

**SCHOOL DISTRICT
OF
THE BOROUGH OF MOUNT ARLINGTON**

**Borough of Mount Arlington School District
Board of Education
Mount Arlington, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

**Comprehensive Annual
Financial Report**

of the

**Borough of Mount Arlington School District
Board of Education**

Mount Arlington, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

**Borough of Mount Arlington School District
Board of Education**

Finance Department

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal..... 1
Organizational Chart..... 4
Roster of Officials..... 5
Consultants and Advisors 6

FINANCIAL SECTION 7

Independent Auditors' Report 8

Required Supplementary Information 11

 Management's Discussion and Analysis (Unaudited)..... 12

Basic Financial Statements (Sections A. and B.)..... 20

A. District-Wide Financial Statements 21

 A-1 Statement of Net Position..... 22

 A-2 Statement of Activities 23

B. Fund Financial Statements 25

 B-1 Balance Sheet – Governmental Funds..... 26

 B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –
 Governmental Funds 27

 B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities..... 29

 B-4 Statement of Net Position – Proprietary Funds 30

 B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds 31

 B-6 Statement of Cash Flows – Proprietary Funds 32

 B-7 Statement of Fiduciary Net Position – Fiduciary Funds..... 33

 B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... 34

 Notes to the Basic Financial Statements 35

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules 56

 C-1 Budgetary Comparison Schedule – General Fund (Unaudited) 57

 C-2 Combining Budgetary Schedule – Special Revenue Fund (Unaudited)..... 70

 C-3 Budgetary Comparison Schedule- Note to Required Supplementary Information (Unaudited) 71

D. School Level Schedules (Not Applicable) 73

E. Special Revenue Fund..... 74

 E-1 Combining Schedule of Revenue and Expenditures Special Revenue
 Fund – Budgetary Basis 75

 E-2 Preschool Education Aid Schedule of Expenditures Special Revenue
 Fund – Budgetary Basis (Not Applicable) 77

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules (Sections C. to I.) (Cont'd)

F.	Capital Projects Fund	78
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	79
F-1a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Ceiling and Lighting.....	80
F-1b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Corridor Floor.....	81
F-1c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Gym Floor	82
F-1d	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Exterior Door.....	83
F-1e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Grading.....	84
F-1f	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Edith M. Decker School – HVAC Replacement.....	85
F-1g	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Edith M. Decker School – Window Replacement	86
F-1h	Schedule of Project Revenues, Expenditures, Project Balances and Project Status Mount Arlington Public School - Elevator	87
	Proprietary Funds.....	88
	Enterprise Funds:	
G-1	Statement of Net Position.....	89
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position	90
G-3	Statement of Cash Flows	91
H.	Fiduciary Funds.....	92
H-1	Combining Statement of Fiduciary Net Position.....	93
H-2	Statement of Changes in Fiduciary Net Position.....	94
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	95
H-4	Student Activity Agency Fund Statement of Activity.....	96
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	97
I.	Long-Term Debt.....	98
I-1	Schedule of Serial Bonds.....	99
I-2	Schedule of Obligations Under Capital Leases (Not Applicable)	100
I-3	Debt Service Fund Budgetary Comparison Schedule (Unaudited).....	101
J.	Statistical Section (Unaudited).....	102
J-1	Net Position by Component.....	103
J-2	Changes in Net Position	104
J-3	Fund Balances- Governmental Funds	107
J-4	Changes in Fund Balances- Governmental Funds.....	108
J-5	General Fund Other Local Revenue by Source	110
J-6	Assessed Value and Actual Value of Taxable Property	111
J-7	Direct and Overlapping Property Tax Rates.....	112
J-8	Principal Property Tax Payers.....	113
J-9	Property Tax Levies and Collections	114
J-10	Ratios of Outstanding Debt by Type	115

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

J. Statistical Section (Unaudited) (Cont'd)

J-11 Ratios of Net General Bonded Debt Outstanding 116

J-12 Ratios of Overlapping Governmental Activities Debt 117

J-13 Legal Debt Margin Information 118

J-14 Demographic and Economic Statistics 119

J-15 Principal Employers 120

J-16 Full-Time Equivalent District Employees by Function/Program 121

J-17 Operating Statistics 122

J-18 School Building Information 123

J-19 Schedule of Required Maintenance for School Facilities 124

J-20 Insurance Schedule 125

K. SINGLE AUDIT SECTION 126

K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed In Accordance With
Government Auditing Standards 127

K-2 Report on Compliance For Each Major State Program; Report on Internal
Control over Compliance required by OMB Circular A-133 and New Jersey's OMB
Circular 04-04 129

Schedule of Expenditures of Federal Awards 131

Schedule of Expenditures of State Awards 133

Notes to the Schedules of Expenditures of Federal and State Awards 135

Schedule of Findings and Questioned Costs 137

Summary Schedule of Prior Audit Findings 138

INTRODUCTORY SECTION

Mount Arlington Public Schools

446 Howard Blvd • Mount Arlington, NJ 07856 • (973) 770-7140 (Phone) • (973) 398-4668 (Fax)

Jane Mullins Jameson, M.S.Ed.
Superintendent of Schools

Robin Tedesco
Business Administrator/Board Secretary

September 12, 2014

The Honorable President and Members of
the Board of Education
Borough of Mount Arlington School District
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Mount Arlington School District (the "District") for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Mount Arlington School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Mount Arlington School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 (The approximately 185 Mount Arlington students in grades 9-12 are sent to the Roxbury Public School District and are properly included in their enrollment numbers, the Mount Arlington Public School District is responsible for paying tuition, transportation and special education costs for these students, and these costs are included in the District's financial statements). In-district services are provided for regular and special education for the handicapped youngsters. The District completed the 2013-2014 fiscal year with an average daily enrollment of 342 students, which is 14 students below the previous year's average daily enrollment.

The Honorable President and Members of
the Board of Education
Borough of Mount Arlington School District
Page 2
September 12, 2014

2) ECONOMIC CONDITIONS AND OUTLOOK: The development of the Mount Arlington area has been slow to recover following the nationwide recession, as have other areas of Morris County. New adult communities opened in recent years, however, have resulted in an increase to the tax base without a significant increase in the number of students being served. Recent approvals granted by the Borough for new businesses along Howard Boulevard and for new community enhancing physical improvements, such as street lighting and sidewalks, have improved the desirability of Mount Arlington as a family-friendly community. The District has faced significant budget constraints in recent years as a result of the State's drastic reduction of aid to school districts, primarily in the 2009/10 and 2010/11 school years. Those cuts necessitated the elimination of extracurricular programs, secretarial and custodial positions, administrative salary increases and needed facilities improvements. Modest increases in state aid in the 2013/14 and 2012/13 school years have enabled the District to reestablish extracurricular programs and to proceed with building improvements. The District does not anticipate a quick improvement in the State's financial condition and, consequently, does not anticipate the State will be contributing its legally mandated share of the District's operating expenditures at any point in the near future.

3) MAJOR INITIATIVES: During the 2013/14 school year, the District made capital improvements to both schools by renovating HVAC and roofing, installing a gymnasium floor and replacing corridor flooring and lighting. In addition, the District has purchased new instructional materials, program guides and improved the technology infrastructure.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2014.

The Honorable President and Members of
 the Board of Education
 Borough of Mount Arlington School District
 Page 3
 September 12, 2014

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

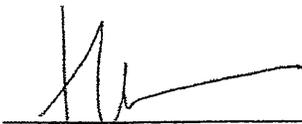
The Board is a member of the Morris Essex Insurance Group (the "Group"). The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group is included in Note 1 to the Basic Financial Statements.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP CPAs, was selected by the Board's audit committee. 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 Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mount Arlington Borough 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.

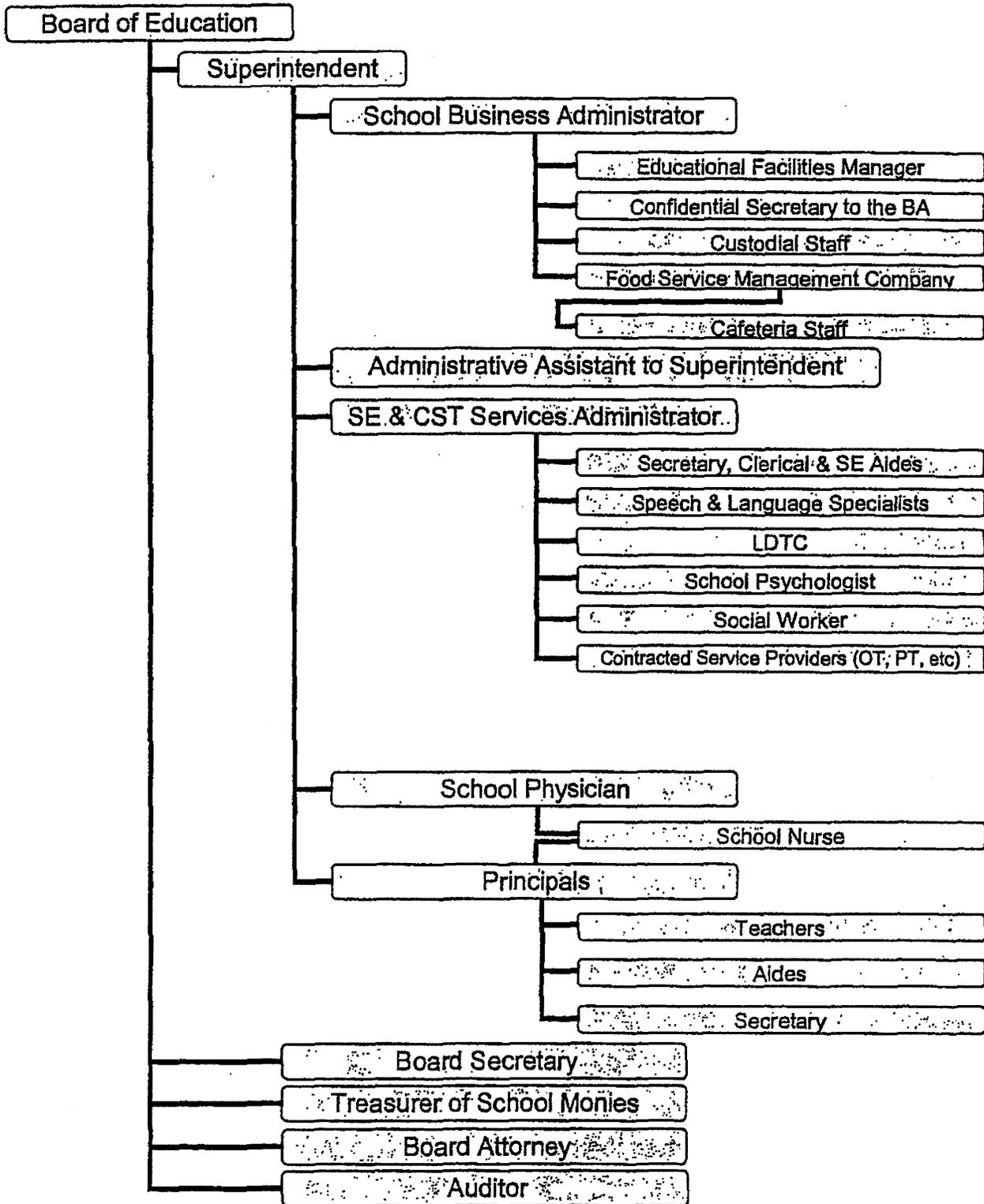
Respectfully submitted,



Jane Mullins Jameson
 Superintendent of Schools



Robin Tedesco
 Board Secretary/Business Administrator



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Sheila Studint	President	2015
John Longtine	Vice President	2014
Rachel Byrne		2014
Elizabeth Cangiano		2016
John Albert Decena		2015
Eugene Paradiso		2014
Albert Roldan		2016
 <u>Other Officials</u>		
	<u>Title</u>	
Jane Mullins Jameson	Superintendent of Schools	
Robin Tedesco	School Business Administrator/Board Secretary	

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Porzio, Bromberg, & Newman, P.C.
136 Madison Avenue
Morristown, NJ 07962-1997

Bond Counsel

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, NJ 07059-0958

Official Depositories

Bank of America
99 Howard Boulevard
Mount Arlington, NJ 07856

Fulton Bank of NJ
274 New Jersey 10
Succasunna, NJ

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Mount Arlington School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 *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 from material misstatement.

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

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

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

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 Board of Education of the Borough of Mount Arlington School District in the County of Morris, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 3

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
September 12, 2014

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

This section of Borough of Mount Arlington School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position status increased by \$753,681 on a district-wide basis.
- Overall revenue was \$11.2 million.
- Overall expenditures were \$10.4 million.
- Enrollment in the District has been decreasing for each of the last several years resulting in a slight increase in cost per pupil during the current year.
- The District had a net reduction in its outstanding long-term debt of 5.58 percent.

