

**MOONACHIE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Moonachie, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Moonachie Board of Education  
Moonachie, New Jersey  
For The Fiscal Year Ended June 30, 2011**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

# *Moonachie Board of Education*

20 WEST PARK STREET

MOONACHIE, NEW JERSEY 07074-1192

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OFFICE: (201) 641-5858

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SUE ANNE MATHER

School Business Administrator/Board Secretary

September 29, 2011

Honorable President and  
Members of the Board of Education  
Moonachie School District  
20 West Park Street  
Moonachie, New Jersey 07074

Dear Board Members:

The comprehensive annual financial report of the Moonachie School District (the "District") for the fiscal year ended June 30, 2011 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 Moonachie Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly for the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Moonachie School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Moonachie Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 285 students, which is an increase of 10 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its 9-12<sup>th</sup> grade students with the Wood-Ridge High School District. The following details the changes in the student enrollment of the Moonachie School District over the last eight years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011	285	3.64%
2010	275	(1.43)%
2009	279	3.33%
2008	270	1.13%
2007	267	(5.32)%
2006	282	(2.08)%
2005	288	3.23%
2004	279	(3.13)%

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Moonachie has reached a point of stabilized growth and this trend is anticipated to continue.

3) MAJOR INITIATIVES: The Moonachie School District implemented the following initiatives during the 2010-2011 school year:

In September 2010, the Writing Workshop was provided as an organizational framework for teaching writing. In a writing workshop, students develop most of their writing projects. Teachers push for authority and purpose; students writing with passion about what they know and care about, for reasons they believe in. During genre studies, students choose their own subjects, themes, and approaches. The teacher's mini-lessons grow from his observations of what students don't know or will need to know to produce excellent, literacy writing. Teachers meet with individuals to confer about their writing; they focus on content, style and structure. *(Atwell, Lessons That Change Writers)*.

The Moonachie School District during the past 100 years, and certainly during the past eleven years, has been committed to creating a safe, positive, and stimulating environment that accorded all students dignity and respect, provided equal opportunities to learn, encouraged excellence, and produced responsible citizens who are life-long learners in a challenging society.

May you continue during the next 100 years to prepare young people for the future, and teach children the skills they need to be successful in life. *Submitted by Mark Solimo, 2000-2011 Superintendent Principal.*

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Funds. Project-length budgets are approved for the capital improvements and are 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

**7) DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues included \$975,000 of Serial Bonds Payable. These serial bonds were issued in order to advance refund the District's outstanding Certificate of Participation and Early Retirement Incentive Program. The proceeds of these COPS were placed in the District's capital projects fund for use to provide funds for capital improvements to the Districts buildings and grounds.

**8) 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 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.

9) RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes the audit also was designed to meet the requirements of the Single Audit Act as amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Moonachie Board of Education 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,

  
Jill Mortimer, Superintendent

  
Sue Anne Mather  
School Business Administrator

**Moonachie School District  
2010-2011 Organizational Chart**

Board of Education

Superintendent/Principal

Instructional Staff

Supervisor of Curriculum & Instruction

Classroom & School Aides

CST

Secretarial Staff

Board Secretary/School Business Administrator

Secretary

Assistant to Business Administrator

Custodial Staff

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
James Campbell, President	2012
David Vaccaro, Vice President	2014
Peter Mazzo	2012
Charles Pallas	2013
Sheila King	2014

**Other Officials**

Mark Solimo, Superintendent – until 6/30/11

Jill Mortimer, Superintendent – started 7/1/11

Sue Anne Mather, Board Secretary/School Business Administrator

Anthony P. Sciarrillo, Board Attorney

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Consultants and Advisors**

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208 N  
Fair Lawn, New Jersey 07410

**Attorney**

Anthony P. Sciarrillo, Esq.  
53 Cardinal Drive  
Westfield, New Jersey 07091-2369

**Official Depository**

TD Bank  
225 Main Street  
Little Ferry, NJ 07643

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
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ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

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

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 Moonachie Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Moonachie Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Moonachie Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2011 on our consideration of the Moonachie Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moonachie Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section 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 awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 29, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

This discussion and analysis of the Moonachie School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- District-Wide Financials - Overall revenues were \$8,522,288. General revenues accounted for \$7,064,951 or 83 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,457,337 or 17 percent of total revenues of \$8,522,288.
- District-Wide Financials - The School District had \$8,151,635 in expenses; only \$1,457,337 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,064,951 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Moonachie Board of Education's governmental funds reported combined ending fund balances of \$1,392,241, an increase of \$72,706 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2011, unassigned fund balance for the General Fund was \$237,200, an increase of \$49,744.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of five parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Moonachie Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual funds of the Moonachie Board of Education, reporting the Moonachie Board of Education's operation in more detail than the district-wide statements.
  - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the Moonachie Board of Education operates like a business.
  - 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 to whom the resources belong.

Figure A-1 summarizes the major features of the Moonachie Board of Education's financial statements, including the portion of the Moonachie Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

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

	District-Wide Statements	Governmental Funds	Proprietary 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 and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

**District-wide Statements**

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the Moonachie Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Moonachie Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**District-wide Statements (Continued)**

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

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

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

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**Fund Financial Statements (Continued)**

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF EDUCATION AS A WHOLE**

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

**Net assets.** The District's combined net assets for 2011 and 2010 were \$2,614,362 and \$2,243,709, respectively. (See Table A-1).

By far the largest portion of the District's net assets (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

Table A-1  
Statement of Net Assets  
As of June 30, 2011 and 2010

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 1,450,727	\$ 1,352,808	\$ 19,827	\$ 16,596	\$ 1,470,554	\$ 1,369,404
Capital Assets	<u>2,308,200</u>	<u>2,347,380</u>	<u>7,518</u>	<u>1,438</u>	<u>2,315,718</u>	<u>2,348,818</u>
<b>Total Assets</b>	<u>3,758,927</u>	<u>3,700,188</u>	<u>27,345</u>	<u>18,034</u>	<u>3,786,272</u>	<u>3,718,222</u>
Long-Term Liabilities	1,100,419	1,424,386			1,100,419	1,424,386
Other Liabilities	<u>71,491</u>	<u>50,127</u>	<u>-</u>	<u>-</u>	<u>71,491</u>	<u>50,127</u>
<b>Total Liabilities</b>	<u>1,171,910</u>	<u>1,474,513</u>	<u>-</u>	<u>-</u>	<u>1,171,910</u>	<u>1,474,513</u>
Net Assets:						
Invested in capital assets, net of related debt	1,370,646	1,116,150	7,518	1,438	1,378,164	1,117,588
Restricted	555,256	510,283			555,256	510,283
Unrestricted	<u>661,115</u>	<u>599,242</u>	<u>19,827</u>	<u>16,596</u>	<u>680,942</u>	<u>615,838</u>
<b>Total Net Assets</b>	<u>\$ 2,587,017</u>	<u>\$ 2,225,675</u>	<u>\$ 27,345</u>	<u>\$ 18,034</u>	<u>\$ 2,614,362</u>	<u>\$ 2,243,709</u>

**Governmental activities.** Governmental activities increased the District's net assets for 2011 and 2010 by \$361,342 and \$372,698, respectively. Key elements of this increase are as follows: (See Table A-2)

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2011 and 2010

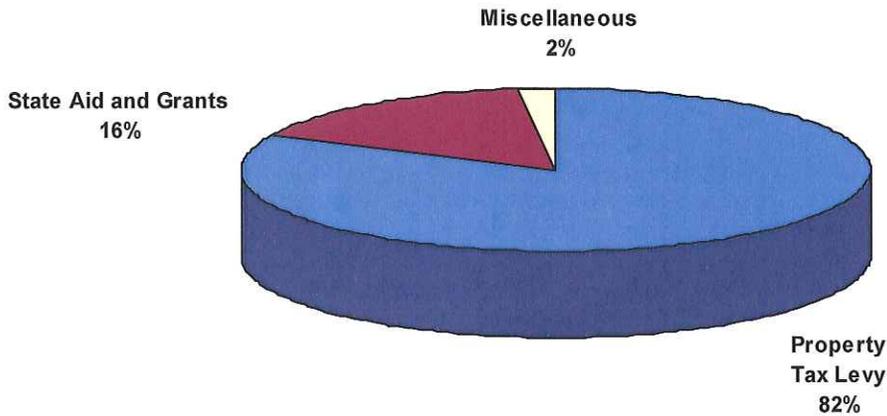
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 486,988	\$ 464,317	\$ 25,634	\$ 29,558	\$ 512,622	\$ 493,875
Operating Grants and Contributions	878,814	844,361	65,901	56,998	944,715	901,359
General Revenues						
Property Taxes	6,892,462	6,604,541			6,892,462	6,604,541
Other	172,319	327,774	170	98	172,489	327,872
<b>Total Revenues</b>	<b>8,430,583</b>	<b>8,240,993</b>	<b>91,705</b>	<b>86,654</b>	<b>8,522,288</b>	<b>8,327,647</b>
<b>Expenses</b>						
Instruction						
Regular	3,610,256	3,794,209			3,610,256	3,794,209
Special Education	1,191,304	959,073			1,191,304	959,073
Other Instruction	294,914	264,168			294,914	264,168
School Sponsored Activities and Ath.	33,948	33,733			33,948	33,733
Support Services						
Student and Instruction Related Serv.	1,201,000	1,138,244			1,201,000	1,138,244
General Administrative Services	237,135	226,251			237,135	226,251
School Administrative Services	188,779	178,693			188,779	178,693
Plant Operations and Maintenance	726,926	734,217			726,926	734,217
Pupil Transportation	315,537	270,785			315,537	270,785
Central Services	186,269	179,337			186,269	179,337
Food Services			112,432	101,122	112,432	101,122
Interest on Long-Term Debt	53,135	64,568	-	-	53,135	64,568
<b>Total Expenses</b>	<b>8,039,203</b>	<b>7,843,278</b>	<b>112,432</b>	<b>101,122</b>	<b>8,151,635</b>	<b>7,944,400</b>
Increase (Decrease) in Net Assets Before Transfers	391,380	397,715	(20,727)	(14,468)	370,653	383,247
Transfers	(30,038)	(25,017)	30,038	25,017	-	-
Increase in Net Assets	361,342	372,698	9,311	10,549	370,653	383,247
Net Assets, Beginning of Year	2,225,675	1,852,977	18,034	7,485	2,243,709	1,860,462
Net Assets, End of Year	<b>\$ 2,587,017</b>	<b>\$ 2,225,675</b>	<b>\$ 27,345</b>	<b>\$ 18,034</b>	<b>\$ 2,614,362</b>	<b>\$ 2,243,709</b>

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

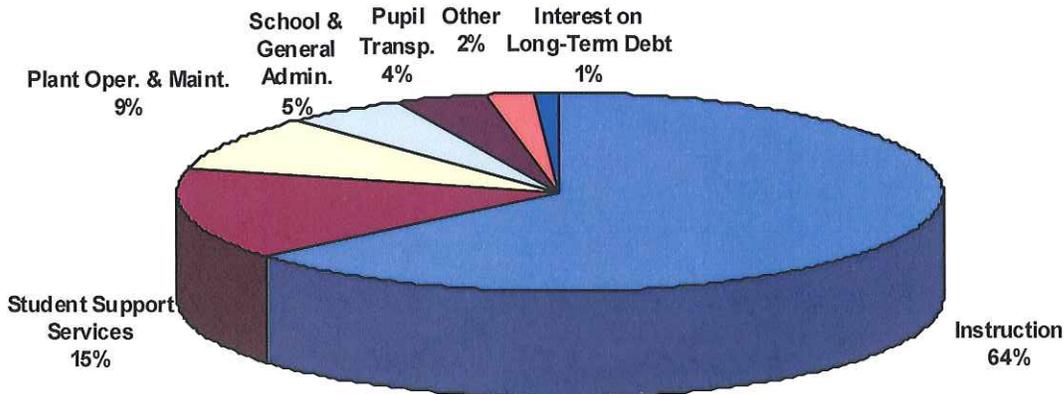
**Governmental activities.** The District's total governmental revenues were \$8,430,583. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$7,064,781 or 84% of total revenues. Funding from state and federal sources as well as tuition amounted to \$1,365,802 or 16%.

