

MOONACHIE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Moonachie, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Moonachie Board of Education
Moonachie, New Jersey
For The Fiscal Year Ended June 30, 2012**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

Moonachie Board of Education

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SUE ANNE MATHER

School Business Administrator/Board Secretary

November 7, 2012

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, 2012 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 2011-2012 fiscal year with an average daily enrollment of 282 students, which is a decrease of 3 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its 9-12th 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 nine years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012	282	(1.05)%
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 2011-2012 school year:

- Developed and implemented a proactive, systemic system for assisting students who are struggling with academic achievement.
- Continued the process toward the full implementation of the reading and Writing Workshop model in grades K-8 and increased the creation/use of related teaching grids.
- Ensured that our programs meet the expectations set forth in the Math Common Core Standards
- Engaged in formative assessment training for staff and increased the frequency of its use.
- Developed a plan to maximize the efficiency of the master schedule and teaching assignments.
- Investigated options to increase student, staff, and community access to technology related programs.
- Implemented a school safety team and met all requirements set forth in the Harassment, Intimidation, and Bullying Policy.
- Revised the Code of Conduct/School Discipline Policy
- Implemented the effective use of small group instruction based upon students' individual needs.
- Infused the 21st Century and Technology Core Curriculum Content Standards into the curricula.

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, 2012.

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, 2012, the District's outstanding debt issues included \$650,000 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,



Dr. Jill Mortimer
Superintendent



Sue Anne Mather
School Business Administrator

**Moonachie School District
2011-2012 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, 2012**

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

Other Officials

Dr. Jill Mortimer, Superintendent

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

Capital One Bank
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Fairfield, NJ 07004

FINANCIAL SECTION

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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
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

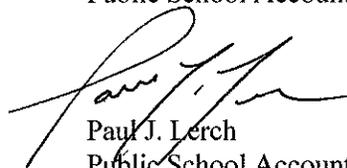
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moonachie Board of Education as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows 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 November 7, 2012 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

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, 2012. 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 2012 are as follows:

- District-Wide Financials - Overall revenues were \$8,708,976. General revenues accounted for \$7,139,913 or 82 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,569,063 or 18 percent of total revenues of \$8,708,976.
- District-Wide Financials - The School District had \$8,117,107 in expenses; only \$1,569,063 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,139,913 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 \$1,392,851, an increase of \$610 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2012, unassigned fund balance for the General Fund was \$216,042, a decrease of \$21,158.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2012**

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, 2012**

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, 2012**

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, 2012**

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 2012 and 2011 were \$3,206,231 and \$2,614,362, respectively. (See Table A-1).

By far the largest portion of the District's net assets (59 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, 2012**

Table A-1
Statement of Net Assets
As of June 30, 2012 and 2011

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 1,399,670	\$ 1,450,727	\$ 17,408	\$ 19,827	\$ 1,417,078	\$ 1,470,554
Capital Assets	<u>2,562,618</u>	<u>2,308,200</u>	<u>5,752</u>	<u>7,518</u>	<u>2,568,370</u>	<u>2,315,718</u>
Total Assets	<u>3,962,288</u>	<u>3,758,927</u>	<u>23,160</u>	<u>27,345</u>	<u>3,985,448</u>	<u>3,786,272</u>
Long-Term Liabilities	763,502	1,100,419			763,502	1,100,419
Other Liabilities	<u>15,715</u>	<u>71,491</u>	<u>-</u>	<u>-</u>	<u>15,715</u>	<u>71,491</u>
Total Liabilities	<u>779,217</u>	<u>1,171,910</u>	<u>-</u>	<u>-</u>	<u>779,217</u>	<u>1,171,910</u>
Net Assets:						
Invested in capital assets, net of related debt	1,889,488	1,370,646	5,752	7,518	1,895,240	1,378,164
Restricted	564,270	555,256			564,270	555,256
Unrestricted	<u>729,313</u>	<u>661,115</u>	<u>17,408</u>	<u>19,827</u>	<u>746,721</u>	<u>680,942</u>
Total Net Assets	<u>\$ 3,183,071</u>	<u>\$ 2,587,017</u>	<u>\$ 23,160</u>	<u>\$ 27,345</u>	<u>\$ 3,206,231</u>	<u>\$ 2,614,362</u>

Governmental activities. Governmental activities increased the District's net assets for 2012 and 2011 by \$596,054 and \$361,342, 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, 2012**