Overview of the Financial Statements

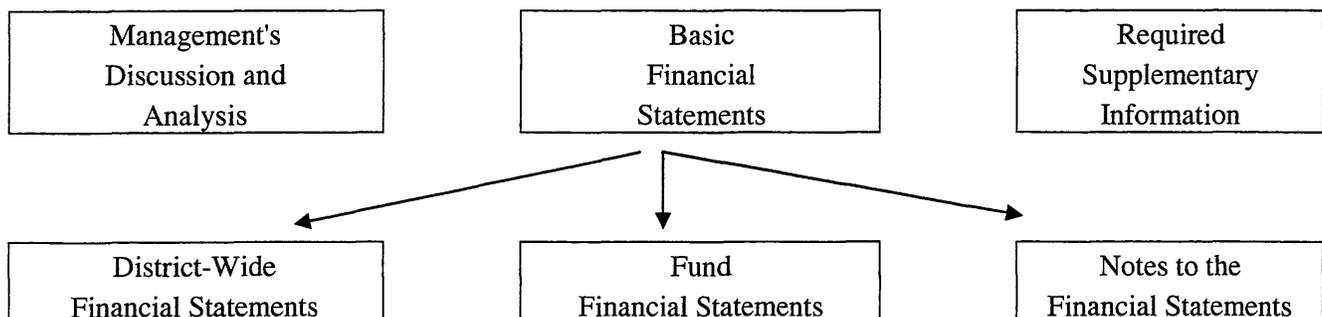
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Figure A-1

Organization of Borough of Mount Arlington School District's Financial Report



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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

Figure A-2 *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 activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement 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/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

District-wide Statements

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 14.53%. Net position from governmental activities increased \$755,812 and net position from business-type activities decreased by \$2,134. Net position investment in capital assets increased \$500,194, restricted net position increased \$149,184, and unrestricted net position increased \$104,303.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
Current and Other Assets	\$ 3,272,658	\$ 3,088,693	\$ 43,134	\$ 61,767	\$ 3,315,792	\$ 3,150,460	5.25%
Capital Assets, Net	5,394,264	5,025,170	20,478	19,378	5,414,742	5,044,548	7.34%
Total Assets	8,666,922	8,113,863	63,612	81,145	8,730,534	8,195,008	6.53%
Long-Term Debt Outstanding	2,484,375	2,631,213			2,484,375	2,631,213	-5.58%
Other Liabilities	297,634	353,552	8,521	23,920	306,155	377,472	-18.89%
Total Liabilities	2,782,009	2,984,765	8,521	23,920	2,790,530	3,008,685	-7.25%
Net Position:							
Net Investment in Capital Assets	2,924,264	2,425,170	20,478	19,378	2,944,742	2,444,548	20.46%
Restricted	1,792,806	1,643,622			1,792,806	1,643,622	9.08%
Unrestricted	1,167,843	1,060,306	34,613	37,847	1,202,456	1,098,153	9.50%
Total Net Position	\$ 5,884,913	\$ 5,129,098	\$ 55,091	\$ 57,225	\$ 5,940,004	\$ 5,186,323	14.53%

Changes in Net Position. The District's combined net position was \$5,940,004 on June 30, 2014, \$753,681 or 14.53% more than the prior year (See Figure A-3). Net investment in capital assets increased \$500,194 primarily due to the payment of \$130,000 in bond principal, capital asset additions of \$568,997, the deletion of full depreciated capital assets of \$61,897 and \$198,352 in depreciation. Restricted net position increased by \$149,184 due to an increase in excess surplus of \$91,289 and increases in committed capital project funds of \$85,806. Unrestricted net position increased \$104,303 primarily due to the increase in committed fund balance in the Capital Projects Fund of \$124,698. (See Figure A-3).

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
Revenue:							
Program Revenue:							
Charges for Services			\$ 86,475	\$ 89,901	\$ 86,475	\$ 89,901	-3.81%
Grants and Contributions:							
Operating	\$ 1,295,596	\$ 1,378,670	29,999	33,133	1,325,595	1,411,803	-6.11%
Capital							
General Revenue:							
Property Taxes	9,514,743	9,331,966			9,514,743	9,331,966	1.96%
Federal and State Aid Not Restricted	190,541	170,798			190,541	170,798	11.56%
Other	85,511	103,133	148	7	85,659	103,140	-16.95%
Total Revenue	11,086,391	10,984,567	116,622	123,041	11,203,013	11,107,608	0.86%
Expenses:							
Instruction	3,960,113	3,792,977			3,960,113	3,792,977	4.41%
Pupil and Instruction Services	4,163,955	4,070,495			4,163,955	4,070,495	2.30%
Administrative Services	710,146	731,865			710,146	731,865	-2.97%
Maintenance and Operations	661,037	661,216			661,037	661,216	-0.03%
Transportation	564,266	466,672			564,266	466,672	20.91%
Other	271,059	377,265	118,756	127,284	389,815	504,549	-22.74%
Total Expenses	10,330,576	10,100,490	118,756	127,284	10,449,332	10,227,774	2.17%
Increase/(Decrease) in Net Position	\$ 755,815	\$ 884,077	\$ (2,134)	\$ (4,243)	\$ 753,681	\$ 879,834	-14.34%

Revenue Sources. The District's total revenue for the 2013/2014 school year was \$11,203,013 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$9,514,743 of the total, or 96.76 percent (See Figure A-5). Another 1.70 percent came from state and federal aid for specific programs and contributions and 1.54 percent came from other miscellaneous sources. It is important to note that of the state formula aid amount of \$1,325,595, \$336,812 is included in funds that are not paid to the District, but are included in funding for pension and post-retirement medical contributions that the State of New Jersey is paying on behalf of the District. The Borough of Mount Arlington School District primarily conducts its operations from the revenue it receives from its local taxpayers.

**Figure A-5
Sources of Revenue for Fiscal Year 2014**

	Amount	Percentage
Federal and State Categorical Grants	\$ 190,541	1.70%
Property Taxes	9,514,743	84.93%
State Formula Aid	1,325,595	11.83%
Charges for Services	86,475	0.77%
Other	85,659	0.77%
	\$ 11,203,013	100.00%

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The total cost of all programs and services was \$10,449,332. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (83.14 percent) (See Figure A-6). The District's administrative and business activities accounted for 6.80 percent of total costs. It is important to note that depreciation of \$198,352 is included in expenses for the year.

**Figure A-6
Expenses for Fiscal Year 2014**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 3,960,113	37.90%
Pupil and Instruction Services	4,163,955	39.84%
Administrative and Business	710,146	6.80%
Maintenance and Operations	661,037	6.33%
Transportation	564,266	5.40%
Other	389,815	3.73%
	<u>\$ 10,449,332</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs and the provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has either remained relatively flat or been reduced over the past few years, the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2013/2014	2012/2013	2013/2014	2012/2013
Instruction	\$ 3,960,113	\$ 3,792,977	\$ 2,822,528	\$ 2,572,426
Pupil and Instruction Services	4,163,955	4,070,495	4,039,666	3,940,402
Administrative and Business	710,146	731,865	685,868	707,493
Maintenance and Operations	661,037	661,216	661,037	661,216
Transportation	564,266	466,672	554,822	463,018
Other	271,059	377,265	271,059	377,265
	<u>\$ 10,330,576</u>	<u>\$ 10,100,490</u>	<u>\$ 9,034,980</u>	<u>\$ 8,721,820</u>

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

- The cost of all governmental activities this year was \$10.33 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$1.33 million).
- Most of the District's costs, however, were financed by District taxpayers (\$9.51 million).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$0.14 million).
- The remainder of governmental activities funding came from private contributions, tuition, investment earnings and miscellaneous revenue.

Business-Type Activities

Net position from the District's business-type activities decreased by \$2,134 due to a increase in the food service fund expenses, and decrease in food service revenue due to a decline in student participation. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial situation improved in spite of difficult economic times which have had a direct impact upon the District's revenue sources. Interest from investments and tuition revenue both decreased as compared to years past. However, ratables of the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

As a result, to maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	
Sites (Land)	\$ 611,500	\$ 611,500			\$ 611,500	\$ 611,500	0.00%
Construction in Progress	125,913	14,840			125,913	14,840	748.47%
Site Improvements	300,843	318,667			300,843	318,667	-5.59%
Buildings and Building Improvements	4,092,308	3,880,590			4,092,308	3,880,590	5.46%
Machinery and Equipment	263,700	199,573	\$ 20,478	\$ 19,378	284,178	218,951	29.79%
Total Capital Assets (Net of Depreciation)	\$ 5,394,264	\$ 5,025,170	\$ 20,478	\$ 19,378	\$ 5,414,742	\$ 5,044,548	7.34%

The District's overall capital assets increased due to capital additions net of current year depreciation expense. During the current year the District completed four Capital Projects that resulted in an increase in Building Improvements in the amount of \$344,744. Additionally, the District began work on three new projects totaling \$748,100 for which \$125,913 has been expended as of June 30, 2014.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Total Percentage Change
	/	/	/
General Obligation Bonds (Financed with Property Taxes)	\$ 2,470,000	\$ 2,600,000	-5.00%
Other Long-term Debt	14,375	31,213	-53.95%
	<u>\$ 2,484,375</u>	<u>\$ 2,631,213</u>	<u>-5.58%</u>

- The District's other long term debt consists of compensated absences payable.
- At year-end, the District had \$2,470,000 in general obligation bonds – a reduction of \$130,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)

Factors Bearing on the District's Future Revenue/Expense Changes

While significant decreases in aid from the State in prior years have been partially offset by increases in more recent years, the District does not anticipate a quick improvement in the State's financial condition and, consequently, does not anticipate the State will be contributing its legally mandated share of the District's operating expenditures at any point in the near future.

Increasing State regulations and State-mandated submissions and reporting requirements will have a negative impact on the ability of the existing administration to comply with all State directives while maintaining the day to day operations of the schools.

There is an apartment complex of approximately 300 units planned for the Borough of Mount Arlington scheduled to begin occupancy during summer of 2015. The amount of student impact is unknown at this time, however the District is in the process of conducting a demographic study to determine the education needs at both the K-8 level and high school level for students sent to Roxbury High School.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers 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 Board of Education Office, 446 Howard Boulevard, Mount Arlington, New Jersey 07856.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,867,996	\$ 35,301	\$ 1,903,297
Internal Balances	(3,055)	3,055	
Receivables from Federal Government	24,634	2,442	27,076
Receivables from State Government	208,743	121	208,864
Interfund Receivable	102,061		102,061
Inventory		2,215	2,215
Restricted Assets:			
Capital Reserve Account - Cash	1,045,399		1,045,399
Maintenance Reserve - Cash	50,000		50,000
Capital Assets, Net:			
Sites (Land)	611,500		611,500
Construction in Progress	125,913		125,913
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	4,656,851	20,478	4,677,329
Total Assets	<u>8,690,042</u>	<u>63,612</u>	<u>8,753,654</u>
LIABILITIES			
Accrued Interest Payable	45,128		45,128
Other Current Liabilities	5,592		5,592
Accounts Payable - Vendors	236,502	7,830	244,332
Unearned Revenue	10,412	691	11,103
Noncurrent Liabilities:			
Due Within One Year	135,000		135,000
Due Beyond One Year	2,349,375		2,349,375
Total Liabilities	<u>2,782,009</u>	<u>8,521</u>	<u>2,790,530</u>
NET POSITION			
Net Investment in Capital Assets	2,924,264	20,478	2,944,742
Restricted for:			
Capital Projects	1,045,399		1,045,399
Other Purposes	747,407		747,407
Unrestricted	1,167,843	34,613	1,202,456
Total Net Position	<u>\$ 5,884,913</u>	<u>\$ 55,091</u>	<u>\$ 5,940,004</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,127,551		\$ 473,618	\$ (2,653,933)		\$ (2,653,933)
Special Education	689,550		644,727	(44,823)		(44,823)
Other Special Instruction	35,390		3,604	(31,786)		(31,786)
School Sponsored Instruction	107,622		15,636	(91,986)		(91,986)
Support services:						
Tuition	3,069,283		124,289	(2,944,994)		(2,944,994)
Student & Instruction Related Services	1,094,672			(1,094,672)		(1,094,672)
General Administrative Services	297,909			(297,909)		(297,909)
School Administrative Services	213,480		24,278	(189,202)		(189,202)
Central Services	198,757			(198,757)		(198,757)
Plant Operations and Maintenance	661,037			(661,037)		(661,037)
Pupil Transportation	564,266		9,444	(554,822)		(554,822)
Unallocated Depreciation	93,949			(93,949)		(93,949)
Capital Outlay	37,860			(37,860)		(37,860)
Interest on Long-Term Debt	100,835			(100,835)		(100,835)
Charter Schools	38,415			(38,415)		(38,415)
Total Governmental Activities	10,330,576		1,295,596	(9,034,980)		(9,034,980)
Business-Type Activities:						
Food Service	118,756	\$ 86,475	29,999		\$ (2,282)	(2,282)
Total Business-Type Activities	118,756	86,475	29,999		(2,282)	(2,282)
Total Primary Government	\$ 10,449,332	\$ 86,475	\$ 1,325,595	(9,034,980)	(2,282)	(9,037,262)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues:						
Taxes:						
				\$ 9,281,730		\$ 9,281,730
				233,013		233,013
				190,541		190,541
				6,029	\$ 148	6,177
				79,482		79,482
				9,790,795	148	9,790,943
				755,815	(2,134)	753,681
				5,129,098	57,225	5,186,323
				\$ 5,884,913	\$ 55,091	\$ 5,940,004

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,453,305		\$ 391,571		\$ 1,844,876
Interfund Receivable	116,283		36,376		152,659
Receivables from Federal Government		\$ 24,634			24,634
Receivables from State Government	208,743				208,743
Restricted Cash and Cash Equivalents	1,095,399				1,095,399
Total Assets	<u>\$ 2,873,730</u>	<u>\$ 24,634</u>	<u>\$ 427,947</u>	<u>\$ -0-</u>	<u>\$ 3,326,311</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 39,431	\$ 14,222			\$ 53,653
Other Current Liabilities	5,592				5,592
Accounts Payable - Vendors	236,502				236,502
Unearned Revenue		10,412			10,412
Total Liabilities	<u>281,525</u>	<u>24,634</u>			<u>306,159</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	1,045,399				1,045,399
Maintenance Reserve	50,000				50,000
Excess Surplus - For Subsequent Year's Expenditures	343,683				343,683
Excess Surplus	353,724				353,724
Committed:					
Capital Projects Fund			\$ 427,947		427,947
Assigned:					
Year End Encumbrances	323,318				323,318
For Subsequent Year's Expenditures	124,452				124,452
Unassigned:					
General Fund	351,629				351,629
Total Fund Balances	<u>2,592,205</u>		<u>427,947</u>		<u>3,020,152</u>
Total Liabilities and Fund Balances	<u>\$ 2,873,730</u>	<u>\$ 24,634</u>	<u>\$ 427,947</u>	<u>\$ -0-</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The cost of the assets is \$8,738,055 and the accumulated depreciation is \$3,343,791.	5,394,264
Interest on long term debt is not accrued in government funds, but rather is recognized as expenditure when due.	(45,128)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore is not reported as a liability in the Funds.	(2,484,375)
Net Position of Governmental Activities	<u>\$ 5,884,913</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 9,281,730			\$ 233,013	\$ 9,514,743
Interest Earned on Capital Reserve Funds	6,029				6,029
Miscellaneous	79,482	\$ 9,070			88,552
Total - Local Sources	9,367,241	9,070		233,013	9,609,324
State Sources	1,303,863	2,433			1,306,296
Federal Sources		170,771			170,771
Total Revenues	10,671,104	182,274		233,013	11,086,391
EXPENDITURES					
Current:					
Regular Instruction	2,244,066	53,804			2,297,870
Special Education Instruction	476,865	4,181			481,046
Other Instruction	27,919				27,919
School Sponsored Instruction	75,210				75,210
Support Services and Undistributed Costs:					
Tuition	2,944,994	124,289			3,069,283
Student & Instruction Related Services	876,015				876,015
General Administrative Services	253,530				253,530
School Administrative Services	149,593				149,593
Central Services	159,501				159,501
Plant Operations and Maintenance	589,716				589,716