Table A-3 Revenues by Source – Governmental Activities  
For Fiscal Year 2011



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$5,130,422 (64%), support services totaled \$2,855,646 (35%) and interest on long-term debt total \$53,135 (1%) of total expenditures. (See Table A-4.)

Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2011



**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**Table A-5  
Total and Net Cost of Services of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 3,610,256	\$ 3,794,209	\$ 3,419,264	\$ 3,584,276
Special Education	1,191,304	959,073	274,920	171,559
Other Instruction	294,914	264,168	169,098	142,807
School Sponsored Activities and Athletics	33,948	33,733	30,994	30,670
Support Services				
Student and Instruction Related Svcs.	1,201,000	1,138,244	1,141,611	1,075,226
General Administrative Services	237,135	226,251	226,059	215,192
School Administrative Services	188,779	178,693	177,634	167,915
Plant Operations and Maintenance	726,926	734,217	706,419	734,217
Pupil Transportation	315,537	270,785	302,463	183,448
Central Services	186,269	179,337	171,804	164,722
Interest on Long-Term Debt	53,135	64,568	53,135	64,568
 Total Governmental Activities	 <u>\$ 8,039,203</u>	 <u>\$ 7,843,278</u>	 <u>\$ 6,673,401</u>	 <u>\$ 6,534,600</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$112,432. These costs were funded by operating grants, charges for services, investment earnings and transfers from governmental activities (Detailed on Table A-2). The operations resulted in an increase in net assets of \$9,311.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$1,392,241. In 2009-2010 the fund balance was \$1,319,535.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$8,430,583 and expenditures were \$8,327,839.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 7,532,424	\$ 7,210,823	\$ 321,601	4%
State Sources	620,917	795,633	(174,716)	-22%
Federal Sources	<u>277,242</u>	<u>234,538</u>	<u>42,704</u>	18%
 Total Revenues	 <u>\$ 8,430,583</u>	 <u>\$ 8,240,994</u>	 <u>\$ 189,589</u>	 2%

The following schedule represents a summary of general fund, special revenue fund, debt service fund and capital projects fund expenditures for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 5,118,270	\$ 5,053,527	\$ 64,743	1%
Undistributed	2,688,600	2,559,848	128,752	5%
Capital Outlay	148,984	13,778	135,206	981%
Debt Service				
Principal	315,000	295,000	20,000	7%
Interest	<u>56,985</u>	<u>68,212</u>	<u>(11,227)</u>	-16%
 Total Expenditures	 <u>\$ 8,327,839</u>	 <u>\$ 7,990,365</u>	 <u>\$ 337,474</u>	 4%

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**General and Special Revenue Fund**

**Budgetary Highlights**

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

**Capital Assets and Debt Administration.** The Moonachie Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2011 and 2010 amounts to \$2,315,718 and \$2,348,818 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-6  
Capital Assets  
(net of depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 381,056	\$ 381,056			\$ 381,056	\$ 381,056
Construction in Progress	109,938				109,938	
Land Improvements	257,224	257,224			257,224	257,224
Buildings and Building Improvements	3,883,721	3,872,999			3,883,721	3,872,999
Machinery, Equipment and Vehicles	<u>828,109</u>	<u>799,785</u>	<u>\$ 11,351</u>	<u>\$ 4,325</u>	<u>839,460</u>	<u>804,110</u>
<b>Total</b>	5,460,048	5,311,064	11,351	4,325	5,471,399	5,315,389
Less: Accumulated Depreciation	<u>3,151,848</u>	<u>2,963,684</u>	<u>3,833</u>	<u>2,887</u>	<u>3,155,681</u>	<u>2,966,571</u>
<b>Total</b>	<u>\$ 2,308,200</u>	<u>\$ 2,347,380</u>	<u>\$ 7,518</u>	<u>\$ 1,438</u>	<u>\$ 2,315,718</u>	<u>\$ 2,348,818</u>

Additional information on Moonachie Board of Education's capital assets can be found in Note 3 of this report.

**MOONACHIE BOARD OF EDUCATION  
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2011**

**Debt Administration.** As of June 30, 2011 and 2010 the school district had long-term debt and outstanding long-term liabilities in the amount of \$1,100,419 and \$1,424,386 as stated in Table A-7.

**Table A-7  
Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 975,000	\$ 1,290,000
Capital Leases	37,554	51,230
Compensated Absences Payable	<u>87,865</u>	<u>83,156</u>
Total	<u>\$ 1,100,419</u>	<u>\$ 1,424,386</u>

The District has outstanding school refunding bonds in the amount of \$975,000. These bonds were used to advance refund of the Certificates of Participation and Early Retirement Incentive Program. The capital leases are comprised of copiers. The compensated absences represents the District's liability for unused accrued sick leave.

Additional information on Moonachie Board of Education's long-term debt can be found in Note 3.

**FOR THE FUTURE**

Currently, the District is in superior financial condition. Everyone associated with the Moonachie School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. For the future, the district will continue to provide comprehensive services in a cost efficient manner.

In conclusion, the Moonachie School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional information, contact the School Business Administrator at the Moonachie Board of Education, 20 West Park Street, Moonachie, NJ 07074.

**BASIC FINANCIAL STATEMENTS**

**MOONACHIE BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,254,752	\$ 4,709	\$ 1,259,461
Receivables, net			
Receivables from Other Governments	195,891	12,644	208,535
Other	84	2,474	2,558
Capital Assets			
Not Being Depreciated	490,994		490,994
Being Depreciated, Net	<u>1,817,206</u>	<u>7,518</u>	<u>1,824,724</u>
Total Assets	<u>3,758,927</u>	<u>27,345</u>	<u>3,786,272</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	55,055		55,055
Accrued Interest Payable	13,005		13,005
Unearned Revenue	3,431		3,431
Noncurrent Liabilities			
Due within one year	338,676		338,676
Due beyond one year	<u>761,743</u>	<u>-</u>	<u>761,743</u>
Total Liabilities	<u>1,171,910</u>	<u>-</u>	<u>1,171,910</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,370,646	7,518	1,378,164
Restricted for			
Capital Projects	555,256		555,256
Unrestricted	<u>661,115</u>	<u>19,827</u>	<u>680,942</u>
Total Net Assets	<u>\$ 2,587,017</u>	<u>\$ 27,345</u>	<u>\$ 2,614,362</u>

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

MOONACHIE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 3,610,256	\$	190,992		\$ (3,419,264)		\$ (3,419,264)
Special Education	1,191,304	486,988	429,396		(274,920)		(274,920)
Other Instruction	294,914		125,816		(169,098)		(169,098)
School Sponsored Activities and Athletics	33,948		2,954		(30,994)		(30,994)
Support Services							
Student and Instruction Related Services	1,201,000		59,389		(1,141,611)		(1,141,611)
General Administrative Services	237,135		11,076		(226,059)		(226,059)
School Administrative Services	188,779		11,145		(177,634)		(177,634)
Plant Operations and Maintenance	726,926		20,507		(706,419)		(706,419)
Pupil Transportation	315,537		13,074		(302,463)		(302,463)
Central Services	186,269		14,465		(171,804)		(171,804)
Interest on Debt	53,135		-		(53,135)		(53,135)
Total Governmental Activities	8,039,203	486,988	878,814	-	(6,673,401)	-	(6,673,401)
<b>Business-Type Activities</b>							
Food Service	112,432	25,634	65,901	-	-	(20,897)	(20,897)
Total Business-Type Activities	112,432	25,634	65,901	-	-	(20,897)	(20,897)
Total Primary Government	8,151,635	512,622	944,715	-	(6,673,401)	(20,897)	(6,694,298)
<b>General Revenues</b>							
Property Taxes					6,892,462		6,892,462
Miscellaneous Income					152,974	170	153,144
Unrestricted State Aid					19,345		19,345
Transfers					(30,038)	30,038	-
Total General Revenues and Transfers					7,034,743	30,208	7,064,951
Change in Net Assets					361,342	9,311	370,653
Net Assets, Beginning of Year					2,225,675	18,034	2,243,709
Net Assets, End of Year					2,587,017	27,345	2,614,362

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**FUND FINANCIAL STATEMENTS**

**MOONACHIE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 880,940		\$ 373,812		\$ 1,254,752
Receivables From Other Governments	181,902	\$ 13,989			195,891
Due from Other Funds	<u>10,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,392</u>
 Total Assets	 <u>\$ 1,073,234</u>	 <u>\$ 13,989</u>	 <u>\$ 373,812</u>	 <u>\$ -</u>	 <u>\$ 1,461,035</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Due to Other Funds		\$ 10,308			\$ 10,308
Accounts Payable	\$ 54,805	250	-	-	55,055
Deferred Revenue	<u>-</u>	<u>3,431</u>	<u>-</u>	<u>-</u>	<u>3,431</u>
 Total Liabilities	 <u>54,805</u>	 <u>13,989</u>	 <u>-</u>	 <u>-</u>	 <u>68,794</u>
Fund Balances					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	249,540				249,540
Reserve for Excess Surplus	189,789				189,789
Capital Reserve	181,444				181,444
Capital Projects			\$ 373,812		373,812
Committed Fund Balance:					
Year-end Encumbrances	157,355				157,355
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	3,101				3,101
Unassigned Fund Balance					
General Fund	<u>237,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,200</u>
 Total Fund Balances	 <u>1,018,429</u>	 <u>-</u>	 <u>373,812</u>	 <u>-</u>	 <u>1,392,241</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,073,234</u>	 <u>\$ 13,989</u>	 <u>\$ 373,812</u>	 <u>\$ -</u>	

**Amounts reported for governmental activities in the statement of net assets (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 \$5,460,048 and the accumulated depreciation is \$3,151,848. 2,308,200

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (13,005)

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

Bonds Payable	\$ 975,000	
Compensated Absen	87,865	
Leases Payable	<u>37,554</u>	
		<u>(1,100,419)</u>