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011**

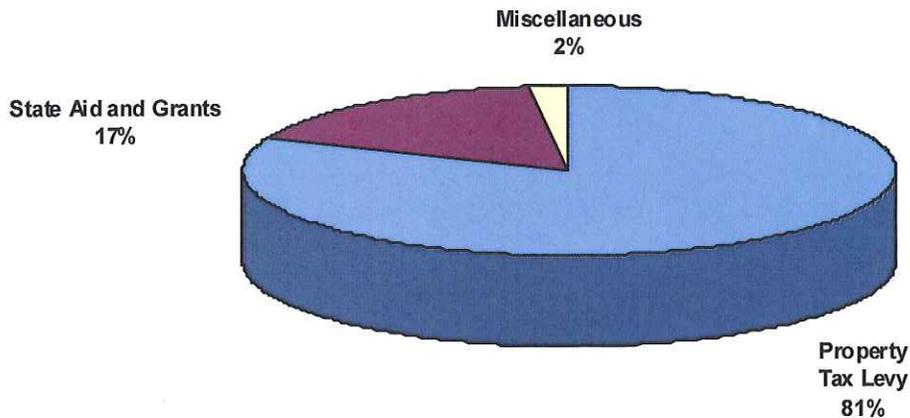
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 468,392	\$ 486,988	\$ 17,208	\$ 25,634	\$ 485,600	\$ 512,622
Operating Grants and Contributions	1,017,059	878,814	66,404	65,901	1,083,463	944,715
General Revenues						
Property Taxes	7,019,469	6,892,462			7,019,469	6,892,462
Other	120,398	172,319	46	170	120,444	172,489
Total Revenues	<u>8,625,318</u>	<u>8,430,583</u>	<u>83,658</u>	<u>91,705</u>	<u>8,708,976</u>	<u>8,522,288</u>
Expenses						
Instruction						
Regular	4,033,870	3,610,256			4,033,870	3,610,256
Special Education	1,147,451	1,191,304			1,147,451	1,191,304
Other Instruction	94,128	294,914			94,128	294,914
School Sponsored Activities and Ath.	25,614	33,948			25,614	33,948
Support Services						
Student and Instruction Related Serv.	1,156,475	1,201,000			1,156,475	1,201,000
General Administrative Services	202,490	237,135			202,490	237,135
School Administrative Services	166,274	188,779			166,274	188,779
Plant Operations and Maintenance	679,151	726,926			679,151	726,926
Pupil Transportation	256,886	315,537			256,886	315,537
Central Services	208,125	186,269			208,125	186,269
Food Service			106,993	112,432	106,993	112,432
Interest on Long-Term Debt	39,650	53,135	-	-	39,650	53,135
Total Expenses	<u>8,010,114</u>	<u>8,039,203</u>	<u>106,993</u>	<u>112,432</u>	<u>8,117,107</u>	<u>8,151,635</u>
Increase (Decrease) in Net Assets Before Transfers	615,204	391,380	(23,335)	(20,727)	591,869	370,653
Transfers	(19,150)	(30,038)	19,150	30,038	-	-
Change in Net Assets	596,054	361,342	(4,185)	9,311	591,869	370,653
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 3,183,071</u>	<u>\$ 2,587,017</u>	<u>\$ 23,160</u>	<u>\$ 27,345</u>	<u>\$ 3,206,231</u>	<u>\$ 2,614,362</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2012**

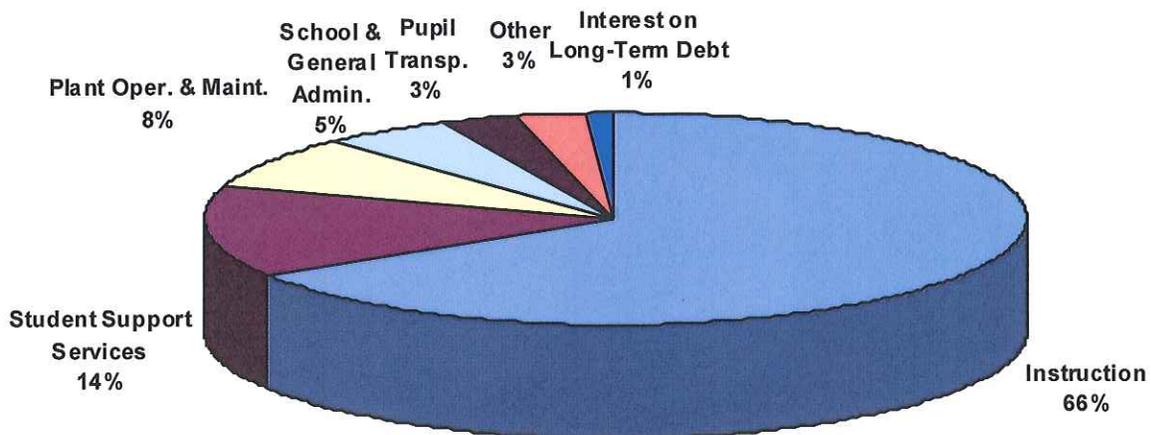
Governmental activities. The District's total governmental revenues were \$8,625,318. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$7,139,867 or 83% of total revenues. Funding from state and federal sources as well as tuition amounted to \$1,485,451 or 17%.