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES					
Current:					
Pupil Transportation	\$ 559,703				\$ 559,703
Unallocated Benefits	1,566,216				1,566,216
Transfer to Charter Schools	38,415				38,415
Capital Outlay	135,249		\$ 336,407		471,656
Debt Service:					
Principal				\$ 130,000	130,000
Interest and Other Charges				103,013	103,013
Total Expenditures	<u>10,096,992</u>	<u>\$ 182,274</u>	<u>336,407</u>	<u>233,013</u>	<u>10,848,686</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	574,112		(336,407)		237,705
OTHER FINANCING SOURCES/(USES)					
Transfers In			433,194		433,194
Transfers Out	(433,194)				(433,194)
Total Other Financing Sources/(Uses)	<u>(433,194)</u>		<u>433,194</u>		
Net Change in Fund Balances	140,918		96,787		237,705
Fund Balance—July 1	<u>2,451,287</u>		<u>331,160</u>		<u>2,782,447</u>
Fund Balance—June 30	<u>\$ 2,592,205</u>	<u>\$ -0-</u>	<u>\$ 427,947</u>	<u>\$ -0-</u>	<u>\$ 3,020,152</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 237,705

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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

	Depreciation expense	\$ (193,943)	
	Capital outlays	<u>563,037</u>	
			369,094

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). 16,838

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. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 2,178

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) 130,000

Change in Net Position of Governmental Activities (A-2) \$ 755,815

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 35,301
Intergovernmental Receivable:	
Federal	2,442
State	121
Interfund Receivable	3,055
Inventory	<u>2,215</u>
Total Current Assets	<u>43,134</u>
Non-Current Assets:	
Capital Assets	106,599
Less: Accumulated Depreciation	<u>(86,121)</u>
Total Non-Current Assets	<u>20,478</u>
Total Assets	<u>63,612</u>
LIABILITIES:	
Accounts Payable - Vendors	7,830
Unearned Revenue	<u>691</u>
Total Liabilities	<u>8,521</u>
NET POSITION:	
Net Investment in Capital Assets	20,478
Unrestricted	<u>34,613</u>
Total Net Position	<u><u>\$ 55,091</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 66,053
Daily Sales - Non-Reimbursable Programs	19,304
Miscellaneous	1,118
	86,475
Total Operating Revenue	86,475
Operating Expenses:	
Cost of Sales	49,563
Salaries, Benefits & Payroll Taxes	47,592
Supplies, Insurance & Other Costs	9,370
Purchased Professional Services	7,822
Depreciation Expense	4,409
	118,756
Total Operating Expenses	118,756
Operating Loss	(32,281)
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	20,816
Breakfast Program	1,534
Special Milk Program	522
Food Distribution Program	5,930
State Sources:	
State School Lunch Program	1,197
Local Sources:	
Interest Income	148
	30,147
Total Non-Operating Revenue	30,147
Change in Net Position	(2,134)
Net Position - Beginning of Year	57,225
Net Position - End of Year	\$ 55,091

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 83,420
Payments to Food Service Vendor	<u>(124,596)</u>
Net Cash (Used for) Operating Activities	<u>(41,176)</u>
Cash Flows from Capital and Related Financing Activities:	
Net Capital Asset Additions	<u>(5,509)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(5,509)</u>
Cash Flows from Noncapital Financing Activities:	
State and Federal Subsidy Reimbursements	<u>23,929</u>
Net Cash Provided by Noncapital Financing Activities	<u>23,929</u>
Net Decrease in Cash and Cash Equivalents	(22,608)
Cash and Cash Equivalents, July 1	<u>57,909</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 35,301</u></u>
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (32,281)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	4,409
Food Distribution Program	5,930
Changes in Assets and Liabilities:	
(Increase) in Interfund Recievable	(3,055)
(Increase) in Inventory	(780)
(Decrease) in Accounts Payable	(15,340)
(Decrease) in Unearned Revenue	<u>(59)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (41,176)</u></u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$5,871 and utilized U.S.D.A. Commodities valued at \$5,930.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 166,370	\$ 507
Interfund Receivable		11,167
	<hr/>	<hr/>
Total Assets	166,370	11,674
	<hr/>	<hr/>
LIABILITIES:		
Payroll Deductions and Withholdings	22,130	
Accrued Salaries and Wages	15,597	
Interfund Payable	113,228	
Due to Student Groups	15,415	
	<hr/>	<hr/>
Total Liabilities	166,370	
	<hr/>	<hr/>
NET POSITION:		
Held in Trust for Unemployment Claims		11,674
		<hr/>
Total Net Position	<u>\$ -0-</u>	<u>\$ 11,674</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee Deductions	\$ 11,698
Total Contributions	<u>11,698</u>
Investment Earnings	<u>2</u>
Total Additions	<u>11,700</u>
 DEDUCTIONS:	
Unemployment Claims and Contributions	<u>28,713</u>
Total Deductions	<u>28,713</u>
Change in Net Position	(17,013)
Net Position - Beginning of the Year	<u>28,687</u>
Net Position - End of the Year	<u><u>\$ 11,674</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Mount Arlington School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary and a middle school located in the Borough of Mount Arlington. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes,

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

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2014 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,654,096	\$ 179,455
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		2,819
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(35,746)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	52,754	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 10,671,104	\$ 182,274

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,096,992	\$ 179,455
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		2,819
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,096,992	\$ 182,274
		Capital Projects Fund
	Revenue	Fund Balance
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 299,240	\$ 727,187
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants not Recognized on GAAP Basis	(299,240)	(299,240)
Fund Balance per Governmental Funds (GAAP)	\$ -0-	\$ 427,947

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,592,205 General Fund fund balance at June 30, 2014, \$323,318 is assigned for encumbrances; \$1,045,399 is restricted in the capital reserve account; \$50,000 has been restricted in the maintenance reserve account; \$343,683 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2015, \$353,724, is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2016; \$124,452 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2015; and \$351,629 is unassigned fund balance, which is \$35,746 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2014.

Special Revenue: The Special Revenue Fund fund balance at June 30, 2014 is \$-0-.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2014 of \$427,947, (which excludes \$299,240 of SDA grants receivable not recognized on a GAAP basis), is committed.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2014 is \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as defined above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$35,746, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the prior fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District implement GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2014.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced pby the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, and a maintenance reserve.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Restrictions, Commitments and Assignments (Cont'd):

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had \$427,947 in the committed resources at June 30, 2014 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2014.

S. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for Food Service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Deposits:

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

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

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

During the period ended June 30, 2014, the District did not hold any investments.

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 2,047,054</u>	<u>\$ 1,095,399</u>	<u>\$ 3,142,453</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2014, was \$3,142,453 and the bank balance was \$3,520,720.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$2,500 on October 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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 account 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 July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013		\$ 948,033
Deposit by Board Resolution - June 26, 2014	\$ 650,000	
Excess Local Share of Costs in Capital Outlay	11,560	
Excess Local Share of Costs in Capital Projects Fund	<u>15,666</u>	
		<u>677,226</u>
		1,625,259
Withdrawn by Board Resolution - July 22, 2013	(131,000)	
Withdrawn by Board Resolution - April 4, 2014	<u>(448,860)</u>	
		<u>(579,860)</u>
Ending Balance, June 30, 2014		<u>\$ 1,045,399</u>

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects exceeds the June 30, 2014 capital reserve account balance. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2014, the District transferred \$151,836 to capital outlay accounts. Of these transfers, \$20,836 was for the acquisition of equipment which did not require the approval of the County Superintendent, and \$131,000 was for construction services for which County Superintendent approval was obtained by the District.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 611,500			\$ 611,500
Construction in Progress	14,840	\$ 125,913	\$ (14,840)	125,913
Total Capital Assets Not Being Depreciated	<u>626,340</u>	<u>125,913</u>	<u>(14,840)</u>	<u>737,413</u>
Capital Assets Being Depreciated:				
Site Improvements	434,578			434,578
Buildings and Building Improvements	6,488,228	329,934	14,840	6,833,002
Machinery and Equipment	687,769	107,190	(61,897)	733,062
Total Capital Assets Being Depreciated	<u>7,610,575</u>	<u>437,124</u>	<u>(47,057)</u>	<u>8,000,642</u>
Governmental Activities Capital Assets	<u>8,236,915</u>	<u>563,037</u>	<u>(61,897)</u>	<u>8,738,055</u>
Less Accumulated Depreciation for:				
Site Improvements	(115,911)	(17,824)		(133,735)
Buildings and Building Improvements	(2,607,638)	(133,056)		(2,740,694)
Machinery and Equipment	(488,196)	(43,063)	61,897	(469,362)
	<u>(3,211,745)</u>	<u>(193,943)</u>	<u>61,897</u>	<u>(3,343,791)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,025,170</u>	<u>\$ 369,094</u>	<u>\$ -0-</u>	<u>\$ 5,394,264</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 114,139	\$ 5,960	\$ (13,500)	\$ 106,599
Less Accumulated Depreciation	(94,761)	(4,409)	13,049	(86,121)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,378</u>	<u>\$ 1,551</u>	<u>\$ (451)</u>	<u>\$ 20,478</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 30,323
General Administrative Services	4,719
Plant Operations and Maintenance	3,055
Unallocated	<u>155,846</u>
	<u>\$ 193,943</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2014, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2013</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2014</u>
Serial Bonds Payable	\$ 2,600,000	\$ 130,000	\$ 2,470,000
Compensated Absences Payable	31,213	16,838	14,375
	<u>\$ 2,631,213</u>	<u>\$ 146,838</u>	<u>\$ 2,484,375</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2014 is \$130,000 and the long-term portion is \$2,470,000. The Debt Service Fund will be used to liquidate bonds payable.

The District had bonds outstanding as of June 30, 2014 as follows:

<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
1/15/2028	3.750% - 4.000%	<u>\$ 2,470,000</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 135,000	\$ 98,463	\$ 233,463
2016	145,000	93,400	238,400
2017	145,000	87,600	232,600
2018	150,000	81,800	231,800
2019	160,000	75,800	235,800
Thereafter:			
2020-2024	890,000	278,400	1,168,400
2025-2028	845,000	85,800	930,800
	<u>\$ 2,470,000</u>	<u>\$ 904,276</u>	<u>\$ 3,504,276</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2014, the Board had no bonds authorized but not issued.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District did not have any Capital Leases Payable as of June 30, 2014.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$14,375. There is no current portion of compensated absences payable.

The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, no liability existed for compensated absences in the Enterprise Fund.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Borough of Mount Arlington School District by board resolution on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	<u>\$ 50,000</u>
Ending Balance, June 30, 2014	<u><u>\$ 50,000</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the TPAF, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and TPAF and retire at a specified age 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. For PERS and TPAF, the contribution rate was 6.64% effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$55,025, \$63,215 and \$84,262 for the fiscal years ended June 30, 2014, 2013 and 2012, respectively.

During the fiscal years ended June 30, 2014, 2013 and 2012 the State of New Jersey contributed \$127,598, \$194,582 and \$91,007, respectively, to the TPAF for pension benefits on-behalf of the District.

District contributions to DCRP amounted to \$4,588, \$-0- and \$-0- for the fiscal years ended June 30, 2014, 2013 and 2012, respectively. The employee contributions to DCRP for fiscal year 2014, 2013, and 2012 were \$12,487, \$-0-, and \$-0- respectively.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994. The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$209,214, \$220,024, and \$182,946 for 2014, 2013, and 2012, respectively.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through the Oxford Health Plan.

Property and Liability Insurance

The Borough of Mount Arlington School District is a member of the Morris Essex Insurance Group (the "Group"). The Group provides general liability, property, automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit report for the year ended June 30, 2014 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2013 is as follows:

	<u>Morris-Essex Insurance Group</u>
Total Assets	\$ 8,251,089
Net Position	\$ 4,348,089
Total Revenue	\$ 3,035,421
Total Expenses	\$ 1,875,807
Change in Net Position	\$ 201,020
Member Dividends	\$ 658,594

Financial statements for the Group are available at the Executive Director's Office:

Burton Agency
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014		\$ 2	\$ 11,698	\$ 28,713	\$ 11,674
2012-2013	\$ 7,089	20	6,668	29,508	28,687
2011-2012		119	5,852	27,269	44,418

NOTE 12 DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Life

AXA Equitable

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2014 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 116,283	\$ 39,431
Special Revenue Fund		14,222
Capital Projects Fund	36,376	
Proprietary Fund	3,055	
Fiduciary Fund	11,167	113,228
	<u>\$ 166,881</u>	<u>\$ 166,881</u>

The interfund receivable in the General Fund represents employee health contributions held in the Fiduciary Fund, as well as the cash deficit due from the Special Revenue Fund as the result of federal grants receivable. The interfund payable in the General Fund due to the Capital Projects Fund is for funds paid by Capital Projects Fund on behalf of the General Fund. The interfund payable in the General Fund due to the Food Service Fund is due to state and federal subsidy reimbursements that have been received but not transferred to the Food Service Fund. The interfund receivable and payable in the Fiduciary Fund represent unemployment contributions held in the Payroll Agency Account.