Net assets of governmental activities \$ 2,587,017

**MOONACHIE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 6,521,927			\$ 370,535	\$ 6,892,462
Tuition	486,988				486,988
Miscellaneous	152,974	-	-	-	152,974
Total - Local Sources	<u>7,161,889</u>	<u>-</u>	<u>-</u>	<u>370,535</u>	<u>7,532,424</u>
State Sources	620,917				620,917
Federal Sources	-	\$ 277,242	-	-	277,242
Total Revenues	<u>7,782,806</u>	<u>277,242</u>	<u>-</u>	<u>370,535</u>	<u>8,430,583</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	3,599,480				3,599,480
Special Education Instruction	1,034,838	153,947			1,188,785
Other Instruction	186,401	109,656			296,057
School-Sponsored Activities and Athletics	33,948				33,948
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,187,361	13,639			1,201,000
General Administrative Services	225,845				225,845
School Administrative Services	159,371				159,371
Plant Operations and Maintenance	602,751				602,751
Pupil Transportation	315,537				315,537
Central Services	184,096				184,096
Debt Service					
Principal				315,000	315,000
Interest and Other Charges	1,450			55,535	56,985
Capital Outlay	39,046	-	\$ 109,938	-	148,984
Total Expenditures	<u>7,570,124</u>	<u>277,242</u>	<u>109,938</u>	<u>370,535</u>	<u>8,327,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>212,682</u>	<u>-</u>	<u>(109,938)</u>	<u>-</u>	<u>102,744</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In			483,750		483,750
Transfers Out	(513,788)	-	-	-	(513,788)
Total Other Financing Sources and Uses	<u>(513,788)</u>	<u>-</u>	<u>483,750</u>	<u>-</u>	<u>(30,038)</u>
Net Change in Fund Balances	(301,106)	-	373,812	-	72,706
Fund Balance, Beginning of Year	1,319,535	-	-	-	1,319,535
Fund Balance, End of Year	<u>\$ 1,018,429</u>	<u>\$ -</u>	<u>\$ 373,812</u>	<u>\$ -</u>	<u>\$ 1,392,241</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**MOONACHIE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 72,706

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

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

Capital Outlay	\$ 148,984	
Depreciation Expense	<u>(188,164)</u>	
		(39,180)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences		(4,709)
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Repayment of bond purchase principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Bond Payments		315,000
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Repayment of lease purchase principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Lease Payments		13,676
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>3,849</u>
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<b>Change in net assets of governmental activities (Exhibit A-2)</b>		<u>\$ 361,342</u>
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**MOONACHIE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

		<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>		
Current Assets		
Cash	\$	4,709
Intergovernmental Receivable		
Federal		12,412
State		232
Other Receivable		<u>2,474</u>
Total Current Assets		<u>19,827</u>
Noncurrent Assets		
Equipment		11,351
Less: Accumulated Depreciation		<u>(3,833)</u>
Total Noncurrent Assets		<u>7,518</u>
Total Assets	\$	<u><u>27,345</u></u>
 <b>NET ASSETS</b>		
Invested in Capital Assets	\$	7,518
Unrestricted		<u>19,827</u>
Total Net Assets	\$	<u><u>27,345</u></u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**MOONACHIE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities Enterprise Fund Totals</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 25,634
	<hr/>
Total Operating Revenues	25,634
	<hr/>
<b>OPERATING EXPENSES</b>	
Cost of Sales	81,448
Salaries and Wages	30,038
Depreciation	946
	<hr/>
Total Operating Expenses	112,432
	<hr/>
Operating Loss	(86,798)
	<hr/>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
Special Milk Program	471
National School Breakfast Program	15,132
National School Lunch Program	49,125
State Sources	
School Lunch Program	1,173
Interest and Investment Revenue	170
	<hr/>
Total Nonoperating Revenues	66,071
	<hr/>
Net Loss Before Transfers	(20,727)
	<hr/>
Transfers In from General Fund	30,038
	<hr/>
Total Other Financing Sources	30,038
	<hr/>
Change in Net Assets	9,311
	<hr/>
Net Assets, Beginning of Year	18,034
	<hr/>
Net Assets, End of Year	\$ 27,345
	<hr/> <hr/>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**MOONACHIE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Business-Type            Activities            Enterprise Fund  <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 23,903
Cash Payments for Employee Salaries and Wages	(30,038)
Cash Payments to Suppliers for Goods and Services	<u>(81,448)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(87,583)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Board Subsidy Payment from General Fund	30,038
Cash Received from State and Federal Subsidy Reimbursements	<u>58,181</u>
Net Cash Provided by Noncapital Financing Activities	<u>88,219</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>170</u>
Net Cash Provided by Investing Activities	<u>170</u>
<b>Cash Flows from Financing Activities</b>	
Acquisition of Capital Assets	<u>(7,026)</u>
Net Cash Used for Financing Activities	<u>(7,026)</u>
Net Decrease in Cash and Cash Equivalents	(6,220)
Cash and Cash Equivalents, Beginning of Year	<u>10,929</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,709</u>
<b>Reconciliation of Operating (Loss) to Net Cash            Used by Operating Activities</b>	
Operating Income (Loss)	<u>\$ (86,798)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	946
(Increase)/Decrease in Other Receivable	<u>(1,731)</u>
Total Adjustments	<u>(785)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (87,583)</u>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**MOONACHIE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<b>Edward Terragni Memorial Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,882	\$ 14,247
Total Assets	<u>\$ 1,882</u>	<u>\$ 14,247</u>
<b>LIABILITIES</b>		
Due to Student Groups		\$ 4,906
Due to Other Funds		84
Payroll Deductions and Withholdings		4,106
Due to State of New Jersey	-	<u>5,151</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 14,247</u>
<b>NET ASSETS</b>		
Held in Trust for Edward Terragni Memorial Scholarship Fund	<u>\$ 1,882</u>	

**MOONACHIE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Edward Terragni Memorial Scholarship Fund</u>
<b>ADDITIONS</b>	
Contributions	
Interest	\$ 20
Total Additions	20
<b>DEDUCTIONS</b>	
Participant Awards	100
Total Deductions	100
Change in Net Assets	(80)
Net Assets, Beginning of Year	1,962
Net Assets, End of Year	\$ 1,882

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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

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

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Basic Financial Statements (Continued)**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

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

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

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

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity**

**1. *Deposits and Investments***

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

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

**2. *Receivables and Payables***

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

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

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**3. *Inventories***

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

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

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

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Machinery and Equipment	10

**5. *Compensated Absences***

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

**6. *Long-term obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. *Fund Equity***

Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

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

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

*Designated for Subsequent Year’s Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

**8. *Reclassifications***

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

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$158,810. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on September 26, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010		\$ 510,283
Increases		
Interest earnings	\$ 4,911	
Deposits Approved by Board Resolution	<u>150,000</u>	
		<u>154,911</u>
		665,194
Withdrawals		
Approved by Board Resolution		<u>(483,750)</u>
Balance, June 30, 2011		<u>\$ 181,444</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$933,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$439,329. Of this amount, \$249,540 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$189,789 will be appropriated in the 2012/2013 original budget certified for taxes.

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,275,590 and bank balances of the Board's cash and deposits amounted to \$1,561,704. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>1,561,704</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 none of the Board's bank balance was exposed to custodial credit risk.

**Investments**

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

As of June 30, 2011, the Board had no outstanding investments.

**Interest Rate Risk** – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Receivables**

Receivables as of June 30, 2011 for the district's individual major funds including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts			\$ 2,474	\$ 2,474
Intergovernmental	\$ 181,902	\$ 13,989	12,644	208,535
Gross Receivables	181,902	13,989	15,118	211,009
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 181,902</u>	<u>\$ 13,989</u>	<u>\$ 15,118</u>	<u>\$ 211,009</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 3,431
Total deferred revenue for governmental funds	<u>\$ 3,431</u>

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 381,056			\$ 381,056
Construction in Progress	<u>-</u>	<u>\$ 109,938</u>	<u>-</u>	<u>109,938</u>
Total capital assets, not being depreciated	<u>381,056</u>	<u>109,938</u>	<u>-</u>	<u>490,994</u>
Capital assets, being depreciated:				
Land Improvements	257,224			257,224
Buildings and Building Improvements	3,872,999	10,722		3,883,721
Machinery and Equipment	<u>799,785</u>	<u>28,324</u>	<u>-</u>	<u>828,109</u>
Total capital assets being depreciated	<u>4,930,008</u>	<u>39,046</u>	<u>-</u>	<u>4,969,054</u>
Less accumulated depreciation for:				
Land Improvements	(102,220)	(12,341)		(114,561)
Buildings and Building Improvements	(2,192,132)	(101,629)		(2,293,761)
Machinery and Equipment	<u>(669,332)</u>	<u>(74,194)</u>	<u>-</u>	<u>(743,526)</u>
Total accumulated depreciation	<u>(2,963,684)</u>	<u>(188,164)</u>	<u>-</u>	<u>(3,151,848)</u>
Total capital assets, being depreciated, net	<u>1,966,324</u>	<u>(149,118)</u>	<u>-</u>	<u>1,817,206</u>
Governmental activities capital assets, net	<u>\$ 2,347,380</u>	<u>\$ (39,180)</u>	<u>\$ -</u>	<u>\$ 2,308,200</u>

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets (Continued)**

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 4,325	\$ 7,026	-	\$ 11,351
Total capital assets being depreciated	<u>4,325</u>	<u>7,026</u>	<u>-</u>	<u>11,351</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(2,887)</u>	<u>(946)</u>	<u>-</u>	<u>(3,833)</u>
Total accumulated depreciation	<u>(2,887)</u>	<u>(946)</u>	<u>-</u>	<u>(3,833)</u>
Total capital assets, being depreciated, net	<u>1,438</u>	<u>6,080</u>	<u>-</u>	<u>7,518</u>
Business-type activities capital assets, net	<u>\$ 1,438</u>	<u>\$ 6,080</u>	<u>\$ -</u>	<u>\$ 7,518</u>

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction

Regular	\$ 5,644
Special	<u>1,882</u>

Total Instruction	<u>7,526</u>
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Support Services

General Administration	11,290
School Administration	33,870
Operations and Maintenance of Plant	124,188
Business Services	<u>11,290</u>

Total Support Services	<u>180,638</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 188,164</u>
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**Business-Type Activities:**

Food Service Fund	<u>\$ 946</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 946</u>
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**Construction commitments**

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Boiler Project	<u>\$ 373,812</u>
Total	<u>\$ 373,812</u>

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 10,308
General Fund	Student Activity Fund	13
General Fund	Payroll Agency Fund	<u>71</u>
 Total		 <u>\$ 10,392</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>		
	Enterprise	Capital	<u>Total</u>
	<u>Food Service Fund</u>	<u>Projects Fund</u>	
Transfer Out:			
General Fund	<u>\$ 30,038</u>	<u>\$ 483,750</u>	<u>\$ 513,788</u>
 Total transfers out	 <u>\$ 30,038</u>	 <u>\$ 483,750</u>	 <u>\$ 513,788</u>

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

**E. Leases**

**Capital Leases**

The District is leasing copiers totaling \$70,426 under capital leases. The leases are for terms of 5 years.

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**E. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 16,080
2013	16,080
2014	<u>8,040</u>
Total minimum lease payments	40,200
Less: amount representing interest	<u>(2,646)</u>
Present value of minimum lease payments	<u>\$ 37,554</u>

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$3,025,000, 2002 School Refunding - COPS Bonds, due in annual installments of \$290,000 to \$310,000 through March 1, 2014, interest at 4.25% to 4.375%	\$900,000
\$300,000, 2003 School Refunding ERIP Bonds, due in installments of \$35,000 to \$40,000 through December 30, 2012, interest at 5.375%	<u>75,000</u>
	<u>\$975,000</u>

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**F. Long-Term Debt (Continued)**

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

**Governmental Activities:**

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 325,000	\$ 42,103	\$ 367,103
2013	340,000	27,762	367,762
2014	<u>310,000</u>	<u>13,562</u>	<u>323,562</u>
	<u>\$ 975,000</u>	<u>\$ 83,427</u>	<u>\$ 1,058,427</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 23,569,186
Less: Net Debt	<u>900,000</u>
Remaining Borrowing Power	<u>\$ 22,669,186</u>

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 1,290,000		\$ 315,000	\$ 975,000	\$ 325,000
Capital Leases	51,230		13,676	37,554	13,676
Compensated Absences	<u>83,156</u>	<u>\$ 19,709</u>	<u>15,000</u>	<u>87,865</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 1,424,386</u>	<u>\$ 19,709</u>	<u>\$ 343,676</u>	<u>\$ 1,100,419</u>	<u>\$ 338,676</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the South Bergen Region VII Insurance Group (SBRVII). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had not estimated arbitrage earnings due to the IRS.