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2012



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$5,301,063 (66%), support services totaled \$2,669,953 (33%) and interest on long-term debt total \$39,650 (1%) of total expenditures. (See Table A-4.)

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2012



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2012**

**Table A-5
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2012 and 2011**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Governmental Activities				
Instruction				
Regular	\$ 4,033,870	\$ 3,610,256	\$ 3,715,104	\$ 3,419,264
Special Education	1,147,451	1,191,304	266,336	274,920
Other Instruction	94,128	294,914	58,556	169,098
School Sponsored Activities and Athletics	25,614	33,948	22,787	30,994
Support Services				
Student and Instruction Related Svcs.	1,156,475	1,201,000	1,096,420	1,141,611
General Administrative Services	202,490	237,135	191,568	226,059
School Administrative Services	166,274	188,779	155,352	177,634
Plant Operations and Maintenance	679,151	726,926	615,234	706,419
Pupil Transportation	256,886	315,537	175,543	302,463
Central Services	208,125	186,269	188,113	171,804
Interest on Long-Term Debt	39,650	53,135	39,650	53,135
Total Governmental Activities	<u>\$ 8,010,114</u>	<u>\$ 8,039,203</u>	<u>\$ 6,524,663</u>	<u>\$ 6,673,401</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$106,993. 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 decrease in net assets of \$4,185.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2012**

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 \$1,392,851. In 2010-2011 the fund balance was \$1,392,241.

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 \$8,625,318 and expenditures were \$8,605,558.

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, 2012 and 2011.

	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources	\$ 7,589,596	\$ 7,532,424	\$ 57,172	1%
State Sources	801,991	620,917	181,074	29%
Federal Sources	<u>233,731</u>	<u>277,242</u>	<u>(43,511)</u>	-16%
 Total Revenues	 <u>\$ 8,625,318</u>	 <u>\$ 8,430,583</u>	 <u>\$ 194,735</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, 2012 and 2011.

	Year Ended June 30, 2012	Year Ended June 30, 2011	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 5,291,665	\$ 5,118,270	\$ 173,395	3%
Undistributed	2,499,034	2,688,600	(189,566)	-7%
Capital Outlay	431,676	148,984	282,692	190%
Debt Service				
Principal	339,424	315,000	24,424	8%
Interest	<u>43,759</u>	<u>56,985</u>	<u>(13,226)</u>	-23%
 Total Expenditures	 <u>\$ 8,605,558</u>	 <u>\$ 8,327,839</u>	 <u>\$ 277,719</u>	 3%

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2012**

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, 2012 and 2011 amounts to \$2,568,370 and \$2,315,718 (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) as of June 30**

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</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	4,385,503	3,883,721			4,385,503	3,883,721
Machinery, Equipment and Vehicles	<u>867,941</u>	<u>828,109</u>	<u>\$ 11,351</u>	<u>\$ 11,351</u>	<u>879,292</u>	<u>839,460</u>
Total	5,891,724	5,460,048	11,351	11,351	5,903,075	5,471,399
Less: Accumulated Depreciation	<u>3,329,106</u>	<u>3,151,848</u>	<u>5,599</u>	<u>3,833</u>	<u>3,334,705</u>	<u>3,155,681</u>
Total	<u>\$ 2,562,618</u>	<u>\$ 2,308,200</u>	<u>\$ 5,752</u>	<u>\$ 7,518</u>	<u>\$ 2,568,370</u>	<u>\$ 2,315,718</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, 2012**

Debt Administration. As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$763,502 and \$1,100,419 as stated in Table A-7.

