u>	<u>\$ 870,056</u>	<u>\$ 895,122</u>	<u>\$ 958,354</u>	<u>\$ 1,254,253</u>	<u>\$ 1,961,807</u>	<u>\$ 2,553,310</u>	<u>\$ 2,561,537</u>	<u>\$ 2,709,921</u>	<u>\$ 2,983,329</u>
All Other Governmental Funds										
Reserved	\$ 115,750									
Unreserved	(10,478)	\$ 5,017	\$ 5,017	\$ 197	\$ 197					
Nonspendable										
Restricted						\$ 197	\$ 197	\$ 185,233	\$ 9,088	\$ 7,824,556
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 105,272</u>	<u>\$ 5,017</u>	<u>\$ 5,017</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 185,233</u>	<u>\$ 9,088</u>	<u>\$ 7,824,556</u>

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Source: District financial statements

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Property Tax levy	\$ 14,012,906	\$ 14,899,500	\$ 15,468,991	\$ 15,989,748	\$ 16,623,104	\$ 17,269,449	\$ 17,604,887	\$ 17,921,449	\$ 19,226,431	\$ 18,620,004
Tuition charges	54,589	63,395	49,798	42,241	2,624					31,195
Miscellaneous	1,628,708	1,520,524	1,399,296	1,458,896	1,452,435	1,402,226	1,509,910	1,404,173	1,496,862	1,470,950
State sources	3,714,373	2,941,100	3,035,078	2,386,727	2,487,932	1,540,475	2,142,303	2,574,234	2,375,839	2,975,866
Federal sources	328,662	367,322	335,399	315,308	570,537	411,988	368,715	338,589	311,977	289,671
<b>Total revenue</b>	<b>19,739,238</b>	<b>19,791,841</b>	<b>20,288,562</b>	<b>20,192,920</b>	<b>21,136,632</b>	<b>20,624,138</b>	<b>21,625,815</b>	<b>22,238,445</b>	<b>23,411,109</b>	<b>23,387,686</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	7,172,963	8,343,517	8,151,264	7,983,918	7,680,945	7,153,897	7,479,148	7,884,907	7,742,389	8,086,962
Special education instruction	3,536,575	3,548,709	3,668,062	3,881,499	4,351,749	4,730,555	4,373,319	4,526,493	4,464,400	4,644,281
Other instruction				621			708,818	658,391	658,817	831,109
School sponsored activities and athletics	587,178	641,686	689,849	675,498	634,001	524,949	572,551	777,943	657,398	643,844
<b>Support Services:</b>										
Student & inst. related services	2,396,291	3,035,256	3,131,462	2,949,599	3,206,329	2,798,410	2,824,804	2,629,669	2,818,165	3,051,762
General Administration Services	467,955	492,042	572,323	491,657	470,720	518,720	497,309	509,185	536,758	501,429
School Administrative services	843,995	917,523	904,127	1,052,965	1,042,408	979,136	1,046,950	1,165,179	1,143,805	1,192,378
Business / Central Services	462,411	452,595	474,062	524,244	574,047	624,925	614,018	676,271	635,392	616,081
Plant operations and maintenance	1,200,976	1,325,372	1,495,091	1,532,899	1,628,801	1,500,746	1,654,691	1,699,994	1,870,816	1,757,337
Pupil transportation	506,231	502,322	555,732	515,441	598,848	562,851	540,975	556,472	540,979	522,680
Unallocated Employee benefits										
Special Schools (A)	841,646									
Capital outlay	3,890,386	226,378	129,444	156,042	183,282	213,455	234,690	614,394	1,923,905	1,446,206
<b>Debt service:</b>										
Principal	225,000	239,672	250,509	240,000	267,741	291,301	323,066	406,690	447,234	401,725
Interest and other charges	242,827	232,298	224,703	211,615	201,862	197,639	189,473	115,739	113,571	103,994
Cost of Issuance on Refunding Bonds							78,110			
Cost of Issuance Bonds										133,459
Payment to Refunding Escrow Agent							216,625			
<b>Total expenditures</b>	<b>22,374,434</b>	<b>19,957,370</b>	<b>20,246,628</b>	<b>20,215,998</b>	<b>20,840,733</b>	<b>20,096,584</b>	<b>21,354,547</b>	<b>22,221,327</b>	<b>23,553,629</b>	<b>23,933,247</b>
<b>Excess (Deficiency) of revenues</b>										
over (under) expenditures	(2,635,196)	(165,529)	41,934	(23,078)	295,899	527,554	271,268	17,118	(142,520)	(545,561)
<b>Other Financing sources (uses)</b>										
Serial bonds issued							3,695,000			8,500,000
Payments to Refunding Escrow Agent							(3,623,000)			
Premium on Issuance of Bonds	55,181			81,490			222,735			134,437
Capital Lease issued						180,000	25,500		114,759	-
Accrued interest on serial bonds issued								176,145	-	-
Payment of Capital Lease - Refinancing	(51,813)							197	211	154,439
Lease Purchase Proceeds								(197)	(211)	(154,439)
Transfers in	22,327	51			21,440	3,150				
Transfers out	(33,327)	(2,051)	(16,868)		(21,440)	(3,150)				
<b>Total other financing sources (uses)</b>	<b>(7,632)</b>	<b>(2,000)</b>	<b>(16,868)</b>	<b>81,490</b>	<b>-</b>	<b>180,000</b>	<b>320,235</b>	<b>176,145</b>	<b>114,759</b>	<b>8,634,437</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,642,828)</b>	<b>\$ (167,529)</b>	<b>\$ 25,066</b>	<b>\$ 58,412</b>	<b>\$ 295,899</b>	<b>\$ 707,554</b>	<b>\$ 591,503</b>	<b>\$ 193,263</b>	<b>\$ (27,761)</b>	<b>\$ 8,088,876</b>
<b>Debt service as a percentage of</b>										
noncapital expenditures	2.53%	2.39%	2.36%	2.25%	2.27%	2.46%	2.43%	2.42%	2.59%	2.84%