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**Basis of Accounting**

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

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

**MOONACHIE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 57,049	\$ 7,498	\$ 1,363
2010	44,909	8,905	
2009	41,315	7,893	

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$7,498, \$8,905 and \$7,893 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$181,689 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

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

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

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**Investment Valuation**

Investments are reported at fair value.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$159,252, \$167,243 and \$150,582, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 6,521,927		\$ 6,521,927	\$ 6,521,927	
Tuition	439,187		439,187	486,988	\$ 47,801
Miscellaneous	109,129	-	109,129	152,974	43,845
Total Local Sources	<u>7,070,243</u>	<u>-</u>	<u>7,070,243</u>	<u>7,161,889</u>	<u>91,646</u>
State Sources					
Special Education Aid	197,427		197,427	197,427	
Security Aid	22,206		22,206	22,206	
Extraordinary Aid (2010/2011)			-	17,864	17,864
Additional Nonpublic Transportation Aid				4,002	4,002
On-behalf TPAF Pension Payments					
NCGI Premium (Non-Budget)				7,498	7,498
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				159,252	159,252
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	181,689	181,689
Total State Sources	<u>219,633</u>	<u>-</u>	<u>219,633</u>	<u>589,938</u>	<u>370,305</u>
Total Revenues	<u>7,289,876</u>	<u>-</u>	<u>7,289,876</u>	<u>7,751,827</u>	<u>461,951</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	75,325	\$ 1,338	76,663	75,028	1,635
Kindergarten	146,424	(7,947)	138,477	136,597	1,880
Grades 1-5	851,103	(307)	850,796	850,493	303
Grades 6-8	436,526	1,693	438,219	438,210	9
Regular Program - Home Instruction					
Salaries of Teachers		1,000	1,000	858	142
Regular Programs - Undistributed Instruction					
Other Purchased Services	6,970	(37)	6,933	5,511	1,422
General Supplies	68,604	78,571	147,175	111,848	35,327
Textbooks	12,500	(8,156)	4,344	4,344	
Other Objects	19,310	484	19,794	19,794	-
Total Regular Programs	<u>1,616,762</u>	<u>66,639</u>	<u>1,683,401</u>	<u>1,642,683</u>	<u>40,718</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	63,393	983	64,376	62,379	1,997
Other Salaries for Instruction	37,896	(4,157)	33,739	33,414	325
General Supplies	-	6,760	6,760	5,758	1,002
Total Learning and/or Language Disabilities	<u>101,289</u>	<u>3,586</u>	<u>104,875</u>	<u>101,551</u>	<u>3,324</u>
Multiple Disabilities					
Salaries of Teachers	56,084	8,546	64,630	63,905	725
Other Salaries for Instruction	27,987	24,498	52,485	51,450	1,035
General Supplies	-	2,373	2,373	2,093	280
Total Multiple Disabilities	<u>84,071</u>	<u>35,417</u>	<u>119,488</u>	<u>117,448</u>	<u>2,040</u>

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 111,101	\$ (1,686)	\$ 109,415	\$ 105,868	\$ 3,547
Other Salaries for Instruction	19,310	6,405	25,715	25,715	
General Supplies	5,000	971	5,971	5,310	661
Total Resource Room	<u>135,411</u>	<u>5,690</u>	<u>141,101</u>	<u>136,893</u>	<u>4,208</u>
Preschool Disabilities-Full Time					
Salaries of Teachers	67,920	1,551	69,471	69,148	323
Other Salaries for Instruction	34,663	(7,194)	27,469	27,469	
General Supplies	-	4,052	4,052	1,710	2,342
Total Preschool Disabilities-Full Time	<u>102,583</u>	<u>(1,591)</u>	<u>100,992</u>	<u>98,327</u>	<u>2,665</u>
Total Special Education	<u>423,354</u>	<u>43,102</u>	<u>466,456</u>	<u>454,219</u>	<u>12,237</u>
Basic Skills/Remedial					
Salaries of Teachers	96,705	(19,272)	77,433	77,433	-
Bilingual Education					
Salaries of Teachers	42,144	8,280	50,424	49,587	837
General Supplies	750	(56)	694	694	-
Total Bilingual Education	<u>42,894</u>	<u>8,224</u>	<u>51,118</u>	<u>50,281</u>	<u>837</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	34,724	-	34,724	23,220	11,504
Total School Sponsored Co/Extra Curricular Act.	<u>34,724</u>	<u>-</u>	<u>34,724</u>	<u>23,220</u>	<u>11,504</u>
Total Instruction	<u>2,214,439</u>	<u>98,693</u>	<u>2,313,132</u>	<u>2,247,836</u>	<u>65,296</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State- Regular	1,264,160	(81,736)	1,182,424	1,138,474	43,950
Tuition to Other LEAs Within State- Special	85,330	47,748	133,078	133,078	
Tuition to County Vocational- Regular	39,750	20,919	60,669	60,089	580
Tuition to County Vocational- Special	95,960		95,960	91,350	4,610
Tuition to CSSD & Reg. Day Schools	123,500	(61,117)	62,383	43,211	19,172
Tuition to Priv. Sch. for the Disabled					
Within the State	140,023	(39,036)	100,987	97,786	3,201
Tuition - Other	9,450	-	9,450	9,188	262
Total Undistributed Expenditures - Instruction	<u>1,758,173</u>	<u>(113,222)</u>	<u>1,644,951</u>	<u>1,573,176</u>	<u>71,775</u>

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 11,641	\$ 219	\$ 11,860	\$ 11,501	\$ 359
Other Purchased Services - Travel	620	-	620	620	-
Total Attendance and Social Work Services	<u>12,261</u>	<u>219</u>	<u>12,480</u>	<u>12,121</u>	<u>359</u>
Health Services					
Salaries	69,474	2,367	71,841	71,841	
Other Purchased Services - Travel	500	(251)	249	199	50
Supplies and Materials	4,000	264	4,264	4,011	253
Total Health Services	<u>73,974</u>	<u>2,380</u>	<u>76,354</u>	<u>76,051</u>	<u>303</u>
Speech, OT, PT & Related Svcs.					
Salaries	83,127		83,127	80,987	2,140
Purchased Professional - Educational Services	138,050	14,522	152,572	126,697	25,875
Supplies and Materials	4,000	397	4,397	711	3,686
Total Speech, OT, PT & Related Svcs.	<u>225,177</u>	<u>14,919</u>	<u>240,096</u>	<u>208,395</u>	<u>31,701</u>
Other Support Services-Students-Extra Serv.					
Salaries	23,053	(17,906)	5,147	1,649	3,498
Total Other Supp. Serv.-Students-Extra Serv.	<u>23,053</u>	<u>(17,906)</u>	<u>5,147</u>	<u>1,649</u>	<u>3,498</u>
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	16,459	804	17,263	17,263	
Purchased Professional-Educational Svcs.	289,091	16,567	305,658	303,758	1,900
Supplies and Materials	10,000	(39)	9,961	8,250	1,711
Other Objects	6,560	(206)	6,354	6,352	2
Total Other Support Services - Students - Special Services	<u>322,110</u>	<u>17,126</u>	<u>339,236</u>	<u>335,623</u>	<u>3,613</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	86,944	4,231	91,175	91,175	
Salaries of Secretarial and Clerical Assistants	77,934	(198)	77,736	77,736	
Supplies and Materials	1,000	77	1,077	702	375
Miscellaneous Expenditures	50	-	50	-	50
Total Improvement of Instructional Services	<u>165,928</u>	<u>4,110</u>	<u>170,038</u>	<u>169,613</u>	<u>425</u>
Educational Media Services/School Library					
Salaries	6,745	(520)	6,225	6,068	157
Salaries of Technology Coordinators	92,441	(12,701)	79,740	79,112	628
Purchased Professional and Technical Services	31,955	(1,140)	30,815	25,900	4,915
Supplies and Materials	32,725	69,789	102,514	36,010	66,504
Miscellaneous Expenditures	525	(525)	-	-	-
Total Educational Media Serv./School Library	<u>164,391</u>	<u>54,903</u>	<u>219,294</u>	<u>147,090</u>	<u>72,204</u>

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Staff Training Services					
Purchased Professional/Educational Services	\$ 40,000	\$ (10,872)	\$ 29,128	\$ 29,127	\$ 1
Other Purchased Services - Travel	360	7,673	8,033	3,405	4,628
Total Staff Training Services	<u>40,360</u>	<u>(3,199)</u>	<u>37,161</u>	<u>32,532</u>	<u>4,629</u>
Support Services General Administration					
Salaries	89,328	(1,478)	87,850	87,602	248
Legal Services	10,000	19,708	29,708	28,947	761
Audit Fees	20,000	19,913	39,913	21,913	18,000
Other Purchased Professional Services	2,500	(24)	2,476	2,395	81
Purchased Technical Services	15,364	(42)	15,322	14,899	423
Communications/Telephone	8,082	(1,069)	7,013	6,467	546
Miscellaneous Purchased Services	1,000	(780)	220	87	133
General Supplies	500	268	768	544	224
BOE Other Purchased Services - Travel	1,475	(659)	816	34	782
Miscellaneous Purchased Services	13,900	187	14,087	14,087	
Miscellaneous Expenditures	2,100	1,988	4,088	4,088	
BOE Membership Dues and Fees	4,500	(49)	4,451	4,376	75
Total Support Services General Administration	<u>168,749</u>	<u>37,963</u>	<u>206,712</u>	<u>185,439</u>	<u>21,273</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	87,056	4,716	91,772	87,056	4,716
Salaries of Other Professional Staff	200		200	69	131
Salaries of Secretarial and Clerical Assistants	20,237	(1)	20,236	19,848	388
Supplies and Materials	1,770	6,025	7,795	1,434	6,361
Other Objects	650	251	901	901	-
Total Support Services School Administration	<u>109,913</u>	<u>10,991</u>	<u>120,904</u>	<u>109,308</u>	<u>11,596</u>
Central Services					
Salaries	118,053		118,053	113,692	4,361
Purchased Technical Services	4,480	2,916	7,396	7,396	
Miscellaneous Purchased Services - Travel	1,745	(520)	1,225	784	441
Supplies and Materials	1,500	102	1,602	1,602	
Miscellaneous Expenditures	7,610	10,841	18,451	8,092	10,359
Total Central Services	<u>133,388</u>	<u>13,339</u>	<u>146,727</u>	<u>131,566</u>	<u>15,161</u>
Required Maintenance for School Facilities					
Salaries	47,474	(372)	47,102	44,935	2,167
Cleaning, Repair and Maint. Svc.	58,000	(12,939)	45,061	41,873	3,188
Total Required Maintenance for School Facilities	<u>105,474</u>	<u>(13,311)</u>	<u>92,163</u>	<u>86,808</u>	<u>5,355</u>