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

	<u>2012</u>	<u>2011</u>
Bonds Payable	\$ 650,000	\$ 975,000
Capital Leases	23,130	37,554
Compensated Absences Payable	<u>90,372</u>	<u>87,865</u>
Total	<u>\$ 763,502</u>	<u>\$ 1,100,419</u>

The District has outstanding school refunding bonds in the amount of \$650,000. 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, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,391,608	\$ 11,700	\$ 1,403,308
Receivables, net			
Receivables from Other Governments	7,991	2,798	10,789
Other	71	2,910	2,981
Capital Assets			
Not Being Depreciated	381,056		381,056
Being Depreciated, Net	<u>2,181,562</u>	<u>5,752</u>	<u>2,187,314</u>
Total Assets	<u>3,962,288</u>	<u>23,160</u>	<u>3,985,448</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	6,819		6,819
Accrued Interest Payable	8,896		8,896
Noncurrent Liabilities			
Due within one year	355,214		355,214
Due beyond one year	<u>408,288</u>	<u>-</u>	<u>408,288</u>
Total Liabilities	<u>779,217</u>	<u>-</u>	<u>779,217</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for	1,889,488	5,752	1,895,240
Capital Projects	564,270		564,270
Unrestricted	<u>729,313</u>	<u>17,408</u>	<u>746,721</u>
Total Net Assets	<u>\$ 3,183,071</u>	<u>\$ 23,160</u>	<u>\$ 3,206,231</u>

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

MOONACHEE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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
Governmental Activities							
Instruction							
Regular	\$ 4,033,870	\$ 468,392	\$ 318,766		\$ (3,715,104)	\$ (3,715,104)	\$ (3,715,104)
Special Education	1,147,451		412,723		(266,336)	(266,336)	(266,336)
Other Instruction	94,128		35,572		(58,556)	(58,556)	(58,556)
School Sponsored Activities and Athletics	25,614		2,827		(22,787)	(22,787)	(22,787)
Support Services							
Student and Instruction Related Services	1,156,475		60,055		(1,096,420)	(1,096,420)	(1,096,420)
General Administrative Services	202,490		10,922		(191,568)	(191,568)	(191,568)
School Administrative Services	166,274		10,922		(155,352)	(155,352)	(155,352)
Plant Operations and Maintenance	679,151		63,917		(615,234)	(615,234)	(615,234)
Pupil Transportation	256,886		81,343		(175,543)	(175,543)	(175,543)
Central Services	208,125		20,012		(188,113)	(188,113)	(188,113)
Interest on Debt	39,650		-		(39,650)	(39,650)	(39,650)
Total Governmental Activities	<u>8,010,114</u>	<u>468,392</u>	<u>1,017,059</u>	<u>-</u>	<u>(6,524,663)</u>	<u>-</u>	<u>(6,524,663)</u>
Business-Type Activities							
Food Service	106,993	17,208	66,404	-	-	(23,381)	(23,381)
Total Business-Type Activities	<u>106,993</u>	<u>17,208</u>	<u>66,404</u>	<u>-</u>	<u>(23,381)</u>	<u>(23,381)</u>	<u>(23,381)</u>
Total Primary Government	<u>\$ 8,117,107</u>	<u>\$ 485,600</u>	<u>\$ 1,083,463</u>	<u>\$ -</u>	<u>(6,524,663)</u>	<u>(23,381)</u>	<u>(6,548,044)</u>
General Revenues							
Property Taxes					7,019,469		7,019,469
Miscellaneous Income					101,735	46	101,781
Unrestricted State Aid					18,663		18,663
Transfers					(19,150)	19,150	-
Total General Revenues and Transfers					<u>7,120,717</u>	<u>19,196</u>	<u>7,139,913</u>
Change in Net Assets					596,054	(4,185)	591,869
Net Assets, Beginning of Year					2,587,017	27,345	2,614,362
Net Assets, End of Year					<u>\$ 3,183,071</u>	<u>\$ 23,160</u>	<u>\$ 3,206,231</u>

FUND FINANCIAL STATEMENTS

**MOONACHIE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,391,323		\$ 285		\$ 1,391,608
Receivables From Other Governments	7,991				7,991
Due from Other Funds	71	-	-	-	71
Total Assets	<u>\$ 1,399,385</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 1,399,670</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 6,534	-	285	-	6,819
Total Liabilities	<u>6,534</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>6,819</u>
Fund Balances					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	189,789				189,789
Reserve for Excess Surplus	177,141				177,141
Capital Reserve	564,270				564,270
Assigned Fund Balance:					
Year-end Encumbrances	146,583				146,583
Designated for Subsequent Year's Expenditures	99,026				99,026
Unassigned Fund Balance					
General Fund	<u>216,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,042</u>
Total Fund Balances	<u>1,392,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392,851</u>
Total Liabilities and Fund Balances	<u>\$ 1,399,385</u>	<u>\$ -</u>	<u>\$ 285</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 \$5,891,724 and the accumulated depreciation is \$3,329,106.	2,562,618
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:	(8,896)
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	\$ (650,000)
Compensated Absences	(90,372)
Leases Payable	<u>(23,130)</u>
	<u>(763,502)</u>
Net assets of governmental activities	<u>\$ 3,183,071</u>