**Source: District financial statements**

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

(A) Prior to fiscal year ending June 30, 2007, the Special Schools expenditures were not allocated.

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

<b>Fiscal Year Ended June 30,</b>	<b>Facility Charge</b>	<b>Tuition</b>	<b>Interest on Investments</b>	<b>Continuing Education Program Fees</b>	<b>Refunds</b>	<b>Rentals</b>	<b>Miscellaneous</b>	<b>Total</b>
2006	\$ 708,658	\$ 54,589	\$ 96,114	\$ 702,965	\$ 14,115	\$ 56,265	\$ 28,264	\$ 1,660,970
2007	669,161	63,395	119,394	644,694		33,895	53,329	1,583,868
2008	674,262	49,798	81,826	589,875	30,884	21,505	944	1,449,094
2009	709,361	42,241	26,001	645,601	41,317	23,440	13,176	1,501,137
2010	688,772	2,624	18,842	626,761	142	26,330	17,427	1,380,898
2011	794,654		11,574	534,074	2,289	26,485	13,443	1,382,519
2012	774,605	27,700	8,397	596,165	1,220	34,998	23,637	1,466,722
2013	775,000	26,482	8,256	553,341	1,511	20,917	2,511	1,388,018
2014	889,192	25,644	3,497	529,773	2,953	6,750	37,656	1,495,465
2015	675,229	31,195	4,173	696,975	4,000	-	87,512	1,499,084

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2006	\$ 5,271,400	\$ 683,554,300	\$ 116,217,600	\$ 42,033,700	\$ 11,410,100	\$ 858,487,100	\$ 897,569	\$ 859,384,669	\$ 1,168,930,256	\$ 2
2007	6,433,100	685,923,900	115,631,300	42,033,700	11,582,500	861,604,500	965,929	862,570,429	1,317,907,455	1.79
2008	5,958,000	690,356,700	114,694,800	42,287,800	11,675,000	864,972,300	1,020,958	865,993,258	1,335,865,146	1.85
2009	6,401,700	692,690,200	111,611,600	41,638,900	11,974,800	864,317,200	1,140,767	865,457,967	1,331,434,940	1.92
2010	6,401,700	694,016,400	112,029,300	40,861,500	9,474,800	862,783,700	1,143,758	863,927,458	1,312,973,700	2.00
2011	6,401,700	695,491,500	110,107,300	40,861,500	9,474,800	862,336,800	1,342,664	863,679,464	1,322,372,357	2.04
* 2012	8,447,400	860,521,700	130,551,300	47,833,500	14,160,100	1,061,514,000	1,298,959	1,062,812,959	1,172,997,775	1.69
2013	7,242,400	860,794,000	129,396,241	47,833,500	14,160,100	1,059,426,241	1,298,959	1,060,725,200	1,195,418,944	1.81
2014	7,538,700	862,904,800	138,901,400	37,931,400	14,160,100	1,061,436,400	-	1,061,436,400	1,130,631,018	1.76
2015	6,663,100	863,292,200	140,382,600	37,931,400	14,160,100	1,062,429,400	-	1,062,429,400	1,152,684,604	1.85