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 123,009	\$ 8,417	\$ 131,426	\$ 123,050	\$ 8,376
Salaries of Non-Instructional Aides	86,172	(2,671)	83,501	83,501	
Other Purchased Property Services	3,050		3,050	2,891	159
Purchased Prof. and Technical Serv.	5,770	1,130	6,900	5,945	955
Cleaning, Repair and Maint. Serv.	15,000	(2,230)	12,770	11,502	1,268
Insurance	27,374	(1,341)	26,033	25,255	778
General Supplies	14,000	12,643	26,643	24,854	1,789
Energy (Natural Gas)	65,000	(13,799)	51,201	38,165	13,036
Energy (Electricity)	75,000		75,000	69,808	5,192
Other Objects	1,466	-	1,466	1,034	432
<b>Total Custodial Services</b>	<b>415,841</b>	<b>2,149</b>	<b>417,990</b>	<b>386,005</b>	<b>31,985</b>
Care and Upkeep of Grounds					
Salaries	7,000	-	7,000	4,397	2,603
<b>Total Care and Upkeep of Grounds</b>	<b>7,000</b>	<b>-</b>	<b>7,000</b>	<b>4,397</b>	<b>2,603</b>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) -Regular	11,716		11,716	11,490	226
Contracted Serv.(Bet. Home & Sch)-Vendors	79,696	1,832	81,528	81,528	
Contracted Serv.(Other Bet. Home & Sch)-Vendors	8,250	(1,831)	6,419	4,320	2,099
Contracted Serv.(Reg. Students)-ESCs&CTSAs	49,162	8,138	57,300	51,363	5,937
Contracted Services (Spl. Ed. Students)- ESCs & CTSAs	158,078	(8,078)	150,000	142,193	7,807
Contracted Serv.-Aid in Lieu of Payments - Non-Public Schools	19,110	(61)	19,049	19,006	43
<b>Total Student Transportation Services</b>	<b>326,012</b>	<b>-</b>	<b>326,012</b>	<b>309,900</b>	<b>16,112</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	61,200		61,200	56,873	4,327
Other Retirement Contributions-PERS	60,254	(1,596)	58,658	57,049	1,609
Other Retirement Contributions-DCRP		1,363	1,363	1,363	
Unemployment Insurance	8,000	3,003	11,003	10,739	264
Workmen's Compensation	23,864	(11,936)	11,928	11,928	
Health Benefits	1,041,267	(37,068)	1,004,199	990,151	14,048
Tuition Reimbursement	25,000	(15,177)	9,823	9,223	600
Other Employee Benefits	2,690	23,664	26,354	26,354	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,222,275</b>	<b>(37,747)</b>	<b>1,184,528</b>	<b>1,163,680</b>	<b>20,848</b>
On-behalf TPAF Pension Payments					
Normal Costs (Non-Budget)				7,498	(7,498)
On-behalf TPAF Pension Payments Post Retirement Medical Contribution (Non-Budget)				159,252	(159,252)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	181,689	(181,689)
<b>Total Undistributed Expenditures</b>	<b>5,274,079</b>	<b>(27,286)</b>	<b>5,246,793</b>	<b>5,281,792</b>	<b>(34,999)</b>
<b>Total Current Expenditures</b>	<b>7,488,518</b>	<b>71,407</b>	<b>7,559,925</b>	<b>7,529,628</b>	<b>30,297</b>

Continued

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures					
Support Services - Students - Regular		\$ 54,167	\$ 54,167	\$ 28,324	\$ 25,843
Required Maintenance for School Facilities	-	9,752	9,752	7,522	2,230
Total Equipment	-	63,919	63,919	35,846	28,073
Facilities Acquisition and Construction Services					
Buildings Other than Lease Purchase Agreements	-	3,200	3,200	3,200	
Other Objects	\$ 1,450	-	1,450	1,450	-
Total Facilities Acquis. and Const. Services	1,450	3,200	4,650	4,650	-
Interest Deposit to Capital Reserve	3,600	-	3,600	-	3,600
Total Capital Outlay Expenditures	5,050	67,119	72,169	40,496	31,673
Total Expenditures	7,493,568	138,526	7,632,094	7,570,124	61,970
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(203,692)	(138,526)	(342,218)	181,703	523,921
Other Financing Sources (Uses)					
Transfer Out to Capital Projects				(483,750)	(483,750)
Transfers Out to Food Service	(29,203)	(835)	(30,038)	(30,038)	-
Total Other Financing Sources/(Uses)	(29,203)	(835)	(30,038)	(513,788)	(483,750)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(232,895)	(139,361)	(372,256)	(332,085)	40,171
Fund Balance, Beginning of Year	1,385,180	-	1,385,180	1,385,180	-
Fund Balance, End of Year	\$ 1,152,285	\$ (139,361)	\$ 1,012,924	\$ 1,053,095	\$ 40,171
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 249,540	
Reserve for Excess Surplus				189,789	
Capital Reserve				181,444	
Committed Fund Balance					
Year-end Encumbrances				157,355	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				3,101	
Unassigned Fund Balance				271,866	
Reconciliation to Governmental Funds Statements (GAAP):				1,053,095	
Less: Final State Aid Payments Not Recognized on GAAP Basis				(34,666)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,018,429	

**MOONACHIE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State					
Federal	\$ 268,484	\$ 19,449	\$ 287,933	\$ 277,242	\$ (10,691)
Total Revenues	<u>268,484</u>	<u>19,449</u>	<u>287,933</u>	<u>277,242</u>	<u>(10,691)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	133,818	16,372	150,190	139,502	10,688
Other Purchased Service	93,065	1,526	94,591	94,591	
General Supplies	-	2,991	2,991	2,988	3
Total Instruction	<u>226,883</u>	<u>20,889</u>	<u>247,772</u>	<u>237,081</u>	<u>10,691</u>
Support Services					
Personal Services-Employee Benefits	26,761	(4,682)	22,079	22,079	-
Purchased Professional/Technical Services	14,840	3,242	18,082	18,082	-
Total Support Services	<u>41,601</u>	<u>(1,440)</u>	<u>40,161</u>	<u>40,161</u>	<u>-</u>
Facilities Acquisition & Construction Services					
Noninstructional Equipment	-	-	-	-	-
Total Expenditures	<u>268,484</u>	<u>19,449</u>	<u>287,933</u>	<u>277,242</u>	<u>10,691</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MOONACHIE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 7,751,827	\$ 277,242
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2009/2010 State Aid)	65,645	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)	<u>(34,666)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 7,782,806</u>	<u>\$ 277,242</u>
<b>Uses/Outflows of Resources (Exhibit B-2)</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 7,570,124	\$ 277,242
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 7,570,124</u>	<u>\$ 277,242</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**MOONACHIE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>IDEA</u>	<u>IDEA</u>	<u>NCLB</u>	<u>NCLB</u>	<u>NCLB</u>	<u>NCLB</u>	<u>ARRA</u>	<u>ARRA</u>	<u>ARRA</u>	<u>ARRA</u>	<u>Total</u>
	<u>Part B</u>	<u>Part B</u>	<u>Title I</u>	<u>Title II</u>	<u>Title IID</u>	<u>Title III</u>	<u>Title I</u>	<u>Basic</u>	<u>Preschool</u>	<u>Preschool</u>	
<b>REVENUES</b>											
Intergovernmental											
State											
Federal	\$ 89,634	\$ 4,957	\$ 97,768	\$ 11,250	\$ 193	\$ 2,196	\$ 11,888	\$ 56,368	\$ 2,988	\$ 2,988	\$ 277,242
Total Revenues	<u>\$ 89,634</u>	<u>\$ 4,957</u>	<u>\$ 97,768</u>	<u>\$ 11,250</u>	<u>\$ 193</u>	<u>\$ 2,196</u>	<u>\$ 11,888</u>	<u>\$ 56,368</u>	<u>\$ 2,988</u>	<u>\$ 2,988</u>	<u>\$ 277,242</u>
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers			\$ 80,975			\$ 1,914	\$ 9,016	\$ 47,597			\$ 139,502
Other Purchased Service	\$ 89,634	\$ 4,957							\$ 2,988		94,591
General Supplies	-	-	-	-	-	-	-	-	-	-	2,988
Total Instruction	<u>89,634</u>	<u>4,957</u>	<u>80,975</u>	<u>-</u>	<u>-</u>	<u>1,914</u>	<u>9,016</u>	<u>47,597</u>	<u>2,988</u>	<u>2,988</u>	<u>237,081</u>
Support Services											
Purchased Professional - Technical Services			4,889	\$ 11,250	\$ 193		875	875			18,082
Personal Services - Employee Benefits			11,904			282	1,997	7,896			22,079
Total Support Services	<u>-</u>	<u>-</u>	<u>16,793</u>	<u>11,250</u>	<u>193</u>	<u>282</u>	<u>2,872</u>	<u>8,771</u>	<u>-</u>	<u>-</u>	<u>40,161</u>
Facilities Acquisition & Construction Services											
Noninstructional Equipment											
Total Facilities Acq. & Construction Svcs.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 89,634</u>	<u>\$ 4,957</u>	<u>\$ 97,768</u>	<u>\$ 11,250</u>	<u>\$ 193</u>	<u>\$ 2,196</u>	<u>\$ 11,888</u>	<u>\$ 56,368</u>	<u>\$ 2,988</u>	<u>\$ 2,988</u>	<u>\$ 277,242</u>

**MOONACHIE BOARD OF EDUCATION  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**MOONACHIE BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Boiler Project	\$ 483,750	-	\$ 109,938	\$ 373,812
	<u>\$ 483,750</u>	<u>\$ -</u>	<u>\$ 109,938</u>	<u>\$ 373,812</u>

**MOONACHIE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Revenues and Other Financing Sources</b>	
Transfer In - Capital Reserve	\$ <u>483,750</u>
 Total Revenues	 <u>483,750</u>
 <b>Expenditures and Other Financing Uses</b>	
Construction Services	<u>109,938</u>
 Total Expenditures	 <u>109,938</u>
Excess of Revenues Over Expenditures	373,812
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u>\$ 373,812</u>

**MOONACHIE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
BOILER PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer In - Capital Reserve	-	\$ 483,750	\$ 483,750	\$ 483,750
Total Revenues	-	483,750	483,750	483,750
<b>Expenditures and Other Financing Uses</b>				
Construction Services	-	109,938	109,938	483,750
Total Expenditures	-	109,938	109,938	483,750
Excess of Revenues Over Expenditures	\$ -	\$ 373,812	\$ 373,812	\$ -

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	\$ 483,750
Additional Authorized Cost	-
Revised Authorized Cost	\$ 483,750

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	22.73%
Original Target Completion Date	2011/12
Revised Target Completion Date	2011/12

**ENTERPRISE FUND**

**EXHIBIT G-1**

**MOONACHIE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**MOONACHIE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 4,919	\$ 9,328	\$ 14,247
Total Assets	<u>\$ 4,919</u>	<u>\$ 9,328</u>	<u>\$ 14,247</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 13	\$ 71	\$ 84
Due to Student Groups	4,906		4,906
Payroll Deductions and Withholdings		4,106	4,106
Due to State of New Jersey	<u>-</u>	<u>5,151</u>	<u>5,151</u>
Total Liabilities	<u>\$ 4,919</u>	<u>\$ 9,328</u>	<u>\$ 14,247</u>

**MOONACHIE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
Elementary School				
Robert L.Craig School	\$ 5,009	\$ 30,092	\$ 30,195	\$ 4,906
Interfund Payable	<u>14</u>	<u>108</u>	<u>109</u>	<u>13</u>
 Total All Schools	 <u>\$ 5,023</u>	 <u>\$ 30,200</u>	 <u>\$ 30,304</u>	 <u>\$ 4,919</u>