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$2,600,000 School Bonds dated September 14, 2005 as the District is considered a small issuer with debt under \$15,000,000.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2014, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 323,318	\$ 4,376	\$ 522,321	\$ 850,015
<u>\$ 323,318</u>	<u>\$ 4,376</u>	<u>\$ 522,321</u>	<u>\$ 850,015</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2014, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,376 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue. Included in the \$727,187 Committed Capital Projects fund balance at June 30, 2014, is \$522,321 of year-end encumbrances. Due to the SDA grants not being recognized on a GAAP bases at June 30, 2014 \$299,240 of this committed fund balance is not included on the District's Governmental Funds Balance Sheet

NOTE 16. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and September 12. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,281,730		\$ 9,281,730	\$ 9,281,730	
Miscellaneous	10,000		10,000	85,511	75,511
Total - Local Sources	<u>9,291,730</u>		<u>9,291,730</u>	<u>9,367,241</u>	<u>75,511</u>
State Sources:					
Categorical Special Education Aid	338,797		338,797	338,797	
Extraordinary Special Education Costs Aid	60,000		60,000	192,300	132,300
Categorical Security Aid	50,935		50,935	50,935	
Adjustment Aid	84		84	84	
Categorical Transportation Aid	137,936		137,936	137,936	
Nonpublic School Transportation Costs				5,075	5,075
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				127,598	127,598
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				209,214	209,214
TPAF Social Security (Reimbursed - Non-Budgeted)				224,916	224,916
Total State Sources	<u>587,752</u>		<u>587,752</u>	<u>1,286,855</u>	<u>699,103</u>
Federal Sources:					
Medicaid Reimbursement	9,410		9,410		(9,410)
Total Federal Sources	<u>9,410</u>		<u>9,410</u>		<u>(9,410)</u>
TOTAL REVENUES	<u>9,888,892</u>		<u>9,888,892</u>	<u>10,654,096</u>	<u>765,204</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 81,320	\$ 61	\$ 81,381	\$ 81,381	
Grades 1-5 - Salaries of Teachers	989,380	32,404	1,021,784	1,008,611	\$ 13,173
Grades 6-8 - Salaries of Teachers	840,082	29,160	869,242	862,241	7,001
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services	1,600	1,910	3,510	3,510	
Regular Programs - Undistributed Expenditures:					
Other Salaries for Instruction		52,245	52,245	49,030	3,215
Other Purchased Services (400-500 series)	31,300	6,811	38,111	36,454	1,657
General Supplies	96,540	139,629	236,169	190,310	45,859
Textbooks	40,000	(8,538)	31,462	12,121	19,341
Other Objects	1,500	626	2,126	408	1,718
Total Regular Programs - Instruction	<u>2,081,722</u>	<u>254,308</u>	<u>2,336,030</u>	<u>2,244,066</u>	<u>91,964</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	247,985		247,985	240,336	7,649
Other Salaries for Instruction	42,433	(23,058)	19,375	16,731	2,644
General Supplies		800	800	605	195
Total Resource Room/Resource Center	<u>290,418</u>	<u>(22,258)</u>	<u>268,160</u>	<u>257,672</u>	<u>10,488</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 66,605	\$ 400	\$ 67,005	\$ 67,005	
General Supplies		387	387	387	
Total Autism	<u>66,605</u>	<u>787</u>	<u>67,392</u>	<u>67,392</u>	
Preschool Disabilities - Part-time:					
Salaries of Teachers	43,000	(2,682)	40,318		\$ 40,318
General Supplies	1,400	(1,003)	397		397
Total Preschool Disabilities - Part-time	<u>44,400</u>	<u>(3,685)</u>	<u>40,715</u>		<u>40,715</u>
Preschool Disabilities - Full-time:					
Salaries of Teachers	114,629	(5,920)	108,709	108,296	413
Other Salaries for Instruction		41,932	41,932	41,932	
General Supplies	1,200	420	1,620	1,573	47
Total Preschool Disabilities - Full-time	<u>115,829</u>	<u>36,432</u>	<u>152,261</u>	<u>151,801</u>	<u>460</u>
Total Special Education Instruction	<u>517,252</u>	<u>11,276</u>	<u>528,528</u>	<u>476,865</u>	<u>51,663</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	34,687	(13,374)	21,313	16,762	4,551
General Supplies	325	40	365	44	321
Total Basic Skills/Remedial - Instruction	<u>35,012</u>	<u>(13,334)</u>	<u>21,678</u>	<u>16,806</u>	<u>4,872</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 11,958		\$ 11,958	\$ 11,113	\$ 845
Total Bilingual - Instruction	<u>11,958</u>		<u>11,958</u>	<u>11,113</u>	<u>845</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	30,000	\$ (9,796)	20,204	19,910	294
Purchased Services (300-500 series)		600	600	600	
Supplies and Materials	2,730	(1,231)	1,499		1,499
Total School-Sponsored Cocurricular Activities - Instruction	<u>32,730</u>	<u>(10,427)</u>	<u>22,303</u>	<u>20,510</u>	<u>1,793</u>
School-Sponsored Athletics - Instruction:					
Salaries	17,278	14,796	32,074	32,074	
Purchased Services (300-500 series)	5,000	(1,789)	3,211	3,211	
Supplies and Materials	5,000	4,625	9,625	9,625	
Other Objects		175	175	175	
Total School-Sponsored Cocurricular Activities - Instruction	<u>27,278</u>	<u>17,807</u>	<u>45,085</u>	<u>45,085</u>	
Other Instructional Programs - Instruction:					
Salaries	37,206	(5,282)	31,924	9,615	22,309
Total Other Instructional Programs - Instruction	<u>37,206</u>	<u>(5,282)</u>	<u>31,924</u>	<u>9,615</u>	<u>22,309</u>
Total Instruction	<u>2,743,158</u>	<u>254,348</u>	<u>2,997,506</u>	<u>2,824,060</u>	<u>173,446</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 2,198,100	\$ 427,294	\$ 2,625,394	\$ 2,375,015	\$ 250,379
Tuition to Other LEAs Within the State - Special	150,908	33,073	183,981	175,385	8,596
Tuition to County Voc. School Dist. - Regular	81,000	(978)	80,022	22,879	57,143
Tuition to CSSD & Regional Day Schools		23,205	23,205	39,162	(15,957)
Tuition to Private Schools for the Disabled - Within the State	744,538	(292,300)	452,238	238,458	213,780
Tuition - State Facilities	94,095		94,095	94,095	
Total Undistributed Expenditures - Instruction	<u>3,268,641</u>	<u>190,294</u>	<u>3,458,935</u>	<u>2,944,994</u>	<u>513,941</u>
Attendance and Social Work:					
Salaries	8,160		8,160	8,160	
Total Attendance and Social Work	<u>8,160</u>		<u>8,160</u>	<u>8,160</u>	
Health Services:					
Salaries	136,260	(536)	135,724	135,724	
Purchased Professional and Technical Services	5,000	(1,020)	3,980	3,700	280
Supplies and Materials	1,500	1,278	2,778	2,161	617
Other Objects	550	278	828	793	35
Total Health Services	<u>143,310</u>	<u>278</u>	<u>143,310</u>	<u>142,378</u>	<u>932</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries	\$ 174,302	\$ 60,815	\$ 235,117	\$ 229,893	\$ 5,224
Purchased Professional - Educational Services	65,733	(60,292)	5,441	5,441	
Supplies and Materials	3,483	(523)	2,960	1,207	1,753
Total Speech. OT, PT, and Related Services	<u>243,518</u>		<u>243,518</u>	<u>236,541</u>	<u>6,977</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	165,263		165,263	154,228	11,035
Total Other Support Services - Students - Extraordinary Services	<u>165,263</u>		<u>165,263</u>	<u>154,228</u>	<u>11,035</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	23,002	12,253	35,255	35,255	
Salaries of Secretarial and Clerical Assistants	12,012	(12,012)			
Other Objects	25		25		25
Total Other Support Services - Students - Guidance	<u>35,039</u>	<u>241</u>	<u>35,280</u>	<u>35,255</u>	<u>25</u>
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	203,949	(241)	203,708	195,613	8,095
Salaries of Secretarial and Clerical Assistants	22,078		22,078	14,199	7,879
Other Purchased Professional and Technical Services	42,705		42,705	29,554	13,151
Supplies and Materials	4,065	1,174	5,239	1,381	3,858
Other Objects	225		225	225	
Total Other Support Services - Students - Child Study Teams	<u>273,022</u>	<u>933</u>	<u>273,955</u>	<u>240,972</u>	<u>32,983</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 30,356	\$ 544	\$ 30,900	\$ 30,900	
Salaries of Other Professional Staff		7,000	7,000	3,095	\$ 3,905
Other Purchased Professional and Technical Services	8,929	(544)	8,385		8,385
Total Improvement of Instructional Services	<u>39,285</u>	<u>7,000</u>	<u>46,285</u>	<u>33,995</u>	<u>12,290</u>
Instructional Staff Training Services:					
Other Purchased Professional and Technical Services	25,000	(7,000)	18,000	5,111	12,889
Total Instructional Staff Training Services	<u>25,000</u>	<u>(7,000)</u>	<u>18,000</u>	<u>5,111</u>	<u>12,889</u>
Educational Media Services/School Library:					
Salaries	53,945	(52,840)	1,105		1,105
Purchased Professional and Technical Services	15,750	15,000	30,750	14,617	16,133
Supplies and Materials	785	1,666	2,451	2,378	73
Other Objects	2,426		2,426	2,380	46
Total Educational Media Services/School Library	<u>72,906</u>	<u>(36,174)</u>	<u>36,732</u>	<u>19,375</u>	<u>17,357</u>
Support Services - General Administration:					
Salaries	162,877	1,240	164,117	163,803	314
Legal Services	12,894	6,000	18,894	14,904	3,990
Audit Fees	14,000	1,000	15,000	15,000	
Other Purchased Professional Services	10,930		10,930	9,275	1,655
Communications/Telephone	25,919	2,000	27,919	27,040	879

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration (Cont'd):					
BOE Other Purchased Services	\$ 1,000	\$ 970	\$ 1,970	\$ 1,967	\$ 3
Miscellaneous Purchased Services (400-500 series)	34,217	(14,767)	19,450	12,295	7,155
General Supplies	400		400	29	371
Miscellaneous Expenditures	4,300	1,463	5,763	3,803	1,960
BOE Membership Dues and Fees	5,830		5,830	5,414	416
Total Support Services - General Administration	<u>272,367</u>	<u>(2,094)</u>	<u>270,273</u>	<u>253,530</u>	<u>16,743</u>
School Administration:					
Salaries of Principals/Assistant Principals	110,883	2,011	112,894	112,894	
Salaries of Secretarial and Clerical Assistants	32,640		32,640	32,640	
Purchased Professional and Technical Services	3,200	(822)	2,378	1,905	473
Other Purchased Services (400-500 series)	500		500	328	172
Supplies and Materials	500	356	856	777	79
Other Objects	500	549	1,049	1,049	
Total School Administration	<u>148,223</u>	<u>2,094</u>	<u>150,317</u>	<u>149,593</u>	<u>724</u>
Central Services:					
Salaries	144,746	521	145,267	144,893	374
Purchased Technical Services	11,100	540	11,640	11,483	157
Supplies and Materials	2,000	1,513	3,513	3,125	388

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services (Cont'd):					
Miscellaneous Expenditures	\$ 505	\$ (180)	\$ 325		\$ 325
Total Central Services	<u>158,351</u>	<u>2,394</u>	<u>160,745</u>	<u>\$ 159,501</u>	<u>1,244</u>
Required Maintenance of School Facilities:					
Salaries	50,868		50,868	50,279	589
Cleaning, Repair and Maintenance Services	105,671	2,114	107,785	56,944	50,841
General Supplies	<u>15,000</u>	<u>(1,687)</u>	<u>13,313</u>	<u>5,777</u>	<u>7,536</u>
Total Required Maintenance of School Facilities	<u>171,539</u>	<u>427</u>	<u>171,966</u>	<u>113,000</u>	<u>58,966</u>
Custodial Services:					
Salaries	170,822	14,746	185,568	183,566	2,002
Purchased Professional and Technical Services	5,000	4,175	9,175	4,880	4,295
Cleaning, Repair and Maintenance Services	54,400	(14,746)	39,654	15,621	24,033
Other Purchased Property Services	52,260		52,260	39,701	12,559
Insurance	60,790	2,688	63,478	63,478	
General Supplies	55,000	(4,385)	50,615	20,323	30,292
Energy (Electricity)	105,000		105,000	65,695	39,305
Energy (Natural Gas)	53,000		53,000	33,129	19,871
Energy (Oil)	53,000		53,000	25,526	27,474
Other Objects	<u>500</u>	<u>244</u>	<u>744</u>	<u>676</u>	<u>68</u>
Total Custodial Services	<u>609,772</u>	<u>2,722</u>	<u>612,494</u>	<u>452,595</u>	<u>159,899</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Care and Upkeep of Grounds:					
Salaries	\$ 18,431		\$ 18,431	\$ 18,122	\$ 309
Cleaning, Repair and Maintenance Services	8,500		8,500	2,305	6,195
General Supplies	1,500		1,500		1,500
Total Care and Upkeep of Grounds	<u>28,431</u>		<u>28,431</u>	<u>20,427</u>	<u>8,004</u>
Security					
Purchased Technical Services		\$ 3,145	3,145	3,145	
Cleaning, Repair and Maintenance Services	6,000	(3,145)	2,855	549	2,306
Total Security	<u>6,000</u>		<u>6,000</u>	<u>3,694</u>	<u>2,306</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	14,873	1,969	16,842	16,842	
Contracted Services:					
Between Home and School - Vendors	450		450	325	125
Other Than Between Home and School - Vendors	8,000	8,015	16,015	15,422	593
Between Home and School - Joint Agreements	122,151	(55,256)	66,895	15,709	51,186
Special Education Students - Joint Agreements	75,000	842	75,842	63,449	12,393
Regular Students - ESC's and CTSA's	283,100	3,271	286,371	255,999	30,372
Special Education Students - ESC's and CTSA's	127,770	39,518	167,288	163,346	3,942
Aid in Lieu - Nonpublic Schools	26,520	2,483	29,003	28,611	392
Total Student Transportation Services	<u>657,864</u>	<u>842</u>	<u>658,706</u>	<u>559,703</u>	<u>99,003</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 80,000	\$ 4,084	\$ 84,084	\$ 83,913	\$ 171
Other Retirement Contributions - PERS	75,000	(9,575)	65,425	59,613	5,812
Unemployment Compensation					
Workmen's Compensation	50,146	4,560	54,706	54,706	
Health Benefits	960,904	(70,551)	890,353	789,743	100,610
Tuition Reimbursement	10,000	2,647	12,647	5,247	7,400
Other Employee Benefits	1,300	9,966	11,266	11,266	
Total Unallocated Benefits	<u>1,177,350</u>	<u>(58,869)</u>	<u>1,118,481</u>	<u>1,004,488</u>	<u>113,993</u>
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				127,598	(127,598)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				209,214	(209,214)
Reimbursed TPAF Social Security Contributions (non-budgeted)				224,916	(224,916)
Total On-Behalf Contributions				<u>561,728</u>	<u>(561,728)</u>
Total Personal Services - Employee Benefits	<u>1,177,350</u>	<u>(58,869)</u>	<u>1,118,481</u>	<u>1,566,216</u>	<u>(447,735)</u>
Total Undistributed Expenses	<u>7,504,041</u>	<u>102,810</u>	<u>7,606,851</u>	<u>7,099,268</u>	<u>507,583</u>
TOTAL GENERAL CURRENT EXPENSE	<u>10,247,199</u>	<u>357,158</u>	<u>10,604,357</u>	<u>9,923,328</u>	<u>681,029</u>
Transfer of Funds to Charter Schools	<u>51,217</u>		<u>51,217</u>	<u>38,415</u>	<u>12,802</u>