Source: County Abstract of Ratables

N/A - Not Available

<sup>a</sup> Tax rates are per \$100

\* Borough underwent a revaluation during 2013

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2006	\$ 1.73	\$ 0.69	\$ 0.25	\$ 2.67
2007	1.79	0.72	0.28	2.79
2008	1.85	0.72	0.29	2.86
2009	1.92	0.74	0.30	2.96
2010	2.00	0.75	0.30	3.05
2011	2.04	0.78	0.32	3.14
2012	* 1.69	0.63	0.25	2.57
2013	1.81	0.65	0.26	2.72
2014	1.76	0.69	0.25	2.69
2015	1.85	0.70	0.26	2.81

Source: County Abstract of Ratables

\* Borough underwent a revaluation during 2013

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
UB Midland Park LLC	\$ 20,372,400	2.36%	\$16,178,400	1.88%
MW Midpark Grocery, LLC	9,849,500	1.14%	9,500,000	1.11%
Marlow Park LLC	8,681,600	1.01%	10,313,800	1.20%
Mature Environment	7,169,800	0.83%	7,177,400	84.00%
Henpal Realty Co	4,780,000	0.55%	4,921,900	0.57%
Individual Taxpayer			4,038,100	0.47%
Vander Sterre Bros.	4,672,700	0.54%	3,750,000	0.44%
Vander Sterre Bros.	3,856,600	0.45%	3,300,000	0.38%
Texel Apartments, L.P.	3,306,900	0.38%	3,075,000	3.60%
Tenastic, Inc.,	3,090,600	0.36%		
ARV at Midland Park, LLC	2,875,000	0.33%		
44 Godwin Associates			3,380,200	0.39%
	<u>\$ 68,655,100</u>	<u>7.95%</u>	<u>\$ 65,634,800</u>	<u>7.65%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 14,012,906	\$ 14,012,906	100.00%	
2007	14,899,500	14,899,500	100.00%	
2008	15,468,991	15,468,991	100.00%	
2009	15,989,748	15,989,748	100.00%	
2010	16,623,104	16,623,104	100.00%	
2011	17,269,449	17,269,449	100.00%	
2012	17,604,887	17,604,887	100.00%	
2013	17,921,449	17,921,449	100.00%	
2014	19,226,431	19,226,431	100.00%	
2015	18,620,004	18,620,004	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase	Grant Anticipation Notes (GANs)			
2007	\$ 5,443,000	\$ 20,509	\$ 499,345	\$ 5,962,854	6,767	\$ 881
2008	5,213,000	-	499,345	5,712,345	6,755	846
2009	4,973,000	81,490	499,345	5,553,835	6,743	824
2010	3,950,000	269,337	499,345	4,718,682	6,759	698
2011	4,463,000	212,448	315,055	4,990,503	7,138	699
2012	4,265,000	184,882		4,449,882	7,185	619
2013	3,950,000	269,337		4,219,337	7,251	582
2014	3,635,000	251,862		3,886,862	7,286	533
2015	11,810,000	175,137		11,985,137	7,305	1,641

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2007	5,443,000		5,443,000	0.63%	804
2008	5,213,000		5,213,000	0.60%	772
2009	4,973,000		4,973,000	0.57%	738
2010	3,950,000		3,950,000	0.46%	584
2011	4,463,000		4,463,000	0.52%	625
2012	4,265,000		4,265,000	0.40%	594
2013	3,950,000		3,950,000	0.37%	545
2014	3,635,000		3,635,000	0.34%	499
2015	11,810,000		11,810,000	1.11%	1,617