**MOONACHIE BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Balance, July 1, <u>2010</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2011</u></b>
Payroll Deductions and Withholdings	\$ 1	\$ 1,478,338	\$ 1,474,233	\$ 4,106
Accrued Salaries and Wages		2,112,871	2,112,871	
Due to State of New Jersey	4,880	5,151	4,880	5,151
Interfund Payable	<u>88</u>	<u>865</u>	<u>882</u>	<u>71</u>
 Total	 <u>\$ 4,969</u>	 <u>\$ 3,597,225</u>	 <u>\$ 3,592,866</u>	 <u>\$ 9,328</u>

**LONG-TERM DEBT**

EXHIBIT I-1

MOONACHIE BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
School Refunding - COPS	4/1/2002	\$ 3,025,000	3/1/2012	\$ 290,000	4.250%	\$ 1,180,000	\$ 280,000	\$ 900,000
			3/1/2013	300,000	4.375%			
			3/1/2014	310,000				
School Refunding - ERIP	5/1/2003	300,000	12/30/2011	35,000	5.375%	110,000	35,000	75,000
			12/30/2012	40,000				
						\$ 1,290,000	\$ 315,000	\$ 975,000

MOONACHIE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
2008 Savin Copiers	\$ 70,426	\$ <u>51,230</u>	<u>-</u>	\$ <u>13,676</u>	\$ <u>37,554</u>
		\$ <u>51,230</u>	\$ <u>-</u>	\$ <u>13,676</u>	\$ <u>37,554</u>

**MOONACHE BOARD OF EDUCATION  
LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 370,535	-	\$ 370,535	\$ 370,535	-
Total Revenues	<u>370,535</u>	<u>-</u>	<u>370,535</u>	<u>370,535</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	315,000		315,000	315,000	
Interest	<u>55,535</u>	<u>-</u>	<u>55,535</u>	<u>55,535</u>	<u>-</u>
Total Expenditures	<u>370,535</u>	<u>-</u>	<u>370,535</u>	<u>370,535</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MOONACHIE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

**MOONACHIE BOARD OF EDUCATION**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>								
Invested In Capital Assets, Net of Related Debt	\$ 54,496	\$ 245,402	\$ 371,950	\$ 532,697	\$ 769,699	\$ 1,012,537	\$ 1,116,150	\$ 1,370,646
Restricted	188,915	107,202	117,930	64,740	54,685	206,672	510,283	555,256
Unrestricted	56,542	164,568	254,020	488,227	617,105	633,768	599,242	661,115
<b>Total Governmental Activities Net Assets</b>	<b>\$ 299,953</b>	<b>\$ 517,172</b>	<b>\$ 743,900</b>	<b>\$ 1,085,664</b>	<b>\$ 1,441,489</b>	<b>\$ 1,852,977</b>	<b>\$ 2,225,675</b>	<b>\$ 2,587,017</b>
<b>Business-Type Activities</b>								
Invested In Capital Assets	\$ 1,451	\$ 3,241	\$ 2,881	\$ 2,520	\$ 2,160	\$ 1,799	\$ 1,438	\$ 7,518
Restricted								
Unrestricted	10,645	11,038	20,807	29,645	31,155	5,686	16,596	19,827
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 12,096</b>	<b>\$ 14,279</b>	<b>\$ 23,688</b>	<b>\$ 32,165</b>	<b>\$ 33,315</b>	<b>\$ 7,485</b>	<b>\$ 18,034</b>	<b>\$ 27,345</b>
<b>District-Wide</b>								
Invested In Capital Assets, Net Of Related Debt	\$ 55,947	\$ 248,643	\$ 374,831	\$ 535,217	\$ 771,859	\$ 1,014,336	\$ 1,117,588	\$ 1,378,164
Restricted	188,915	107,202	107,598	64,740	54,685	206,672	510,283	555,256
Unrestricted	67,187	175,606	274,827	517,872	648,260	639,454	615,838	680,942
<b>Total District Net Assets</b>	<b>\$ 312,049</b>	<b>\$ 531,451</b>	<b>\$ 757,256</b>	<b>\$ 1,117,829</b>	<b>\$ 1,474,804</b>	<b>\$ 1,860,462</b>	<b>\$ 2,243,709</b>	<b>\$ 2,614,362</b>

## Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight (8) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

MOONACHIE BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental Activities								
Instruction								
Regular	\$ 3,094,289	\$ 3,246,483	\$ 3,509,365	\$ 3,471,410	\$ 3,643,999	\$ 3,649,987	\$ 3,794,209	\$ 3,610,256
Special Education	675,348	684,871	730,345	801,710	887,769	1,075,749	959,073	1,191,304
Other Instruction	134,183	161,119	92,459	140,848	153,318	178,280	264,168	294,914
School Sponsored Activities And Athletics	17,823	23,948	25,955	24,357	28,998	28,602	33,733	33,948
Support Services:								
Student & Instruction Related Services	641,002	911,277	1,012,157	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000
School Administrative Services	241,986	141,089	153,576	162,026	151,700	209,138	178,693	188,779
General Administration	302,922	192,391	186,520	214,139	229,005	160,441	226,251	237,135
Central Services		156,192	153,751	150,782	170,550	172,925	179,337	186,269
Plant Operations And Maintenance	446,643	496,872	574,183	552,370	840,626	569,163	734,217	726,926
Pupil Transportation	293,365	243,764	226,195	279,323	273,376	303,911	270,785	315,537
Other Support Services	228,662							
Interest On Long-Term Debt	128,203	122,659	110,067	98,983	87,971	76,492	64,568	53,135
Total Governmental Activities Expenses	6,204,426	6,380,665	6,774,573	6,920,397	7,585,949	7,508,638	7,843,278	8,039,203
Business-Type Activities:								
Food Service	70,853	100,884	90,340	101,048	122,321	160,018	101,122	112,432
Total Business-Type Activities Expense	70,853	100,884	90,340	101,048	122,321	160,018	101,122	112,432
Total District Expenses	\$ 6,275,279	\$ 6,481,549	\$ 6,864,913	\$ 7,021,445	\$ 7,708,270	\$ 7,668,656	\$ 7,944,400	\$ 8,151,635
<b>Program Revenues</b>								
Governmental Activities:								
Charges For Services:								
Special Education	\$ 914,773	\$ 61,021	\$ 124,738	\$ 243,997	\$ 332,749	\$ 484,055	\$ 464,317	\$ 486,988
Operating Grants And Contributions	56,076	937,849	1,026,588	980,389	1,188,775	803,811	844,361	878,814
Capital Grants And Contributions		73,136	-	-	-	-	-	-
Total Governmental Activities Program Revenues	970,849	1,072,006	1,151,326	1,224,386	1,521,524	1,287,866	1,308,678	1,365,802

MOONACHIE BOARD OF EDUCATION  
 CHANGES IN NET ASSETS  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-Type Activities:</b>								
Charges For Services								
Food Service	\$ 27,860	\$ 29,049	\$ 22,946	\$ 27,414	\$ 26,762	\$ 31,092	\$ 29,558	\$ 25,634
Operating Grants And Contributions	22,202	30,394	29,086	35,213	38,199	47,145	56,998	65,901
Total Business Type Activities Program Revenues	50,062	59,443	52,032	62,627	64,961	78,237	86,556	91,535
Total District Program Revenues	\$ 1,020,911	\$ 1,131,449	\$ 1,203,358	\$ 1,287,013	\$ 1,586,485	\$ 1,366,103	\$ 1,395,234	\$ 1,457,337
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (5,233,377)	\$ (5,308,659)	\$ (5,623,247)	\$ (5,696,011)	\$ (6,064,425)	\$ (6,220,772)	\$ (6,534,600)	\$ (6,673,401)
Business-Type Activities	(20,791)	(41,441)	(38,308)	(38,421)	(57,360)	(81,781)	(14,566)	(20,897)
Total District-Wide Net Expense	\$ (5,254,368)	\$ (5,350,100)	\$ (5,661,555)	\$ (5,734,432)	\$ (6,121,785)	\$ (6,302,553)	\$ (6,549,166)	\$ (6,694,298)
<b>General Revenues And Other Changes In Net Assets</b>								
Governmental Activities:								
Property Taxes Levied For General Purposes, Net	\$ 5,334,333	\$ 5,543,763	\$ 5,734,368	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462
Unrestricted Grants And Contributions	38,341	55,539	56,061	56,243	72,426	266,610	185,810	19,345
Loss On Disposal Of Capital Asset	(11,853)	(1,147)	(12,468)	-	(19,700)			
Investment Earnings	1,394	858	611	41,074				
Miscellaneous Income	72,932	83,453	108,325	107,211	297,516	110,242	141,964	152,974
Transfers	(25,308)	(43,504)	(47,254)	(45,792)	(57,464)	(55,652)	(25,017)	(30,038)
Total Governmental Activities	5,410,039	5,638,962	5,839,643	6,048,107	6,420,250	6,632,260	6,907,298	7,034,743
Business-Type Activities:								
Investment Earnings	16	120	463	1,106	1,046	299	98	170
Transfers	25,308	43,504	47,254	45,792	57,464	55,652	25,017	30,038
Total Business-Type Activities	25,324	43,624	47,717	46,898	58,510	55,951	25,115	30,208
Total District-Wide	\$ 5,435,363	\$ 5,682,586	\$ 5,887,360	\$ 6,095,005	\$ 6,478,760	\$ 6,688,211	\$ 6,932,413	\$ 7,064,951
<b>Change In Net Assets</b>								
Governmental Activities	\$ 176,462	\$ 330,303	\$ 216,396	\$ 352,096	\$ 355,825	\$ 411,488	\$ 372,698	\$ 361,342
Business-Type Activities	4,533	2,183	9,409	8,477	1,150	(25,830)	10,549	9,311
Total District	\$ 180,995	\$ 332,486	\$ 225,805	\$ 360,573	\$ 356,975	\$ 385,658	\$ 383,247	\$ 370,653

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight (8) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 345,621	\$ 463,143	\$ 419,296	\$ 473,131	\$ 554,858	\$ 765,408	\$ 1,132,079	
Unreserved	236,573	256,420	302,154	425,289	393,861	328,515	187,456	\$ 620,773
Restricted								157,355
Committed								3,101
Assigned								237,200
Unassigned								
<b>Total General Fund</b>	<b>\$ 582,194</b>	<b>\$ 719,563</b>	<b>\$ 721,450</b>	<b>\$ 898,420</b>	<b>\$ 948,719</b>	<b>\$ 1,093,923</b>	<b>\$ 1,319,535</b>	<b>\$ 1,018,429</b>
All Other Governmental Funds								
Reserved	\$ 160,405							
Unreserved	16,365	(241)	(299)	(644)	(2,370)	-	-	\$ 373,812
Restricted								
Committed								
Assigned								
<b>Total All Other Governmental Funds</b>	<b>\$ 176,770</b>	<b>\$ (241)</b>	<b>\$ (299)</b>	<b>\$ (644)</b>	<b>\$ (2,370)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 373,812</b>

Note: GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight (8) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**MOONACHIE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
**(Unaudited)**