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30,
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 6-8		\$ 3,314	\$ 3,314	\$ 3,314	
Undistributed Expenditures - Security		17,522	17,522	12,265	\$ 5,257
Total Equipment		<u>20,836</u>	<u>20,836</u>	<u>15,579</u>	<u>5,257</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		9,546	9,546	9,440	106
Construction Services		121,454	121,454	110,000	11,454
Other Objects - Debt Service Assessment	\$ 355		355	230	125
Total Facilities Acquisition and Construction Services	<u>355</u>	<u>131,000</u>	<u>131,355</u>	<u>119,670</u>	<u>11,685</u>
TOTAL CAPITAL OUTLAY	<u>355</u>	<u>151,836</u>	<u>152,191</u>	<u>135,249</u>	<u>16,942</u>
TOTAL EXPENDITURES	<u>10,298,771</u>	<u>508,994</u>	<u>10,807,765</u>	<u>10,096,992</u>	<u>710,773</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(409,879)</u>	<u>(508,994)</u>	<u>(918,873)</u>	<u>557,104</u>	<u>1,475,977</u>

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30,
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Transfer to Capital Reserve from Capital Projects Fund				\$ 15,666	\$ 15,666
Transfer from Capital Reserve to Capital Projects Fund		\$ (448,860)	\$ (448,860)	(448,860)	
Total Other Financing Sources/(Uses)		(448,860)	(448,860)	(433,194)	15,666
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	\$ (409,879)	(957,854)	(1,367,733)	123,910	1,491,643
Fund Balance, July 1	2,504,041		2,504,041	2,504,041	
Fund Balance, June 30	<u>\$ 2,094,162</u>	<u>\$ (957,854)</u>	<u>\$ 1,136,308</u>	<u>\$ 2,627,951</u>	<u>\$ 1,491,643</u>
Recapitulation:					
Restricted:					
Excess Surplus				\$ 353,724	
Excess Surplus - Designated for Subsequent Year's Expenditures				343,683	
Capital Reserve				1,045,399	
Maintenance Reserve				50,000	
Assigned:					
Year-End Encumbrances				323,318	
Designated for Subsequent Year's Expenditures				124,452	
Unassigned				<u>387,375</u>	
				2,627,951	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(35,746)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,592,205</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources			\$ 19,407	\$ 5,088	\$ (14,319)
State Sources	\$ 1,393	\$ 1,040	2,433	2,433	
Federal Sources	153,519	17,252	170,771	171,934	1,163
Total Revenues	<u>\$ 154,912</u>	<u>\$ 18,292</u>	<u>\$ 192,611</u>	<u>\$ 179,455</u>	<u>\$ (13,156)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	\$ 35,391	\$ (16,356)	\$ 19,035	\$ 19,035	
Tuition	116,571	11,899	128,470	128,470	
General Supplies		18,948	18,948	8,605	\$ 10,343
Textbooks		878	878	878	
Total Instruction	<u>151,962</u>	<u>15,369</u>	<u>167,331</u>	<u>156,988</u>	<u>10,343</u>
Support Services					
Personal Services - Employee Benefits		3,629	3,629	2,621	1,008
Other Purchased Professional Services		8,018	8,018	8,018	
Purchased Professional and Technical Services		13,633	13,633	11,828	1,805
Total Support Services		<u>25,280</u>	<u>25,280</u>	<u>22,467</u>	<u>2,813</u>
Total Expenditures	<u>\$ 151,962</u>	<u>\$ 40,649</u>	<u>\$ 192,611</u>	<u>\$ 179,455</u>	<u>\$ 13,156</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,654,096	\$ 179,455
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		2,819
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(35,746)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	<u>52,754</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,671,104</u>	<u>\$ 182,274</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 10,096,992	\$ 179,455
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		<u>2,819</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,096,992</u>	<u>\$ 182,274</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2014 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>No Child Left Behind</u>			<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>
	<u>Title I</u>	<u>Title II Part A</u>	<u>Title III</u>		
REVENUE:					
Local Sources					
State Sources				\$ 1,235	\$ 320
Federal Sources	\$ 23,884	\$ 18,291	\$ 1,289		
Total Revenue	<u>23,884</u>	<u>18,291</u>	<u>1,289</u>	<u>1,235</u>	<u>320</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	19,035				
Tuition					
General Supplies	2,228		1,289		
Textbooks					
Total Instruction	<u>21,263</u>		<u>1,289</u>		
Support Services:					
Personal Services - Employee Benefits	2,621				
Other Purchased Professional Services		6,463		1,235	320
Purchased Professional and Technical Services		11,828			
Total Support Services	<u>2,621</u>	<u>18,291</u>		<u>1,235</u>	<u>320</u>
Total Expenditures	<u>\$ 23,884</u>	<u>\$ 18,291</u>	<u>\$ 1,289</u>	<u>\$ 1,235</u>	<u>\$ 320</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Nonpublic Textbook	IDEA Part B		Local Grants	Totals
		Basic	Preschool		
REVENUE:					
Local Sources				\$ 5,088	\$ 5,088
State Sources	\$ 878				2,433
Federal Sources		\$ 124,289	\$ 4,181		171,934
Total Revenue	878	124,289	4,181	5,088	179,455
EXPENDITURES:					
Instruction:					
Salaries of Teachers					19,035
Tuition		124,289	4,181		128,470
General Supplies				5,088	8,605
Textbooks	878				878
Total Instruction	878	124,289	4,181	5,088	156,988
Support Services:					
Personal Services - Employee Benefits					2,621
Other Purchased Professional Services					8,018
Purchased Professional and Technical Services					11,828
Total Support Services					22,467
Total Expenditures	\$ 878	\$ 124,289	\$ 4,181	\$ 5,088	\$ 179,455

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOT APPLICABLE

CAPITAL PROJECTS FUND

Exhibit F-1

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Revenue and Other Financing Sources:	
SDA Grants	\$ 299,240
Transfer from Capital Reserve	433,194
Total Revenues and Other Financing Sources:	<u>732,434</u>
Expenditures:	
Purchased Professional and Technical Services	50,267
Supplies and Materials	1,512
Construction Services	284,628
Total Expenditures	<u>336,407</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	396,027
Fund Balance - Beginning Balance	<u>331,160</u>
Fund Balance - Ending Balance	<u>\$ 727,187</u>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 522,321
Total Committed Fund Balance	<u>522,321</u>
Restricted Fund Balance	<u>204,866</u>
	727,187
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(299,240)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 427,947</u>
Reconciliation of Revenue from Budgetary Basis to GAAP Basis:	
SDA Grants Revenue (Budgetary Basis)	\$ 299,240
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended	<u>(299,240)</u>
SDA Grants Revenue (GAAP Basis)	<u>\$ -0-</u>

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - CEILING AND LIGHTING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 50,000	\$ (1,996)	\$ 48,004	\$ 48,004
Total Revenues and Other Financing Source	<u>50,000</u>	<u>(1,996)</u>	<u>48,004</u>	<u>48,004</u>
Expenditures:				
Supplies and Materials	14,840	1,512	16,352	17,512
Construction Services		31,652	31,652	30,492
Total Expenditures	<u>14,840</u>	<u>33,164</u>	<u>48,004</u>	<u>48,004</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 35,160</u>	<u>\$ (35,160)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 48,004</u>
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2013
Revised Target Completion Date	September 1, 2013

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - CORRIDOR FLOOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 45,000		\$ 45,000	\$ 45,000
Total Revenues and Other Financing Sources	45,000		45,000	45,000
Expenditures:				
Purchased Profesional and Technical Services		\$ 1,400	1,400	1,400
Construction Services		21,677	21,677	43,600
Total Expenditures		23,077	23,077	45,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 45,000	\$ (23,077)	\$ 21,923	\$ -0-
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued:		N/A		
Original Authorized Cost		\$ 45,000		
Percentage Completion		52.93%		
Original Target Completion Date		September 1, 2013		
Revised Target Completion Date		September 1, 2014		

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL- GYM FLOOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 115,000	\$ (9,664)	\$ 105,336	\$ 105,336
Total Revenues and Other Financing Source	<u>115,000</u>	<u>(9,664)</u>	<u>105,336</u>	<u>105,336</u>
Expenditures:				
Purchased Professional and Technical Services		6,318	6,318	6,318
Construction Services		99,018	99,018	99,018
Total Expenditures		<u>105,336</u>	<u>105,336</u>	<u>105,336</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 115,000</u>	<u>\$ (115,000)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 105,336</u>
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2013
Revised Target Completion Date	September 1, 2013

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - EXTERIOR DOOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 60,000		\$ 60,000	\$ 60,000
Total Revenues and Other Financing Source	<u>60,000</u>		<u>60,000</u>	<u>60,000</u>
Expenditures:				
Purchased Professional and Technical Services		\$ 3,998	3,998	3,998
Construction Services		<u>31,105</u>	<u>31,105</u>	<u>56,002</u>
Total Expenditures		<u>35,103</u>	<u>35,103</u>	<u>60,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 60,000</u>	<u>\$ (35,103)</u>	<u>\$ 24,897</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 60,000</u>
Percentage Completion	58.51%
Original Target Completion Date	September 1, 2013
Revised Target Completion Date	September 1, 2014

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - GRADING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 76,000	\$ (4,006)	\$ 71,994	\$ 71,994
Total Revenues and Other Financing Sources	<u>76,000</u>	<u>(4,006)</u>	<u>71,994</u>	<u>71,994</u>
Expenditures:				
Purchased Professional and Technical Services		6,894	6,894	6,894
Construction Services		65,100	65,100	65,100
Total Expenditures		<u>71,994</u>	<u>71,994</u>	<u>71,994</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 76,000</u>	<u>\$ (76,000)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 71,994</u>
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2013
Revised Target Completion Date	September 1, 2013

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
EDITH M. DECKER SCHOOL - HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
SDA Grant		\$ 126,580	\$ 126,580	\$ 126,580
Transfer from Capital Reserve		189,868	189,868	189,868
Total Revenues and Other Financing Sources		<u>316,448</u>	<u>316,448</u>	<u>316,448</u>
Expenditures:				
Purchased Professional and Technical Services		16,078	16,078	16,078
Construction Services		36,076	36,076	300,370
Total Expenditures		<u>52,154</u>	<u>52,154</u>	<u>316,448</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 264,294</u>	<u>\$ 264,294</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3410-045-14-1001
Grant Date	May 2, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 316,448</u>
Percentage Completion	16.48%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
EDITH M. DECKER SCHOOL - WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant		\$ 59,660	\$ 59,660	\$ 59,660
Transfer from Capital Reserve		89,492	89,492	89,492
Total Revenues and Other Financing Sources		149,152	149,152	149,152
Expenditures:				
Construction Services				149,152
Total Expenditures				149,152
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 149,152	\$ 149,152	\$ -0-

Additional Project Information:

Project Number	3410-045-14-1001
Grant Date	May 2, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	\$ 149,152
Percentage Completion	0.00%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

MOUNT ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOUNT ARLINGTON PUBLIC SCHOOL - ELEVATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
SDA Grant		\$ 113,000	\$ 113,000	\$ 113,000
Transfer from Capital Reserve		169,500	169,500	169,500
Total Revenues and Other Financing Sources		<u>282,500</u>	<u>282,500</u>	<u>282,500</u>
Expenditures:				
Purchased Professional and Technical Services		15,579	15,579	15,579
Construction Services				266,921
Total Expenditures		<u>15,579</u>	<u>15,579</u>	<u>282,500</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 266,921</u>	<u>\$ 266,921</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3410-050-14-1002
Grant Date	May 2, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued:	N/A
Original Authorized Cost	<u>\$ 282,500</u>
Percentage Completion	5.51%
Original Target Completion Date	September 1, 2015
Revised Target Completion Date	September 1, 2015

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 35,301
Intergovernmental Receivable:	
Federal	2,442
State	121
Interfund Receivable	3,055
Inventory	2,215
	<hr/>
Total Current Assets	43,134
	<hr/>
Non-Current Assets:	
Capital Assets	106,599
Less: Accumulated Depreciation	(86,121)
	<hr/>
Total Non-Current Assets	20,478
	<hr/>
Total Assets	63,612
	<hr/>
LIABILITIES:	
Accounts Payable - Vendors	7,830
Unearned Revenue	691
	<hr/>
Total Liabilities	8,521
	<hr/>
NET POSITION:	
Net Investment in Capital Assets	20,478
Unrestricted	34,613
	<hr/>
Total Net Position	\$ 55,091
	<hr/> <hr/>

Exhibit G-2

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 66,053
Daily Sales - Non-Reimbursable Programs	19,304
Miscellaneous	1,118
	<hr/>
Total Operating Revenue	86,475
	<hr/>
Operating Expenses:	
Salaries, Benefits & Payroll Taxes	47,592
Cost of Sales	49,563
Supplies, Insurance & Other Costs	9,370
Purchased Professional Services	7,822
Depreciation Expense	4,409
	<hr/>
Total Operating Expenses	118,756
	<hr/>
Operating Loss	(32,281)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	20,816
Breakfast Program	1,534
Special Milk Program	522
Food Distribution Program	5,930
State Sources:	
State School Lunch Program	1,197
Local Sources:	
Interest Income	148
	<hr/>
Total Non-Operating Revenue	30,147
	<hr/>
Change in Net Position	(2,134)
	<hr/>
Net Position - Beginning of Year	57,225
	<hr/>
Net Position - End of Year	\$ 55,091
	<hr/> <hr/>

Exhibit G-3

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 83,420
Payments to Food Service Vendor	(124,596)
	<hr/>
Net Cash (Used for) Operating Activities	(41,176)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Net Capital Asset Additions	(5,509)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(5,509)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State and Federal Subsidy Reimbursements	23,929
	<hr/>
Net Cash Provided by Noncapital Financing Activities	23,929
	<hr/>
Cash Flows from Investing Activities:	
Interest on Investments	148
	<hr/>
Net Cash Provided by Investing Activities	148
	<hr/>
Net Decrease in Cash and Cash Equivalents	(22,608)
	<hr/>
Cash and Cash Equivalents, July 1	57,909
	<hr/>
Cash and Cash Equivalents, June 30	\$ 35,301
	<hr/> <hr/>
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (32,281)
Adjustment to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	4,409
Food Distribution Program	5,930
Changes in Assets and Liabilities:	
(Increase) in Interfund Receivable	(3,055)
(Increase) in Inventory	(780)
(Decrease) in Accounts Payable	(15,340)
(Decrease) in Unearned Revenue	(59)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (41,176)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$5,871 and utilized U.S.D.A. Commodities valued at \$5,930.