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**MIDLAND PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Midland Park Board of Education	\$ 11,810,000	\$ 11,810,000	
Borough of Midland Park	<u>478,846</u>	<u>-</u>	\$ 478,846
	<u>\$ 12,288,846</u>	<u>\$ 11,810,000</u>	<u>478,846</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			\$ 6,574,055
Northwest Bergen County Utilities Authority (B)			<u>1,399,894</u>
			<u>7,973,949</u>
Total Direct and Overlapping Debt			<u>\$ 8,452,795</u>

## Source:

(1) Borough's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Midland Park by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

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

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Equalized valuation basis	
2014	\$ 1,151,607,247
2013	1,129,873,455
2012	1,183,668,599
	<u>\$ 3,465,149,301</u>
Average equalized valuation of taxable property	\$ 1,155,049,767
Debt limit (4% of average equalization value)	46,201,991
Total Net Debt Applicable to Limit	<u>11,810,000</u>
Legal debt margin	<u>\$ 34,391,991</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 46,747,651	\$ 50,748,562	\$ 52,998,876	\$ 52,483,634	\$ 52,395,585	\$ 51,536,771	\$ 49,965,865	\$ 47,566,471	\$ 46,201,991
Total net debt applicable to limit	<u>5,942,345</u>	<u>5,712,345</u>	<u>5,472,345</u>	<u>5,222,345</u>	<u>4,778,055</u>	<u>4,265,000</u>	<u>3,950,000</u>	<u>3,635,000</u>	<u>11,810,000</u>
Legal debt margin	<u>\$ 40,805,306</u>	<u>\$ 45,036,217</u>	<u>\$ 47,526,531</u>	<u>\$ 47,261,289</u>	<u>\$ 47,617,530</u>	<u>\$ 47,271,771</u>	<u>\$ 46,015,865</u>	<u>\$ 43,931,471</u>	<u>\$ 34,391,991</u>
Total net debt applicable to the limit as a percentage of debt limit	12.71%	11.26%	10.33%	9.95%	9.12%	8.28%	7.91%	7.64%	25.56%

Source: Annual Debt Statements

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	6,843	\$ 55,322	1.60%
2007	6,767	57,745	1.40%
2008	6,755	63,166	1.90%
2009	6,743	67,606	3.40%
2010	6,759	67,375	3.50%
2011	7,138	63,862	3.50%
2012	7,185	63,950	3.50%
2013	7,251	67,240	4.50%
2014	7,286	69,919	4.90%
2015	7,305	69,495	N/A

(1) - Estimated

N/A - Not Available

Source: New Jersey State Department of Education

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

	2015		2006	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction								
Regular	73.2	74.6	75.4	71.4	73.0	78.0	98.0	96.0
Special education	38.3	35.9	34.5	33.0	34.5	40.6	35.5	20.0
Adult/Continuing Education Programs	2.5	2.5	2.5	2.5	2.5	3.7	4.0	4.0
Support Services:								
Student and instruction related services	25.2	24.8	26.4	25.1	25.3	11.0	11.0	10.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	9.5	9.5	9.5	9.5	8.5	9.8	9.0	4.0
Other Administrative Services	4.5			0.5	0.5	2.0	2.0	2.0
Central services	17.6	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	6.5	16.5	18.5	18.5	18.0	24.5	17.5	10.0
Pupil transportation	-	5.0	2.5	2.0	2.5	2.0	2.0	3.0
Food Service	-	-	-	-	-	-	-	-
<b>Total</b>	<b>179.3</b>	<b>175.3</b>	<b>175.8</b>	<b>168.5</b>	<b>170.8</b>	<b>177.6</b>	<b>185.0</b>	<b>155.0</b>