*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
Tax Levy	\$ 5,334,533	\$ 5,543,763	\$ 5,734,368	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462
Tuition Charges		61,021	124,738	243,997	332,749	484,055	464,317	486,988
Interest Earnings	1,394	858	611	41,074				
Miscellaneous	72,932	83,453	108,665	107,211	297,516	110,242	141,965	152,974
State Sources	866,388	910,007	864,980	880,115	1,108,906	912,133	795,633	620,917
Federal Sources	142,802	156,517	217,009	156,517	152,295	158,288	234,538	277,242
<b>Total Revenue</b>	<b>6,418,049</b>	<b>6,755,619</b>	<b>7,050,371</b>	<b>7,318,285</b>	<b>8,018,938</b>	<b>7,975,778</b>	<b>8,240,994</b>	<b>8,430,583</b>
<b>Expenditures</b>								
Instruction								
Regular Instruction	3,078,839	3,263,584	3,541,658	3,454,256	3,672,686	3,634,507	3,801,188	3,599,480
Special Education Instruction	673,601	683,712	729,186	800,461	884,823	1,074,402	954,534	1,188,785
Other Instruction	117,485	161,119	92,459	140,848	153,318	177,865	264,072	296,057
School Sponsored Activities And Athletics	17,823	23,948	25,955	24,357	28,998	28,602	33,733	33,948
Support Services:								
Student & Inst. Related Services	636,938	905,951	1,008,209	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000
General Administration	281,759	183,046	179,252	206,644	220,973	201,059	214,963	225,845
School Administrative Services	243,961	123,011	131,360	142,294	137,536	140,161	149,054	159,371
Central Services			150,282	151,144	170,072	172,970	176,694	184,096
Plant Operations And Maintenance	349,463	398,357	475,155	469,923	751,997	479,986	610,108	602,751
Pupil Transportation	293,365	243,764	226,195	279,323	273,376	303,911	270,785	315,537
Other Support Services	221,299	144,936	289					
Capital Outlay	278,464	216,312	114,132	40,053	134,247	161,035	13,778	148,984
Debt Service:								
Principal	270,117	278,425	250,000	260,000	275,000	280,000	295,000	315,000
Interest And Other Charges	133,758	125,592	112,459	102,116	91,238	79,825	68,212	56,985
<b>Total Expenditures</b>	<b>6,596,872</b>	<b>6,751,757</b>	<b>7,036,591</b>	<b>7,095,868</b>	<b>7,912,901</b>	<b>7,818,273</b>	<b>7,990,365</b>	<b>8,327,839</b>
<b>Excess (Deficiency) Of Revenues</b>	<b>(178,823)</b>	<b>3,862</b>	<b>13,780</b>	<b>222,417</b>	<b>106,037</b>	<b>157,505</b>	<b>250,629</b>	<b>102,744</b>
<b>Over (Under) Expenditures</b>								

**MOONACHIE BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(Unaudited)**

*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses)</b>								
Capital Leases (Non-Budgeted)	\$ 68,913		\$ 35,303			\$ 45,721		\$ 483,750
Transfers In	209,383	\$ 13,460						
Transfers Out	(234,691)	(56,964)	(47,254)	\$ (45,792)	\$ (57,464)	(55,652)	\$ (25,017)	(513,788)
<b>Total Other Financing Sources (Uses)</b>	<b>43,605</b>	<b>(43,504)</b>	<b>(11,951)</b>	<b>(45,792)</b>	<b>(57,464)</b>	<b>(9,931)</b>	<b>(25,017)</b>	<b>(30,038)</b>
<b>Net Change In Fund Balances</b>	<b>\$ (135,218)</b>	<b>\$ (39,642)</b>	<b>\$ 1,829</b>	<b>\$ 176,625</b>	<b>\$ 48,573</b>	<b>\$ 147,574</b>	<b>\$ 225,612</b>	<b>\$ 72,706</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>6.39%</b>	<b>6.18%</b>	<b>5.24%</b>	<b>5.13%</b>	<b>4.71%</b>	<b>4.70%</b>	<b>4.55%</b>	<b>4.55%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

**Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight (8) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**MOONACHIE BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED**

<u>Fiscal Year Ended June 30,</u>	<u>Miscellaneous</u>						<u>Total</u>
	<u>Tuition</u>	<u>Restricted Revenue</u>	<u>Interest on Investments</u>	<u>Rent</u>	<u>Void Checks</u>	<u>Refunds and Miscellaneous</u>	
2002			\$ 12,391	\$ 75,050	\$ 24,177	\$ 13,627	\$ 125,245
2003			5,778	60,000		8,945	74,723
2004			5,008	63,000	18	6,300	74,326
2005	\$ 61,021		16,358	66,150		4,519	148,048
2006	124,738		38,818	69,458			233,014
2007	243,997		41,074	72,931		34,280	392,282
2008	332,749	\$ 181,610	41,213	76,578		(1,885)	630,265
2009	484,055		13,330	80,407		16,505	594,297
2010	464,317		15,913	84,427		41,625	606,282
2011	486,988		15,980	92,954		44,040	639,962

Source: District Records

MOONACHE BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Total Assessed Value					Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial				
2002	\$ 4,608,600	\$ 104,424,258			\$ 36,626,746	\$ 905,609	\$ 399,886,893	\$ 650,203,877	1.285
2003	4,806,100	105,391,233			36,559,546	826,464	399,748,693	586,469,783	1.334
2004	4,806,100	106,663,453			36,455,346	858,318	401,789,178	573,615,869	1.380
2005	12,722,300	225,168,000			73,732,800	712,200	804,097,900	658,387,371	0.713
2006	11,959,300	227,357,560			73,732,800	1,092,887	804,373,347	742,064,580	0.732
2007	11,736,800	229,588,690			73,732,800	1,106,343	804,469,433	796,450,859	0.762
2008	10,872,600	231,640,090			66,137,200	1,119,290	798,306,680	836,887,180	0.791
2009	10,670,100	231,958,190			65,975,300	1,419,292	790,172,582	837,533,382	0.836
2010	7,446,500	231,896,290			65,975,300	1,546,129	786,300,719	806,265,956	0.876
2011	8,641,000	232,467,385			65,617,000	1,237,431	786,494,316	731,355,696	0.893

Source: County Abstract of Ratables

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

**MOONACHIE BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2002	\$2.38	\$1.285	\$.747	\$.348
2003	2.46	1.334	.815	.311
2004	2.53	1.380	.850	.300
2005	1.35	.713	.472	.165
2006	1.43	.732	.525	.173
2007	1.52	.762	.580	.178
2008	1.64	.791	.659	.191
2009	1.71	.836	.673	.203
2010	1.805	.876	.730	.199
2011	1.837	.893	.751	.193

(1) County Tax rate includes Open Space Tax.

Source: Tax Duplicate, Borough of Moonachie

Note: The Borough revaluation became effective in 2005.

**MOONACHIE BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEARS AND TEN YEARS AGO  
(Unaudited)**

<u>Taxpayer</u>	<u>2011</u>		<u>2001</u>	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Forsgate Industries	\$ 17,414,600	2.16%		
Russo 2000 LLC	16,368,100	2.03%		
Forsgate Industries	15,859,500	1.97%		
Guess 2000 LLC			\$ 8,936,100	2.27%
SWS Moonachie Associates	14,923,100	1.85%	8,210,000	2.08%
Lladro Realty	12,892,800	1.78%	8,200,000	2.08%
Jeni LLC	13,562,100	1.69%		
Forsgate Industries			6,759,200	1.72%
One Carol Place Company			6,623,200	1.68%
LPS Industries	11,973,200	1.49%		
M. Rappaport			5,700,000	1.45%
Paradiso Rosen	10,181,400	1.27%	5,440,100	1.38%
Forsgate Industries			5,200,000	1.32%
Alfred E. Knobler	9,324,300	1.16%	5,040,150	1.28%
Jillardroy Realty	9,201,200	1%	4,618,200	1.17%
	<u>\$ 131,700,300</u>	<u>16.54%</u>	<u>64,726,950</u>	<u>16.43%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 4,862,527	\$ 4,862,527	100.00%	
2003	5,137,304	5,137,304	100.00%	
2004	5,334,533	5,334,533	100.00%	
2005	5,543,763	5,543,763	100.00%	
2006	5,734,368	5,734,368	100.00%	
2007	5,889,371	5,889,371	100.00%	
2008	6,127,472	6,127,472	100.00%	
2009	6,311,060	6,311,060	100.00%	
2010	6,604,541	6,604,541	100.00%	
2011	6,892,462	6,892,462	100.00%	

Source: District records

**MOONACHIE BOARD OF EDUCATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST SEVEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2005	\$ 2,650,000	\$ 49,664	\$ 2,699,664	2,812	\$ 960
2006	2,400,000	52,596	2,452,596	2,797	877
2007	2,140,000	41,985	2,181,985	2,754	792
2008	1,865,000	30,655	1,895,655	2,725	696
2009	1,585,000	64,197	1,649,197	2,753	599
2010	1,290,000	51,230	1,341,230	2,753 *	487
2011	975,000	37,554	1,012,554	2,753 *	367

Source: District records

\* Estimated

Note:

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

**MOONACHIE BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST SEVEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	\$ 2,650,000		\$ 2,650,000	0.33%	\$ 942
2006	2,400,000		2,400,000	0.30%	858
2007	2,140,000		2,140,000	0.27%	777
2008	1,865,000		1,865,000	0.23%	685
2009	1,585,000		1,585,000	0.20%	576
2010	1,290,000		1,290,000	0.16%	469
2011	975,000		975,000	0.12%	354

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**MOONACHIE BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT  
FOR YEAR ENDED DECEMBER 31, 2010  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Moonachie School District	\$ 1,255,000		\$ 1,255,000
Borough of Moonachie	<u>4,431,086</u>	<u>\$ 876,350</u>	<u>3,554,736</u>
	<u>\$ 5,686,086</u>	<u>\$ 876,350</u>	4,809,736
Overlapping debt Apportioned to the Municipality:			
Bergen County			2,964,096
Bergen County Utilities Authority - Water Pollution (2)			<u>2,341,748</u>
			<u>5,305,844</u>
Total Direct and Overlapping Debt			<u>\$ 10,115,580</u>

## Sources:

- (1) Borough of Moonachie Annual Debt Statement
- (2) BCUA 2010 Audit
- (3) Bergen County Debt Statement December 31, 2010

MOONACHIE BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 721,414,405
2009	799,790,397
2008	835,713,796
	<u>\$ 2,356,918,598</u>
Average equalized valuation of taxable property	\$ 785,639,533
Debt limit (3 % of average equalization value)	23,569,186
Total Net Debt Applicable to Limit	<u>900,000</u>
Legal debt margin	<u>\$ 22,669,186</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 14,768,461	\$ 16,068,624	\$ 16,897,226	\$ 17,876,126	\$ 19,430,812	\$ 21,676,841	\$ 23,486,283	\$ 24,520,609	\$ 24,659,395	\$ 23,569,186
Total net debt applicable to limit	<u>3,025,000</u>	<u>3,130,000</u>	<u>2,895,000</u>	<u>2,650,000</u>	<u>2,175,000</u>	<u>1,940,000</u>	<u>1,695,000</u>	<u>1,445,000</u>	<u>1,180,000</u>	<u>900,000</u>
Legal debt margin	<u>\$ 11,743,461</u>	<u>\$ 12,938,624</u>	<u>\$ 14,002,226</u>	<u>\$ 15,226,126</u>	<u>\$ 17,255,812</u>	<u>\$ 19,736,841</u>	<u>\$ 21,791,283</u>	<u>\$ 23,075,609</u>	<u>\$ 23,479,395</u>	<u>\$ 22,669,186</u>