FIDUCIARY FUNDS

Exhibit H-1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:			
Cash and Cash Equivalents	\$ 15,415	\$ 150,955	\$ 166,370
Interfund Receivable			\$ 507
			<u>11,167</u>
Total Assets	<u>15,415</u>	<u>150,955</u>	<u>166,370</u>
LIABILITIES:			
Payroll Deductions and Withholdings		22,130	22,130
Accrued Salaries and Wages		15,597	15,597
Interfund Payable		113,228	113,228
Due to Student Groups	15,415		15,415
Total Liabilities	<u>15,415</u>	<u>150,955</u>	<u>166,370</u>
NET POSITION:			
Held in Trust for Unemployment Claims			<u>11,674</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
	<u>\$ 11,674</u>		<u>\$ 11,674</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Employee Deductions	\$ 11,698
Total Contributions	<u>11,698</u>
Investment Earnings	<u>2</u>
Total Additions	<u>11,700</u>
DEDUCTIONS:	
Unemployment Claims and Contributions	<u>28,713</u>
Total Deductions	<u>28,713</u>
Change in Net Position	(17,013)
Net Position - Beginning of the Year	<u>28,687</u>
Net Position - End of the Year	<u><u>\$ 11,674</u></u>

Exhibit H-3

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS:				
Cash and Cash Equivalents	\$ 13,742	\$ 85,604	\$ 83,931	\$ 15,415
Total Assets	<u>\$ 13,742</u>	<u>\$ 85,604</u>	<u>\$ 83,931</u>	<u>\$ 15,415</u>
LIABILITIES:				
Due to Student Groups	\$ 13,742	\$ 85,604	\$ 83,931	\$ 15,415
Total Liabilities	<u>\$ 13,742</u>	<u>\$ 85,604</u>	<u>\$ 83,931</u>	<u>\$ 15,415</u>

Exhibit H-4

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
School Class Account	\$ 13,742	\$ 85,604	\$ 83,931	\$ 15,415
Total All Schools	<u>\$ 13,742</u>	<u>\$ 85,604</u>	<u>\$ 83,931</u>	<u>\$ 15,415</u>

Exhibit H-5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS:				
Cash and Cash Equivalents	\$ 137,653	\$ 4,482,700	\$ 4,469,398	\$ 150,955
Total Assets	<u>\$ 137,653</u>	<u>\$ 4,482,700</u>	<u>\$ 4,469,398</u>	<u>\$ 150,955</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 51,266	\$ 2,015,074	\$ 2,044,210	\$ 22,130
Interfund Payable	86,387	55,572	28,731	113,228
Accrued Salaries and Wages		15,597		15,597
Net Salaries and Wages		<u>2,396,457</u>	<u>2,396,457</u>	
Total Liabilities	<u>\$ 137,653</u>	<u>\$ 4,482,700</u>	<u>\$ 4,469,398</u>	<u>\$ 150,955</u>

LONG-TERM DEBT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2014		Interest Rate	Balance June 30, 2013	Matured	Balance June 30, 2014
			Date	Amount				
Refunding Bonds	09/14/05	\$ 3,260,000	1/15/2015	\$ 135,000	3.750%			
			1/15/2016	145,000	4.000%			
			1/15/2017	145,000	4.000%			
			1/15/2018	150,000	4.000%			
			1/15/2019	160,000	4.000%			
			1/15/2020	165,000	4.000%			
			1/15/2021	170,000	4.000%			
			1/15/2022	180,000	4.000%			
			1/15/2023	185,000	4.000%			
			1/15/2024	190,000	4.000%			
			1/15/2025	200,000	4.000%			
			1/15/2026	210,000	4.000%			
			1/15/2027	215,000	4.000%			
			1/15/2028	220,000	4.000%			
					\$ 2,600,000	\$ 130,000	\$ 2,470,000	
					<u>\$ 2,600,000</u>	<u>\$ 130,000</u>	<u>\$ 2,470,000</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
 (UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 233,013		\$ 233,013	\$ 233,013	
Total Revenues	<u>233,013</u>		<u>233,013</u>	<u>233,013</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	103,013		103,013	103,013	
Redemption of Principal	<u>130,000</u>		<u>130,000</u>	<u>130,000</u>	
Total Regular Debt Service	<u>233,013</u>		<u>233,013</u>	<u>233,013</u>	
Total Expenditures	<u>233,013</u>		<u>233,013</u>	<u>233,013</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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 District's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 948,825	\$ 700,394	\$ 957,432	\$ 1,322,896	\$ 1,577,020	\$ 1,581,654	\$ 1,682,703	\$ 2,190,115	\$ 2,425,170	\$ 2,924,264
Restricted	60,205	79,914	171,477	512,679	634,915	1,090,538	1,223,726	1,577,761	2,460,749	1,792,806
Unrestricted	37,047	50,653	156,089	261,349	243,054	294,915	556,112	477,145	243,179	1,167,843
Total governmental activities net position	<u>\$ 1,046,077</u>	<u>\$ 830,961</u>	<u>\$ 1,284,998</u>	<u>\$ 2,096,924</u>	<u>\$ 2,454,989</u>	<u>\$ 2,967,107</u>	<u>\$ 3,462,541</u>	<u>\$ 4,245,021</u>	<u>\$ 5,129,098</u>	<u>\$ 5,884,913</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 49,558	\$ 40,492	\$ 34,244	\$ 24,865	\$ 20,697	\$ 17,053	\$ 13,587	\$ 23,553	\$ 19,378	\$ 20,478
Unrestricted/ (Deficit)	13,135	26,225	30,412	31,043	45,699	40,966	39,502	37,915	37,847	34,613
Total business-type activities net position	<u>\$ 62,693</u>	<u>\$ 66,717</u>	<u>\$ 64,656</u>	<u>\$ 55,908</u>	<u>\$ 66,396</u>	<u>\$ 58,019</u>	<u>\$ 53,089</u>	<u>\$ 61,468</u>	<u>\$ 57,225</u>	<u>\$ 55,091</u>
District-wide:										
Net Investment in Capital Assets	\$ 998,383	\$ 740,886	\$ 991,676	\$ 1,347,761	\$ 1,597,717	\$ 1,598,707	\$ 1,696,290	\$ 2,213,668	\$ 2,444,548	\$ 2,944,742
Restricted	60,205	79,914	171,477	512,679	634,915	1,090,538	1,223,726	1,577,761	2,460,749	1,792,806
Unrestricted	50,182	76,878	186,501	292,392	288,753	335,881	595,614	515,060	281,026	1,202,456
Total District Net Position	<u>\$ 1,108,770</u>	<u>\$ 897,678</u>	<u>\$ 1,349,654</u>	<u>\$ 2,152,832</u>	<u>\$ 2,521,385</u>	<u>\$ 3,025,126</u>	<u>\$ 3,515,630</u>	<u>\$ 4,306,489</u>	<u>\$ 5,186,323</u>	<u>\$ 5,940,004</u>

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,682,343	\$ 2,762,922	\$ 3,026,269	\$ 2,539,331	\$ 2,528,689	\$ 2,683,270	\$ 2,571,625	\$ 2,680,990	\$ 3,001,062	\$ 3,127,551
Special Education	757,091	774,649	671,008	969,361	1,053,335	1,128,097	898,094	660,316	742,111	689,550
Other Special Instruction	155,884	144,283	147,288	56,601	69,168	132,778	31,848	156,166	31,846	35,390
School Sponsored Instruction				77,794	73,413	16,985	3,492	9,325	17,958	107,622
Support Services:										
Tuition	2,370,541	2,584,006	2,843,410	2,981,586	3,386,585	3,298,984	3,428,109	3,010,648	3,029,931	3,069,283
Student & Instruction Related Services	699,437	789,689	821,833	1,178,800	962,906	941,725	788,211	1,038,707	1,040,564	1,094,672
General Administrative Services	204,695	210,755	204,109	181,989	340,563	352,280	356,333	354,269	359,353	297,909
School Administrative Services	413,141	391,562	419,779	379,650	220,296	237,765	189,098	211,121	189,053	213,480
Central Services				150,516	99,580	112,909	161,217	157,106	183,459	198,757
Plant Operations and Maintenance	734,496	812,127	863,983	744,269	665,137	713,750	678,469	642,281	661,216	661,037
Pupil Transportation	320,226	369,243	363,929	495,142	455,249	492,486	511,725	503,858	466,672	564,266
Unallocated Depreciation							122,195	128,231	138,979	93,949
Capital Outlay	8,063	44,954	35,816	36,899	23,850	23,416	288	39,797	107,967	37,860
Interest on Long-Term Debt	177,179	131,554	130,737	76,215	120,794	117,217	113,407	109,432	105,389	100,835
Charter Schools							11,498	50,909	24,930	38,415
Total Governmental Activities Expenses	8,523,096	9,015,744	9,528,161	9,868,153	9,999,565	10,251,662	9,865,609	9,753,156	10,100,490	10,330,576
Business-type Activities:										
Food Service	156,749	158,269	157,505	154,680	130,194	149,650	148,138	146,972	127,284	118,756
Total Business-type Activities Expenses	156,749	158,269	157,505	154,680	130,194	149,650	148,138	146,972	127,284	118,756
Total District Expenses	8,679,845	9,174,013	9,685,666	10,022,833	10,129,759	10,401,312	10,013,747	9,900,128	10,227,774	10,449,332
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)				29,829	28,872	18,647	17,254			
Operating Grants and Contributions	794,437	821,976	631,131	1,227,546	1,265,201	739,454	1,109,685	1,145,954	1,378,670	1,295,596
Capital Grants and Contributions						32,514	4,200	1,800		
Total Governmental Activities Program Revenues	794,437	821,976	631,131	1,257,375	1,294,073	790,615	1,131,139	1,147,754	1,378,670	1,295,596

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activities:										
Charges for Services:										
Food Service	\$ 116,137	\$ 127,642	\$ 118,162	\$ 109,702	\$ 110,337	\$ 109,140	\$ 106,514	\$ 106,463	\$ 89,901	\$ 86,475
Operating Grants and Contributions	33,774	34,139	33,703	35,996	30,301	32,133	36,694	34,749	33,133	29,999
Total Business-type Activities Revenues	149,911	161,781	151,865	145,698	140,638	141,273	143,208	141,212	123,034	116,474
Total District Program Revenues	944,348	983,757	782,996	1,403,073	1,434,711	931,888	1,274,347	1,288,966	1,501,704	1,412,070
Net (Expense)/Revenue										
Governmental Activities	(7,728,659)	(8,193,768)	(8,897,030)	(8,610,778)	(8,705,492)	(9,461,047)	(8,734,470)	(8,605,402)	(8,721,820)	(9,034,980)
Business-type Activities	(6,838)	3,512	(5,640)	(8,982)	10,444	(8,377)	(4,930)	(5,760)	(4,250)	(2,282)
Total District-wide Net (Expense)/Revenue	(7,735,497)	(8,190,256)	(8,902,670)	(8,619,760)	(8,695,048)	(9,469,424)	(8,739,400)	(8,611,162)	(8,726,070)	(9,037,262)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	6,700,753	7,226,022	7,976,039	8,557,293	8,567,494	8,752,714	8,746,381	8,921,309	9,099,735	9,281,730
Taxes Levied for Debt Service	248,992	245,092	232,149	220,368	223,267	233,906	235,194	236,294	232,231	233,013
Unrestricted Grants and Contributions	650,016	658,781	1,034,290	486,071	139,593	604,377	16,606	207,123	170,798	190,541
Tuition Charges	31,230	20,964	21,470							
Net Changes Due to Defeasance of Bonds		(229,000)								
Investment Earnings	26,327	51,430	85,726	61,930	103	25	9,206	8,906	3,028	6,029
Miscellaneous Income	(32,250)	5,363	4,524	97,044	133,100	382,143	222,517	28,389	100,105	79,482
Transfers			(3,130)					(14,139)		
Total Governmental Activities	7,625,068	7,978,652	9,351,068	9,422,706	9,063,557	9,973,165	9,229,904	9,387,882	9,605,897	9,790,795

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type Activities:										
Investment Earnings	\$ 369	\$ 513	\$ 448	\$ 234	\$ 44				\$ 7	\$ 148
Miscellaneous Income	40,165									
Transfers			3,130					\$ 14,139		
Total Business-type Activities	40,534	513	3,578	234	44			14,139	7	148
Total District-wide	7,665,602	7,979,165	9,354,646	9,422,940	9,063,601	\$ 9,973,165	\$ 9,229,904	9,402,021	9,605,904	9,790,943
Change in Net Position										
Governmental Activities	(103,591)	(215,116)	454,038	811,928	358,065	512,118	495,434	782,480	884,077	755,815
Business-type Activities	33,696	4,025	(2,062)	(8,748)	10,488	(8,377)	(4,930)	8,379	(4,243)	(2,134)
Total District	\$ (69,895)	\$ (211,091)	\$ 451,976	\$ 803,180	\$ 368,553	\$ 503,741	\$ 490,504	\$ 790,859	\$ 879,834	\$ 753,681