Source: District Personnel Records

Note:  
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage	
					Teaching Staff	Elementary	Senior High School					
2006	1,134	\$ 18,034,589	\$ 15,904	4.40%	117	11.8:1	24:1	8.3:1	1,106	1,059	0.82%	95.75%
2007	1,165	19,261,022	16,533	6.70%	115	11.8:1	24:1	8.3:1	1,129	1,078	2.08%	95.48%
2008	1,164	19,641,945	16,875	2.06%	115	11.8:1	24:1	8.3:1	1,129	1,078	0.00%	95.48%
2009	1,126	19,608,341	17,414	3.20%	113	11.8:1	24:1	8.3:1	1,124	1,071	-0.43%	95.23%
2010	1,132	20,187,848	16,433	-5.63%	113	11.9:1	24:1	11.0:1	1,128	1,072	0.35%	95.04%
2011	1,111	19,394,189	15,993	-2.68%	116	11.9:1	24:1	11.0:1	1,083	1,029	-3.99%	95.01%
2012	1,102	20,312,583	16,679	4.29%	117	11.9:1	24:1	11.0:1	1,088	1,039	0.46%	95.50%
2013	1,055	21,084,504	17,931	12.12%	118	11.9:1	24:1	11.0:1	1,045	1,006	-3.51%	96.27%
2014	1,001	21,068,919	21,048	26.19%	119	11.8:1	24:1	11.0:1	996	956	-8.03%	95.98%
2015	1,076	21,847,863	19,747	10.13%	121	11.8:1	24:1	11.0:1	987	948	-9.28%	96.07%

Sources: District records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Building</u></b>										
<u>Godwin/Highland Elementary School</u>										
Square Feet	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment	516	631	619	620	637	595	582	548	511	593
<u>Jr./Sr. High School</u>										
Square Feet	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776
Capacity (students)	586	586	586	586	586	586	586	586	586	586
Enrollment	618	499	514	506	491	507	508	528	490	518
Number of Schools at June 30, 2015										
Elementary = 1										
Junior / Senior High School = 1										

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

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
SCHOOL FACILITIES	PROJECT #										
Midland Park Jr/Sr High School	N/A	\$ 138,643	\$ 178,386	\$ 203,741	\$ 201,598	\$ 210,422	\$ 107,779	\$ 252,158	\$ 138,858	\$ 182,258	\$ 165,580
Elementary- Godwin/Highland	N/A	<u>145,637</u>	<u>134,689</u>	<u>149,424</u>	<u>134,398</u>	<u>140,281</u>	<u>135,372</u>	<u>188,358</u>	<u>160,343</u>	<u>255,873</u>	<u>276,925</u>
GRAND TOTAL		<u>\$ 284,280</u>	<u>\$ 313,075</u>	<u>\$ 353,165</u>	<u>\$ 335,996</u>	<u>\$ 350,703</u>	<u>\$ 243,151</u>	<u>\$ 440,516</u>	<u>\$ 299,201</u>	<u>\$ 438,131</u>	<u>\$ 442,505</u>

Source: District Records

**MIDLAND PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2015  
(Unaudited)**

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

Source: District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Midland Park Board of Education's basic financial statements and have issued our report thereon dated December 15, 2015.

***Internal Control Over Financial Reporting***

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

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

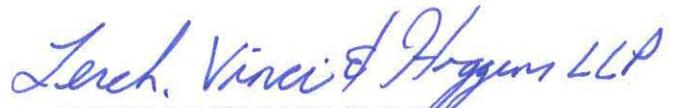
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

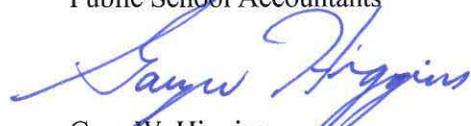
As part of obtaining reasonable assurance about whether the Midland Park Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

**Purpose of this Report**

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



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 15, 2015



DIETER P. LERCH, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Midland Park Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Midland Park Board of Education's major state programs for the fiscal year ended June 30, 2015. The Midland Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