Total net debt applicable to the limit	20.48%	19.48%	17.13%	14.82%	11.19%	8.95%	7.22%	5.89%	4.79%	3.82%
as a percentage of debt limit										

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	2,783	\$ 51,083	5.60%
2003	2,800	51,758	5.50%
2004	2,812	53,131	4.50%
2005	2,812	56,725	2.70%
2006	2,797	61,264	2.80%
2007	2,754	67,125	2.50%
2008	2,725	67,696	3.30%
2009	2,753	64,388	6.00%
2010	2,753 *	64,388 *	6.10%
2011	2,753 *	64,388 *	N/A

Source: New Jersey State Department of Education

\* Estimate

MOONACHIE BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	21.4	22.4	21.4	21.4	21.4	21.4	21.4	20.6	20.6	20.6
Special education	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Other special education	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Other instruction	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Support Services:										
Student & instruction related services	5.0	6.5	10.5	13.0	14.0	14.0	13.5	15.0	15.0	15.0
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other support services	3.5	3.5	3.5	3.5	3.5	3.5	3.0	3.0	3.0	3.0
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	<u>42.1</u>	<u>44.7</u>	<u>48.7</u>	<u>51.2</u>	<u>52.2</u>	<u>52.2</u>	<u>51.2</u>	<u>51.9</u>	<u>51.9</u>	<u>51.9</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Teacher/Pupil Ratio Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	392	\$ 5,158,384	\$ 13,159	-3.89%	31	1:9	275	151	1.85%	54.91%
2003	403	5,650,788	14,022	6.56%	32	1:9	288	272	4.73%	94.44%
2004	394	6,005,515	15,242	8.71%	32	1:10	279	265	-3.13%	94.98%
2005	403	6,651,690	16,505	8.29%	32	1:10	288	272	3.23%	94.44%
2006	407	6,713,289	16,495	-0.07%	29	1:10	282	266	-2.08%	94.33%
2007	383	6,693,699	17,477	5.96%	29	1:9	267	253	-5.32%	94.76%
2008	359	7,412,416	20,647	18.14%	29	1:9	270	255	1.12%	94.44%
2009	355	7,297,413	20,556	-0.44%	28	1:10	279	256	3.33%	91.76%
2010	353	7,613,374	21,568	4.92%	28	1:10	275	261	-1.43%	94.91%
2011	351	7,806,870	22,242	3.13%	28	1:10	285	269	3.64%	94.39%

Sources: District records

Note: a Enrollment based on annual October district count, including students sent to Woodridge Grades 9-12, special education and County educated students.  
 b Operating expenditures governmental funds (modified accrual) equal total expenditures less debt service and capital outlay.  
 c Cost per pupil represents operating expenditures divided by enrollment.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	54,439	54,439	54,439	54,017	54,017	54,017	54,017	54,017	54,017	54,017
Capacity (students)	544	544	544	429	429	429	429	429	429	429
Enrollment	288	288	279	288	259	274	275	275	275	275

Number of Schools at June 30, 2011  
 Elementary = 1

Source: District Records

**MOONACHIE BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN YEARS**  
**(Unaudited)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
School Facilities										
Robert L. Craig Elementary School	<u>\$385</u>	<u>\$56,517</u>	<u>\$44,321</u>	<u>\$63,622</u>	<u>\$67,739</u>	<u>\$114,242</u>	<u>\$109,712</u>	<u>\$83,436</u>	<u>\$88,472</u>	<u>\$86,808</u>
Grand Total	<u>\$385</u>	<u>\$56,517</u>	<u>\$44,321</u>	<u>\$63,622</u>	<u>\$67,739</u>	<u>\$114,242</u>	<u>\$109,712</u>	<u>\$83,436</u>	<u>\$88,472</u>	<u>\$86,808</u>

Source: School District's Financial Statements

**MOONACHIE BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2011  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
<b>School Package Policy</b>		
Blanket Building & Contents	\$ 10,880,783	\$ 1,000
Blanket Valuable Papers		
Flood	10,000,000	10,000
Earthquake	25,000,000	25,000
Comprehensive General Liability	5,000,000	
Comprehensive Auto Liability	5,000,000	500
Employee Benefit	5,000,000	1,000
Employee Dishonesty with Faithful Performance - Each Person	100,000	1,000
Employee Dishonesty with Faithful Performance - Each Loss	400,000	1,000
Board Secretary	195,000	
School Board Legal Liability	5,000,000	25,000
Directors & Officers & School Leaders	5,000,000	25,000
Boiler & Machinery	100,000,000 (1)	1,000

Source: School District's Records

(1) Pooled coverage

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moonachie Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Moonachie Board of Education's basic financial statements and have issued our report thereon dated September 29, 2011. 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Moonachie Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Moonachie Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Moonachie Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Moonachie Board of Education's internal control over financial reporting.

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 Moonachie Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Moonachie Board of Education'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 and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 29, 2011

# LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

## Independent Auditor's Report

**NOT APPLICABLE**

**MOONACHE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

MEMO

Federal CFDA Number	Federal/Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Cash Received	Budgetary Expenditures	Cancelled Prior Years Balances	Deferred Revenue	Balance, June 30, 2011		GAAP Receivable
										(Account Receivable)	Due to Grantor	
	<b>U.S. Department of Education</b>											
	<b>Passed-through State Department of Education</b>											
10.555	National School Lunch Program	N/A	9/1/10-6/30/11	\$ 49,125	\$	\$ 39,817	\$ 49,125			\$ (9,308)	\$ (9,308)	\$ (9,308)
10.555	National School Lunch Program	N/A	9/1/09-6/30/10	42,929	(3,417)	3,417						
10.553	National School Breakfast Program	N/A	9/1/10-6/30/11	15,132		12,111	15,132			(3,021)	(3,021)	(3,021)
10.553	National School Breakfast Program	N/A	9/1/09-6/30/10	10,803	(1,222)	1,222						
10.556	Special Milk Program for Children	N/A	9/1/10-6/30/11	471		388	471			(83)	(83)	(83)
10.556	Special Milk Program for Children	N/A	9/1/09-6/30/10	597	(52)	52						
	<b>Total U.S. Department of Agriculture</b>				(4,691)	57,007	64,728			(12,412)	(12,412)	(12,412)
	<b>U.S. Department of Education</b>											
	<b>Passed-through State Department of Education</b>											
	<b>NCLB Consolidated</b>											
84.010A	Title I	NCLB306011	9/1/10-8/31/11	97,768		97,768	97,768					
84.281A	Title II	NCLB306011	9/1/10-8/31/11	11,250		11,250	11,250					
84.318X	Title II-D Tech	NCLB306011	9/1/10-8/31/11	193		193	193					
84.365	Title III	NCLB306011	9/1/10-8/31/11	2,196		2,196	2,196					
84.027A	IDEA Part B, Basic	IDEA306011	9/1/10-8/31/11	89,634		89,634	89,634					
84.173	IDEA Part B, Preschool	IDEA306011	9/1/10-8/31/11	4,957		4,957	4,957					
84.389	ARRA - Title I	ARRA306011	9/1/09-8/31/11	38,640	(8,148)	23,466	11,888		\$ 4,568	(1,138)	(1,138)	(1,138)
84.391	ARRA - Basic	ARRA306011	9/1/09-8/31/11	82,916	(5,934)	50,972	56,368		6,120	(17,450)	(17,450)	(17,450)
84.392	ARRA - Preschool	ARRA306010	9/1/09-8/31/11	2,991		329	2,988		3	(2,662)	(2,659)	(2,659)
	<b>Total U.S. Department of Education</b>				(14,082)	280,765	277,242		10,691	(21,250)	(21,250)	(13,989)
	<b>Total Federal Financial Assistance</b>				\$ (18,773)	\$ 337,772	\$ 341,970	\$ -	\$ 10,691	\$ (33,662)	\$ -	\$ (26,401)

Note - This schedule was not subject to an audit on accordance with OMB Circular A-133.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

MOONACHEE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Cash Received	Budgetary Expenditures	Cancelled Prior Years Balances	Balance, June 30, 2011		MEMO		
								Deferred Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>												
<b>General Fund</b>												
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 84,301	\$ (9,072)	\$ 9,072						\$ -	
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	197,427		182,325	\$ 197,427		\$ (15,102)			\$ 197,427	
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	128,328	(14,045)	14,045						22,206	
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	22,206		20,506	22,206		(1,700)				
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	39,149	(4,213)	4,213							
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	140,615	(15,132)	15,132							
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	4,002			4,002		(4,002)		\$ (4,002)	4,002	
Additional Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	3,101	(3,101)								
Extraordinary Aid	11-495-034-5120-473	7/1/10-6/30/11	17,864			17,864		(17,864)			17,864	
Extraordinary Aid	10-495-034-5120-473	7/1/09-6/30/10	23,948	(23,182)	23,182							
<b>On-Behalf Payments</b>												
TPAF Pension Contribution NCGI	11-495-034-5095-007	9/1/10-6/30/11	7,498		7,498	7,498					7,498	
TPAF - Post Retirement Medical	11-495-034-5095-001	9/1/10-6/30/11	159,252		159,252	159,252					159,252	
TPAF Social Security Aid	11-495-034-5095-002	9/1/10-6/30/11	181,689		166,062	181,689		(15,627)		(15,627)	181,689	
TPAF Social Security Aid	10-495-034-5095-002	9/1/09-6/30/10	190,645	(9,573)	9,573							
				(78,318)	613,961	589,938		(54,225)		(19,629)	589,938	
<b>State Department of Agriculture</b>												
<b>Enterprise Fund</b>												
National School Breakfast Program	10-100-010-3350-021	9/1/09-6/30/10	1,958	(155)	155							
National School Lunch Program	11-100-034-3350-023	9/1/10-6/30/11	1,173	(78)	941	1,173		(232)		(232)	1,173	
National School Lunch Program	10-100-034-3350-023	9/1/09-6/30/10	711	(78)	78							
				(233)	1,174	1,173		(232)		(232)	1,173	
Total State Financial Assistance			(78,551)	615,135	591,111			(54,527)		(19,861)	591,111	
<b>State Financial Assistance Not Subject to Single Audit Determination</b>												
<b>General Fund</b>												
On-Behalf TPAF Pension System Contributions	11-495-034-5095-007	9/1/10-6/30/11	7,498		(7,498)	(7,498)					(7,498)	
On-Behalf TPAF Post-Retirement Medical Contributions	11-495-034-5095-001	9/1/10-6/30/11	159,252		(159,252)	(159,252)					(159,252)	
Total State Financial Assistance Subject to Single Audit			(78,551)	448,385	424,361			(54,527)		(19,861)	424,361	

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$30,979 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 620,917	\$ 620,917
Special Revenue Fund	\$ 277,242		277,242
Food Service Fund	<u>64,728</u>	<u>1,173</u>	<u>65,901</u>
Total Financial Assistance	<u>\$ 341,970</u>	<u>\$ 622,090</u>	<u>\$ 964,060</u>

**MOONACHIE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$181,689 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$7,498 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$159,252 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

MOONACHIE BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u>          </u> yes	<u>  X  </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u>          </u> yes	<u>  X  </u> no
Noncompliance material to the basic financial statements noted?	<u>          </u> yes	<u>  X  </u> no

**Federal Awards Section**

Not Applicable

**State Awards Section**

Not Applicable

**MOONACHIE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 2 – Schedule of Financial Statement Findings*

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

THERE ARE NONE.

**MOONACHIE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**CURRENT YEAR STATE AWARDS**

NOT APPLICABLE

**MOONACHIE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.