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved/Restricted	\$ 131,663	\$ 157,433	\$ 258,240	\$ 503,552	\$ 634,890	\$1,090,538	\$1,215,159	\$1,571,644	\$1,615,711	\$1,792,806
Unreserved	139,621	143,428	243,536	400,142	344,883	376,262				
Assigned							208,567	221,117	513,878	447,770
Unassigned							436,272	341,831	321,698	351,629
Total General Fund	\$ 271,284	\$ 300,861	\$ 501,776	\$ 903,694	\$ 979,773	\$1,466,800	\$1,859,998	\$2,134,592	\$2,451,287	\$2,592,205
All Other Governmental Funds:										
Reserved/Restricted									\$ 303,249	
Committed									27,911	\$ 427,947
Unreserved, Reported in:										
Special Revenue Fund/(Deficit)	\$ (627)	\$ (627)	\$ (627)	\$ (627)						
Capital Projects Fund	9,102	9,102								
Debt Service Fund		12,021	21,124	9,127	\$ 25					
Total All Other Governmental Funds	\$ 8,475	\$ 20,496	\$ 20,497	\$ 8,500	\$ 25	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 331,160	\$ 427,947
Total All Governmental Funds:										
Reserved/Restricted	\$ 131,663	\$ 157,433	\$ 258,240	\$ 503,552	\$ 634,890	\$1,090,538	\$1,215,159	\$1,571,644	\$1,918,960	\$1,792,806
Committed									27,911	427,947
Unreserved	148,096	163,924	264,033	408,642	344,908	376,262				
Assigned							208,567	221,117	513,878	447,770
Unassigned							436,272	341,831	321,698	351,629
Total All Governmental Funds	\$ 279,759	\$ 321,357	\$ 522,273	\$ 912,194	\$ 979,798	\$1,466,800	\$1,859,998	\$2,134,592	\$2,782,447	\$3,020,152

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 6,949,745	\$ 7,471,114	\$ 8,208,188	\$ 8,777,661	\$ 8,790,761	\$ 8,986,620	\$ 8,981,575	\$ 9,157,603	\$ 9,331,966	\$ 9,514,743
Tuition Charges	31,230	20,964	21,470	29,829	28,872	18,647	17,254			
Interest Earnings	26,327	51,430	85,726	61,930	103	25	2,209	3,473	3,028	6,029
Miscellaneous	(32,250)	5,363	4,524	90,966	133,100	382,143	231,014	33,822	107,830	88,552
Other Sources				6,078	2,000					
State Sources	1,243,037	1,283,388	1,455,582	1,527,362	1,220,155	1,071,501	942,802	1,173,323	1,335,185	1,306,296
Federal Sources	198,417	197,369	209,838	186,255	182,639	304,844	186,189	181,554	206,558	170,771
Total Revenues	8,416,506	9,029,628	9,985,328	10,680,081	10,357,630	10,763,780	10,361,043	10,549,775	10,984,567	11,086,391
Expenditures										
Instruction:										
Regular Instruction	1,760,230	1,759,821	1,912,373	1,798,911	1,762,503	1,852,346	1,857,203	1,922,910	2,066,742	2,297,870
Special Education Instruction	744,343	760,853	655,631	679,361	821,890	880,935	648,581	465,620	509,134	481,046
Other Instruction	117,577	102,895	101,157	37,708	54,600	46,628	19,481	108,483	16,477	27,919
School Sponsored Instruction				56,550	56,951	62,488	8,338	6,496	18,465	75,210
Support Services:										
Tuition	2,370,541	2,584,006	2,843,410	2,981,586	3,386,585	3,298,984	3,428,109	3,010,648	3,029,931	3,069,283
Student & Instruction Related Services	648,362	734,505	760,183	889,793	763,955	744,039	615,862	818,502	828,711	876,015
General Administrative Services	343,512	377,767	407,532	297,020	286,258	291,091	294,801	299,658	307,757	253,530
School Administrative Services	153,620	155,571	142,459	136,469	158,318	173,379	136,413	148,874	130,159	149,593
Central Services				109,355	88,429	101,404	131,826	126,504	150,622	159,501
Plant Operations and Maintenance	542,963	594,245	620,724	634,992	597,777	646,515	731,873	578,578	595,048	589,716
Pupil Transportation	320,226	369,243	363,929	484,347	450,591	487,680	507,611	500,360	462,966	559,703
Unallocated Benefits	1,157,432	1,260,154	1,432,582	1,496,256	1,368,224	1,395,009	1,336,567	1,415,874	1,569,065	1,566,216

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Charter Schools	\$ 8,063	\$ 44,954	\$ 35,816	\$ 36,899	\$ 23,850	\$ 23,416	\$ 11,498	\$ 50,909	\$ 24,930	\$ 38,415
Capital Outlay	56,860	10,944	276,469	418,523	237,726	38,933	4,488	571,332	394,474	471,656
Debt Service:										
Principal	75,000	100,000	100,000	105,000	110,000	115,000	120,000	125,000	125,000	130,000
Interest and Other Charges	173,992	133,071	132,149	127,389	122,369	118,931	115,194	111,294	107,231	103,013
Total Expenditures	8,470,716	8,986,023	9,782,407	10,288,151	10,288,017	10,274,768	9,967,845	10,261,042	10,336,712	10,848,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,210)	43,605	202,921	391,930	69,613	489,012	393,198	288,733	647,855	237,705
Other Financing Sources (Uses)										
Transfers In	203	301	9,102					542,722	346,000	433,194
Transfers Out	(203)	(301)	(9,102)					(556,861)	(346,000)	(433,194)
Total Other Financing Sources (Uses)								(14,139)		
Net Change in Fund Balances	\$ (54,210)	\$ 43,605	\$ 202,921	\$ 391,930	\$ 69,613	\$ 489,012	\$ 393,198	\$ 274,594	\$ 647,855	\$ 237,705
Debt Service as a Percentage of Noncapital Expenditures	3.0%	2.7%	2.5%	2.4%	2.4%	2.3%	2.4%	2.5%	2.4%	2.3%

Source: School District Financial Reports.

Exhibit J-5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2005	\$ 31,230	\$ 26,124		\$ (34,811)	\$ 22,543
2006	20,964	51,430		5,363	77,757
2007	21,470	85,726		4,524	111,720
2008	29,829	61,930		90,942	182,701
2009	28,872	18,533	\$ 9,866	104,804	162,075
2010	18,647	10,905		370,158	399,710
2011	17,254	9,206	197,348	25,169	248,977
2012		8,906	11,813	16,576	37,295
2013	3,428	7,159	87,669	4,877	103,133
2014		6,029	77,433	2,049	85,511

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 12,208,600	\$ 517,065,500	\$ 12,300	\$ 82,199,700	\$ 234,200	\$ 14,950,200	\$ 626,670,500	\$ 24,593,400	\$ 916,610	\$ 627,587,110	\$ 1.070	\$ 544,884,863
2005	12,274,600	517,190,600	12,300	82,796,400	234,200	14,950,200	627,458,300	25,347,300	870,190	628,328,490	1.150	684,081,100
2006	19,179,700	557,531,300	12,300	80,109,600	234,200	14,950,200	672,017,300	24,494,400	756,987	672,774,287	1.170	819,956,474
2007	16,952,600	580,545,900	12,300	71,623,100	234,200	22,663,200	692,031,300	25,200,600	689,030	692,720,330	1.230	863,202,903
2008	17,062,800	583,095,900	6,600	69,103,400	234,200	21,200,000	690,702,900	25,948,500	700,788	691,403,688	1.270	856,015,461
2009	15,397,100	588,267,000	6,600	68,901,100	234,200	21,200,000	694,006,000	26,207,200	748,832	694,754,832	1.279	861,040,511
2010	14,412,100	582,566,100	6,600	68,131,300	234,200	21,200,000	686,550,300	26,302,000		686,550,300	1.280	838,688,370
2011	12,513,500	584,535,500	6,600	64,167,500	234,200	20,700,000	682,157,300	26,302,000		682,157,300	1.330	834,313,587
2012	12,418,800	582,055,600	6,600	63,866,600	234,200	20,700,000	679,281,800	26,302,000		679,281,800	1.361	757,281,828
2013	10,764,400	585,902,700	6,600	63,866,600	234,200	20,700,000	681,474,500	25,649,400		681,474,500	1.383	760,593,072

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

b - Tax rates are per \$100 of assessed value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor.

Exhibit J-7

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Borough of Mount Arlington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Mount Arlington	Morris County	
2004	\$ 1.031	\$ 0.039	\$ 1.070	\$ 0.350	\$ 0.250	\$ 1.670
2005	1.110	0.040	1.150	0.370	0.260	1.780
2006	1.132	0.038	1.170	0.370	0.270	1.810
2007	1.196	0.034	1.230	0.420	0.290	1.940
2008	1.238	0.032	1.270	0.572	0.289	2.131
2009	1.245	0.034	1.279	0.634	0.282	2.195
2010	1.247	0.033	1.280	0.633	0.283	2.196
2011	1.296	0.034	1.330	0.770	0.290	2.390
2012	1.327	0.034	1.361	0.794	0.288	2.443
2013	1.349	0.034	1.383	0.814	0.282	2.479

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mount Arlington Corporate Center	\$ 27,264,400	1	4.00%			
East Coast Mt. Arlington Apartments	8,700,000	2	1.28%			
Carriage Club Investors, LLC	8,500,000	3	1.25%			
SNH NS Properties Trust	6,200,000	4	0.91%			
Orchards at Mt. Arlington LLC	5,198,100	5	0.76%			Not Available
Mount Arlington Horizons, LLC % WCP	5,162,000	6	0.76%			
Mount Arlington Koporate LLC	4,850,000	7	0.71%			
Mount Arlington Ventures, LP	4,300,000	8	0.63%			
Shore Hills Apartments, LLC	2,180,000	9	0.32%			
Brandywine Associates, LLC	1,935,900	10	0.28%			
Total	<u>\$ 74,290,400</u>		<u>10.90%</u>			

Source: Municipal Tax Assessor.

Exhibit J-9

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 6,949,745	\$ 6,949,745	100.00%	-0-
2006	7,471,114	7,471,114	100.00%	-0-
2007	8,208,188	8,208,188	100.00%	-0-
2008	8,777,661	8,777,661	100.00%	-0-
2009	8,790,761	8,790,761	100.00%	-0-
2010	8,986,620	8,986,620	100.00%	-0-
2011	8,981,575	8,981,575	100.00%	-0-
2012	9,157,603	9,157,603	100.00%	-0-
2013	9,331,966	9,331,966	100.00%	-0-
2014	9,514,743	9,514,743	100.00%	-0-

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

Source: Borough of Mount Arlington School District records, including the Certificate and Report of School Taxes (A4F form).

Exhibit J-10

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2005	\$ 3,271,000	-0-	\$ 3,271,000	1.00%	\$ 624.59
2006	3,400,000	-0-	3,400,000	0.91%	608.01
2007	3,300,000	-0-	3,300,000	0.82%	573.71
2008	3,195,000	-0-	3,195,000	0.77%	553.82
2009	3,085,000	-0-	3,085,000	0.79%	532.36
2010	2,970,000	-0-	2,970,000	0.86%	587.65
2011	2,850,000	-0-	2,850,000	0.78%	561.24
2012	2,725,000	-0-	2,725,000	0.70%	518.16
2013	2,600,000	-0-	2,600,000	0.68%	503.68
2014	2,470,000	-0-	2,470,000	0.65%	478.50

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

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

Source: School District Financial Reports.

Exhibit J-11

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 3,271,000	\$ -0-	\$ 3,271,000	0.521%	\$ 624.59
2006	3,400,000	-0-	3,400,000	0.541%	608.01
2007	3,300,000	-0-	3,300,000	0.491%	573.71
2008	3,195,000	-0-	3,195,000	0.461%	553.82
2009	3,085,000	-0-	3,085,000	0.446%	532.36
2010	2,970,000	-0-	2,970,000	0.427%	587.65
2011	2,850,000	-0-	2,850,000	0.415%	561.24
2012	2,725,000	-0-	2,725,000	0.399%	518.16
2013	2,600,000	-0-	2,600,000	0.383%	494.39
2014	2,470,000	-0-	2,470,000	0.362%	478.50

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

Exhibit J-12

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Mount Arlington	\$ 7,877,609	100.00%	\$ 7,877,609
Morris County General Obligation Debt	258,802,126	0.86%	<u>2,230,018</u>
Subtotal, Overlapping Debt			10,107,627
Borough of Mount Arlington School District Direct Debt			<u>2,600,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 12,707,627</u></u>

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized valuation basis
	2013 \$ 750,357,300
	2012 757,281,828
	2011 801,124,251
	<u>\$ 2,308,763,379</u>
Average Equalized Valuation of Taxable Property	\$ 769,587,793
Debt Limit (3% of average equalization value) ^a	23,087,634
Net Bonded School Debt as of June 30, 2014	<u>2,470,000</u>
Legal Debt Margin	<u>\$ 20,617,634</u>

	<u>Fiscal Year</u>									
	<u>2005</u>	<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>
Debt Limit	\$ 15,764,013	\$ 18,103,927	\$ 21,180,600	\$ 23,645,119	\$ 25,365,260	\$ 26,049,678	\$ 25,813,119	\$ 25,272,883	\$ 23,970,944	\$ 23,087,634
Total Net Debt Applicable to Limit	<u>3,271,000</u>	<u>3,400,000</u>	<u>3,300,000</u>	<u>3,195,000</u>	<u>3,085,000</u>	<u>2,970,000</u>	<u>2,850,000</u>	<u>2,725,000</u>	<u>2,600,000</u>	<u>2,470,000</u>
Legal Debt Margin	<u>\$ 15,764,013</u>	<u>\$ 14,703,927</u>	<u>\$ 17,880,600</u>	<u>\$ 20,450,119</u>	<u>\$ 22,280,260</u>	<u>\$ 23,079,678</u>	<u>\$ 22,963,119</u>	<u>\$ 22,547,883</u>	<u>\$ 25,272,883</u>	<u>\$ 20,617,634</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.75%	18.78%	15.58%	13.51%	12.16%	11.40%	11.04%	10.78%	10.85%	10.70%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2005	5,237	\$ 326,055,620	\$ 62,260	3.20%
2006	5,592	373,696,584	66,827	3.40%
2007	5,752	402,064,800	69,900	3.40%
2008	5,769	415,310,310	71,990	4.10%
2009	5,795	391,417,480	67,544	7.00%
2010	5,054	347,336,150	68,725	7.00%
2011	5,078	365,275,774	71,933	7.00%
2012	5,259	389,465,763	74,057	6.80%
2013	5,162	382,282,234	74,057 *	7.10%
2014	5,162 **	382,282,234 **	74,057 *	10.80%

** - Latest Morris County population available (2013) was used for calculation purposes.

* - Latest Morris County per capita personal income available (2012) was used for calculation purposes.