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

### ***Opinion on Each Major State Program***

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

### **Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 15, 2015

MIDLAND PARK BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014			Carryover Amount	Adjust Receivable	Cash Received	Budgetary Expenditures	(Accounts Receivable) June 30, 2015	Unearned Revenue	Due to Grantor at June 30, 2015	MEMO GAAP Receivable
					(Account Receivable)	Unearned Revenue/	Due to Grantor								
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Fund:															
National School Lunch Program															
Food Distribution Program-Non-Cash	10.555	N/A	7/1/14-6/30/15	\$ 19,637					\$ 19,637	\$ 19,050		\$ 587			*
Food Distribution Program-Non-Cash	10.555	N/A	7/1/13-6/30/14	18,036		\$ 904				904					*
National School Lunch Program-Cash	10.555	N/A	7/1/14-6/30/15	51,319					48,024	51,319	\$ (3,295)			\$ (3,295)	*
National School Lunch Program-Cash	10.555	N/A	7/1/13-6/30/14	54,717	\$ (4,061)				4,061						*
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	311					287	311	(24)			(24)	*
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	1,251	(115)	-	-	-	115	-	-	-	-	-	*
Total Enterprise Fund					(4,176)	904	-	-	72,124	71,584	(3,319)	587	-	(3,319)	*
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3170-15	9/1/14-6/30/15	245,508			\$ 3,281	\$ (3,281)	244,192	243,720	(4,597)	5,069			*
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3170-14	9/1/13-6/30/14	247,896	(45,179)	3,281	(3,281)	3,281	31,101						*
I.D.E.A. Part B, Preschool	84.173	IDEA-3170-15	9/1/14-6/30/15	20,538					20,538	20,538					*
I.D.E.A. Part B, Preschool	84.173	IDEA-3170-14	9/1/13-6/30/14	20,695		10,797					(10,797)	10,797			*
Title I	84.392	NCLB-3170-15	9/1/14-6/30/15	17,391			2,527	(2,527)	11,000	11,390	(8,918)	8,528		(390)	*
Title I	84.392	NCLB-3170-14	9/1/13-6/30/14	18,167	(2,527)	2,527	(2,527)	2,527							*
Title II Part A	84.010A	NCLB-3170-15	9/1/14-6/30/15	33,109			1,802	(1,802)	7,573	15,923	(27,338)	18,988		(8,350)	*
Title II Part A	84.010A	NCLB-3170-14	9/1/13-6/30/14	32,799	(4,065)	1,803	(1,802)	1,802	2,262						*
Total Special Revenue Fund					(51,771)	18,408	-	-	316,666	291,571	(51,650)	43,382	-	(8,740)	*
Total Federal Awards					\$ (55,947)	\$ 19,312	\$ -	\$ -	\$ 388,790	\$ 363,155	\$ (54,969)	\$ 43,969	\$ -	\$ (12,059)	*

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

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

MIDLAND PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grant/Program Title	Grant or State Funded Number	Grant Period	Award Amount	Balances, June 1, 2014		Cash Received	Budgetary Encumbrances	Refund of Prior Years' Balances	June 30, 2015 (Accounts Receivable)	Due to Grantor June 30, 2015	MEMO	
				Unearned Revenue/ (Accr. Rec.)	Due to Grantor						GAAP Reservable	Combined Total Expenditures
State Department of Education												
Equalization Aid	15-495-034-5120-0718	7/1/14-6/30/15	\$ 35,213	\$ -	\$ 33,368	\$ 35,213	\$ -	\$ -	\$ (1,845)	\$ -	\$ -	\$ 35,213
Equalization Aid	14-495-034-5120-0718	7/1/13-6/30/14	35,213	(1,612)	1,612				(840)			16,031
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	16,031	(734)	15,191	16,031						519,994
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	16,031		734							19,908
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	519,994	(23,799)	492,743	519,994						9,520
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	519,994		23,799							9,520
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	19,908	(910)	18,865	19,908						139,240
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	19,908		910							30,361
Per Pupil Growth Aid	15-495-034-5120-098	7/1/14-6/30/15	9,520		9,021	9,520						422,002
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	9,520		9,021	9,520						718,128
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	139,240		149,825	139,240						628,324
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	139,240		149,825	139,240						
On-Behalf TPAF Pension System Contributions (Normal and Accrued Liability)	15-495-034-5094-001	7/1/14-6/30/15	422,002		422,002	422,002						2,546,241
On-Behalf TPAF Pension System Contributions (Normal and Accrued Liability)	15-495-034-5094-001	7/1/14-6/30/15	422,002		422,002	422,002						
On-Behalf TPAF Post Retirement Medical Contr.	15-495-034-5094-001	7/1/14-6/30/15	718,128		718,128	718,128						628,324
Reimbursed TPAF Social Security Contribution	15-495-034-5094-007	7/1/14-6/30/15	628,324		584,102	628,324						
				(176,880)	2,509,662	2,546,241			(44,222)			2,546,241
Total General Fund									(215,459)			9,393
New Jersey Nonpublic Aid										\$ 319		13,983
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	\$ 9,712	\$ 287	15,366	9,393						5,056
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	10,311		5,216							12,600
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	5,366		63,602	46,223		21,313		17,379		46,223
Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	5,216		8,039	7,217		349		822		7,217
Auxiliary Services	15-100-034-5120-067	7/1/14-6/30/15	12,600		13,340	12,600						7,847
Transportation	15-100-034-5120-067	7/1/14-6/30/15	63,602		19,450	63,602						11,707
Compensatory Education	15-100-034-5120-067	7/1/13-6/30/14	73,614		4,782							5,919
Compensatory Education	15-100-034-5120-067	7/1/13-6/30/14	73,614		4,782							
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	8,039		3,515							935
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	8,039		3,515							
Handicapped Services	15-100-034-5120-066	7/1/14-6/30/15	13,340		32,888	13,340						32,888
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	9,714		32,888	9,714						935
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	9,714		32,888	9,714						
Examination and Classification	15-100-034-5120-065	7/1/14-6/30/15	18,145		13,340	18,145						32,888
Examination and Classification	14-100-034-5120-065	7/1/13-6/30/14	18,145		13,340	18,145						935
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	33,340		32,888	33,340						935
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	32,888		32,888	32,888						935
Building Prevention	N/A	7/1/13-6/30/14	935									935
			935	32,467	182,665	143,447		32,467		935		143,447
Total Special Revenue Fund												71,933
NJ Economic Development Authority												1,421,765
HVAC Improvements- High School	3170-050-005-1000		71,933	400		400						1,258,501
High School Improvements	3170-050-14-1001		1,421,765		170,778	170,778			(1,421,765)			10,960
Elementary School Improvements	3170-050-14-1003		1,258,501		96,116	96,116			(1,258,501)			10,960
High School Auditorium	3170-050-14-1002		179,341		10,960	10,960			(179,341)			2,888
												2,888
Total Capital Projects Fund												2,888
												2,888
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,885		2,632	2,885						2,885
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	3,191	(397)	397				(256)			2,885
												2,888
Total Food Service Fund												2,888
												2,888
Total State Financial Assistance												2,888
												2,888
State Financial Assistance Not Subject to Single Audit Determination												30,361
General Fund												422,002
Less: On-Behalf TPAF NCGI Premium	15-495-034-5095-007	7/1/14-6/30/15	30,361		30,361	30,361						718,128
On-Behalf TPAF Pension	15-495-034-5095-006	7/1/14-6/30/15	422,002		422,002	422,002						718,128
On-Behalf TPAF Post-Retirement Medical	15-495-034-5095-001	7/1/14-6/30/15	718,128		718,128	718,128						1,802,339
												1,802,339
Total State Financial Assistance Subject to Single Audit												1,802,339
												1,802,339
												2,382,888
												2,382,888
												3,043,785
												3,043,785
												2,904,285
												2,904,285
												1,873,294
												1,873,294

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

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$5,663 for the general fund and a decrease of \$1,639 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,553,904	\$ 2,553,904
Special Revenue Fund	\$ 289,671	143,708	433,379
Capital Projects Fund		278,254	278,254
Food Service Fund	<u>71,583</u>	<u>2,888</u>	<u>74,471</u>
 Total Financial Assistance	 <u>\$ 361,254</u>	 <u>\$ 2,978,754</u>	 <u>\$ 3,340,008</u>

**MIDLAND PARK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$628,324 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$452,363 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$718,128 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**MIDLAND PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

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

**Federal Awards Section**

Not Applicable



**MIDLAND PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

**MIDLAND PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

MIDLAND PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

There are none.

**MIDLAND PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.