Source:

a - Population information provided by the US Department of Census - Population Division.

b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - BOROUGH OF MOUNT ARLINGTON
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2013			2004		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Enercon Services, Inc.	100	N/A			
Mount Arlington Board of Education	80	N/A			
Nisivoccia LLP	75	N/A			
Mount Arlington Senior Living	70	N/A			
MedPro Systems	50	N/A		Not Available	
Borough of Mount Arlington	44	N/A			
Courtyard by Marriott	40	N/A			
Pub 199	20	N/A			
Benefit Plan Manager Corporation	15	N/A			
PNC Bank	7	N/A			
	<u>501</u>	N/A			

N/A - Information not available

Source: Borough Clerk's Office

Exhibit J-16

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FIVE FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction:					
Regular	26.0	26.2	26.2	28.2	30.8
Special Education	21.0	20.0	19.2	24.2	21.6
Other Special Instruction	1.5				
Support Services:					
Student & Instruction Related Services	4.5	2.9	2.1	1.0	1.3
General Administrative Services	1.5	1.5	1.5	1.3	1.3
School Administrative Services	4.0	1.7	2.0	2.0	2.0
Central Services	2.0	2.0	2.0	1.5	1.5
Plant Operations and Maintenance	5.5	5.5	5.5	5.3	5.2
Pupil Transportation	0.5	0.3	0.3	0.3	0.3
Total	<u>66.5</u>	<u>60.1</u>	<u>58.8</u>	<u>63.8</u>	<u>64.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2005	438.1	\$ 8,164,864	18,637	6.78%	51.0	1:14	N/A	438.1	418.3	-1.28%	95.48%
2006	635.0	* 8,742,008	13,767	-26.13%	48.9	1:13	1:11	416.9	400.8	-4.84%	96.14%
2007	616.0	* 9,273,789	15,055	9.36%	47.4	1:11	1:10	407.6	385.7	-2.23%	94.63%
2008	608.0	* 9,637,239	15,851	5.29%	47.2	1:11	1:10	378.9	360.3	-7.04%	95.09%
2009	578.5	* 9,817,922	16,971	7.07%	53.0	1:07	1:08	387.8	370.9	2.35%	95.64%
2010	571.0	* 10,001,904	17,516	3.21%	48.5	1:07	1:08	383.3	364.8	-1.16%	95.17%
2011	572.5	* 9,728,163	16,992	-2.99%	46.2	1:07	1:08	373.0	356.0	-2.69%	95.44%
2012	553.0	* 9,453,416	17,095	0.60%	45.4	1:07	1:08	363.0	352.0	-2.68%	96.97%
2013	535.0	* 9,710,007	18,150	6.17%	46.0	1:07	1:08	356.0	339.5	-1.93%	95.37%
2014	486.0	* 10,144,017	20,872	15.00%	43.8	1:07	1:08	342.5	329.6	-3.79%	96.23%

* - Includes High School Enrollment

N/A - Not Available

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Note: Enrollment based on annual October District count.

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	123	108	121	133	127
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	305	302	284	257	248
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	130	123	120	105	105
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	247	250	243	238	238

Number of Schools at June 30, 2014

 Elementary = 1

 Middle School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Mount Arlington School District Facilities Office.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Edith M. Decker School	N/A	\$ 13,567	\$ 21,113	\$ 25,906	\$ 29,218	\$ 44,079
Mount Arlington School	N/A	63,443	67,591	93,407	98,738	53,144
Grand Total		<u>\$ 77,010</u>	<u>\$ 88,704</u>	<u>\$119,313</u>	<u>\$127,956</u>	<u>\$ 97,223</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Edith M. Decker School	N/A	\$ 23,550	\$ 19,985	\$ 32,356	\$ 33,279	\$ 35,850
Mount Arlington School	N/A	90,845	144,649	64,712	57,082	77,150
Grand Total		<u>\$114,395</u>	<u>\$164,634</u>	<u>\$ 97,068</u>	<u>\$ 90,361</u>	<u>\$113,000</u>

N/A - Not Applicable.

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

Source: Mount Arlington Board of Education records.

Exhibit J-20

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>Morris Essex Insurance Group</u>		
Blanket Building and Contents	\$ 14,249,160	\$ 5,000
Comprehensive General Liability	1,000,000 / 2,000,000	
Umbrella Liability	10,000,000	10,000
Workers' Compensation	5,000,000	
School Board Legal Fund	1,000,000	10,000
Business Auto	1,000,000	1,000
Student Accident - Monumental Life Ins. Co.	1,000,000	
Public Officials Bond - Selective Insurance:		
Board Secretary/Business Administrator	300,000	
Excess Liability	50,000,000	

Source: Mount Arlington Board of Education records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mount Arlington School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 12, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Compliance and Other Matters

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

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

Mount Arlington, New Jersey
September 12, 2014

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circular 04-04

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Mount Arlington School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Mount Arlington School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2014. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
September 12, 2014

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at	Cash	Budgetary	Balance at June 30, 2014		
			From	To		June 30, 2013			Unearned Revenue/ (Accounts Receivable)	Received	Expenditures
U.S. Department of Education -											
Passed-through State Department of Education:											
Special Revenue Fund:											
No Child Left Behind:											
Title I	84.010A	NCLB-3410-13	9/1/2012	8/31/2013	\$ 30,151	\$ (30,150)	\$ 30,150				
Title I	84.010A	NCLB-3410-14	7/1/2013	6/30/2014	23,891		18,557	\$ (23,884)	\$ (5,327)		
Title IIA	84.367A	NCLB -3410-13	9/1/2012	8/31/2013	18,115	(18,115)	18,115				
Title IIA	84.367A	NCLB-3410-14	7/1/2013	6/30/2014	18,291		9,010	(18,291)	(9,281)		
Title III	83.365A	NCLB -3410-13	7/1/2013	6/30/2014	1,289		1,289	(1,289)			
						(48,265)	77,121	(43,464)	(14,608)		
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-14	7/1/2013	6/30/2014	124,289		109,887	(124,289)	(14,402)		
I.D.E.A. Part B, Preschool	84.173	IDEA-3410-13	7/1/2013	6/30/2014	4,181		4,181	(4,181)			
Total Special Education Cluster							114,068	(128,470)	(14,402)		
Total U.S. Department of Education						(48,265)	191,189	(171,934)	(29,010)		
Total Special Revenue Fund						(48,265)	191,189	(171,934)	(29,010)		
U.S. Department of Agriculture -											
Passed-through State Department of Agriculture:											
Enterprise Fund											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/2013	6/30/2014	5,871		5,871	(5,180)	\$ 691		
Food Distribution Program	10.555	N/A	7/1/2012	6/30/2013	6,190	750		(750)			
School Breakfast Program	10.553	N/A	7/1/2013	6/30/2014	1,534		1,460	(1,534)	(74)		
School Breakfast Program	10.553	N/A	7/1/2012	6/30/2013	1,114	(105)	105				
National School Lunch Program	10.555	N/A	7/1/2013	6/30/2014	20,816		18,499	(20,816)	(2,317)		
National School Lunch Program	10.555	N/A	7/1/2012	6/30/2013	23,335	(2,142)	2,142				

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Balance at June 30, 2014		
			From	To		Unearned Revenue/ (Accounts Receivable)			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Education: Enterprise Fund											
Child Nutrition Cluster (Cont'd):											
Special Milk Program	10.556	N/A	7/1/2013	6/30/2014	\$ 522		\$ 471	\$ (522)	\$ (51)		
Special Milk Program	10.556	N/A	7/1/2012	6/30/2013	864	\$ (58)	58				
Total U.S. Department of Agriculture/Child Nutrition Cluster						(1,555)	28,606	(28,802)	(2,442)	\$ 691	
Total Enterprise Fund						(1,555)	28,606	(28,802)	(2,442)	691	
TOTAL FEDERAL AWARDS						\$ (49,820)	\$ 219,795	\$ (200,736)	\$ (31,452)	\$ 691	\$ -0-

N/A - Not Available/Applicable

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2013			Balance at June 30, 2014			MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable
State Department of Education:												
General Fund:												
Categorical Special Education Aid	13-495-034-5120-089	7/1/2012	6/30/2013	\$ 340,144	\$ (34,001)	\$ 34,001						\$ 340,144
Categorical Security Aid	13-495-034-5120-084	7/1/2012	6/30/2013	50,439	(5,041)	5,041						50,439
Categorical Transportation Aid	13-495-034-5120-014	7/1/2012	6/30/2013	137,169	(13,712)	13,712						137,169
Extraordinary Special Education Costs Aid	13-100-034-5120-473	7/1/2012	6/30/2013	170,798	(170,798)	170,798						170,798
Nonpublic School Transportation Costs	13-495-034-5120-014	7/1/2012	6/30/2013	3,654	(3,654)	3,654						3,654
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/2012	6/30/2013	219,763	(11,365)	11,365						219,763
Categorical Special Education Aid	14-495-034-5120-089	7/1/2013	6/30/2014	338,797		315,849	\$ (338,797)				\$ (22,948)	338,797
Categorical Security Aid	14-495-034-5120-084	7/1/2013	6/30/2014	50,935		47,486	(50,935)				(3,449)	50,935
Adjustment Aid	14-495-034-5120-085	7/1/2013	6/30/2014	84		78	(84)				(6)	84
Categorical Transportation Aid	14-495-034-5120-014	7/1/2013	6/30/2014	137,936		128,593	(137,936)				(9,343)	137,936
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/2013	6/30/2014	192,300			(192,300)	\$ (192,300)			(192,300)	192,300
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/2013	6/30/2014	5,075			(5,075)	(5,075)			(5,075)	5,075
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/2013	6/30/2014	224,916		213,548	(224,916)	(11,368)			(11,368)	224,916
Total General Fund State Aid					(238,571)	944,125	(950,043)	(208,743)			(244,489)	1,872,010
State Department of Education:												
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034-5120-064	7/1/2013	6/30/2014	878		878	(878)					878
Nonpublic Technology Initiative	14-100-034-5120-373	7/1/2013	6/30/2014	320		320	(320)					320
Nonpublic Nursing Aid	14-100-034-5120-070	7/1/2013	6/30/2014	1,235		1,235	(1,235)					1,235
Total Special Revenue Fund						2,433	(2,433)					2,433
Total State Department of Education					(238,571)	946,558	(952,476)	(208,743)			(244,489)	1,874,443
Capital Projects Fund:												
New Jersey School Development Authority												
Educational Facilities and Construction Financing Act:												
Edith M. Decker School - HVAC Replacement	G5-5608	5/2/2014	9/30/2015	126,580								(126,580)
Edith M. Decker School - Window Replacement	G5-5608	5/3/2014	9/30/2015	59,660								(59,660)
Mount Arlington Public School - Elevator	G5-5609	5/4/2014	9/30/2015	113,000								(113,000)
Total Debt Service Fund												(299,240)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2013			Balance at June 30, 2014			MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	13-100-010-3350-023	7/1/2012	6/30/2013	\$ 1,211	\$ (118)	\$ 118						\$ 1,211	
State School Lunch Program	14-100-010-3350-023	7/1/2013	6/30/2014	1,197		1,076	\$ (1,197)	\$ (121)			\$ (121)	1,197	
Total State Department of Agriculture					(118)	1,194	(1,197)	(121)			(121)	2,408	
Total Enterprise Fund					(118)	1,194	(1,197)	(121)			(121)	2,408	
TOTAL STATE AWARDS					\$ (238,689)	\$ -0-	\$ 947,752	\$ (953,673)	\$ (208,864)	\$ -0-	\$ -0-	\$ (244,610)	\$ 1,876,851

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Mount Arlington School District under programs of the federal and state governments for the fiscal year ended June 30, 2014. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payment for the prior year are recognized in the current 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 revenue, whereas the GAAP basis does not. Grant revenue in the Capital Projects Fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$17,008 for the general fund, \$2,819 for the special revenue fund (of which \$3,982 is for local assistance not included in the table below), and (\$299,240) for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Pension and Post Retirement Medical contributions paid by the State on behalf of the District of \$127,598 and \$209,214, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,303,863	\$ 1,303,863
Special Revenue Fund	\$ 170,771	2,433	173,204
Food Service Enterprise Fund	<u>28,802</u>	<u>1,197</u>	<u>29,999</u>
Total Financial Assistance	<u>\$ 199,573</u>	<u>\$ 1,307,493</u>	<u>\$ 1,507,066</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Mount Arlington School District had no loan balances outstanding at June 30, 2014.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$299,240 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2014, \$-0- has been expended and \$-0- has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circular 04-04*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2014 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Categorical Special Education Aid	495-034-5120-089	7/1/13 - 6/30/14	\$ 338,797	\$ 338,797
Categorical Security Aid	495-034-5120-084	7/1/13 - 6/30/14	50,935	50,935
Adjustment Aid	495-034-5120-085	7/1/13 - 6/30/14	84	84

- The threshold used for distinguishing Type A and Type B State programs was \$300,000.
- The District was determined to be a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circular 04-04.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Status of Prior Year Findings:

The District had no prior year audit findings.