**MOONACHIE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 6,652,366			\$ 367,103	\$ 7,019,469
Tuition	468,392				468,392
Miscellaneous	101,735	-	-	-	101,735
Total - Local Sources	<u>7,222,493</u>	<u>-</u>	<u>-</u>	<u>367,103</u>	<u>7,589,596</u>
State Sources	801,991				801,991
Federal Sources	20,677	\$ 213,054	-	-	233,731
Total Revenues	<u>8,045,161</u>	<u>213,054</u>	<u>-</u>	<u>367,103</u>	<u>8,625,318</u>
EXPENDITURES					
Current					
Regular Instruction	3,955,875	70,588			4,026,463
Special Education Instruction	1,046,892	103,408			1,150,300
Other Instruction	60,028	29,260			89,288
School-Sponsored Activities and Athletics	25,614				25,614
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,146,677	9,798			1,156,475
General Administrative Services	191,855				191,855
School Administrative Services	134,271				134,271
Plant Operations and Maintenance	562,057				562,057
Pupil Transportation	256,886				256,886
Central Services	197,490				197,490
Debt Service					
Principal	14,424			325,000	339,424
Interest and Other Charges	1,656			42,103	43,759
Capital Outlay	39,832	-	\$ 391,844	-	431,676
Total Expenditures	<u>7,633,557</u>	<u>213,054</u>	<u>391,844</u>	<u>367,103</u>	<u>8,605,558</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>411,604</u>	<u>-</u>	<u>(391,844)</u>	<u>-</u>	<u>19,760</u>
OTHER FINANCING SOURCES (USES)					
Transfers In			18,032		18,032
Transfers Out	(37,182)	-	-	-	(37,182)
Total Other Financing Sources and Uses	<u>(37,182)</u>	<u>-</u>	<u>18,032</u>	<u>-</u>	<u>(19,150)</u>
Net Change in Fund Balances	374,422	-	(373,812)	-	610
Fund Balance, Beginning of Year	<u>1,018,429</u>	<u>-</u>	<u>373,812</u>	<u>-</u>	<u>1,392,241</u>
Fund Balance, End of Year	<u>\$ 1,392,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,392,851</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, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 610**

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

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

Capital Outlay	\$ 431,676	
Depreciation Expense	<u>(177,258)</u>	
		254,418

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		(2,507)
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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		325,000
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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		14,424
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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>4,109</u>
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Change in net assets of governmental activities (Exhibit A-2)		<u>\$ 596,054</u>
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**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

		Business-Type Activities Enterprise Fund <u>Totals</u>
ASSETS		
Current Assets		
Cash	\$	11,700
Intergovernmental Receivable		
Federal		2,754
State		44
Other Receivable		2,910
Total Current Assets		17,408
Noncurrent Assets		
Equipment		11,351
Less: Accumulated Depreciation		(5,599)
Total Noncurrent Assets		5,752
Total Assets	\$	23,160
 NET ASSETS		
Invested in Capital Assets	\$	5,752
Unrestricted		17,408
Total Net Assets	\$	23,160

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, 2012**

	Business-Type Activities Enterprise Fund Totals
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 17,208
Total Operating Revenues	<u>17,208</u>
OPERATING EXPENSES	
Cost of Sales	75,793
Salaries and Wages	29,150
Supplies	284
Depreciation	<u>1,766</u>
Total Operating Expenses	<u>106,993</u>
Operating Loss	<u>(89,785)</u>
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	695
National School Breakfast Program	14,841
National School Lunch Program	49,704
State Sources	
School Lunch Program	1,164
Interest and Investment Revenue	<u>46</u>
Total Nonoperating Revenues	<u>66,450</u>
Net Loss Before Transfers	(23,335)
Transfers In from General Fund	<u>19,150</u>
Total Other Financing Sources	<u>19,150</u>
Change in Net Assets	(4,185)
Net Assets, Beginning of Year	<u>27,345</u>
Net Assets, End of Year	<u>\$ 23,160</u>

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, 2012**

	Business-Type Activities Enterprise Fund <u>Totals</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 16,771
Cash Payments for Employee Salaries and Wages	(29,150)
Cash Payments to Suppliers for Goods and Services	<u>(76,077)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(88,456)</u>
Cash Flows from Noncapital Financing Activities	
Board Subsidy Payment from General Fund	19,150
Cash Received from State and Federal Subsidy Reimbursements	<u>76,251</u>
Net Cash Provided by Noncapital Financing Activities	<u>95,401</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>46</u>
Net Cash Provided by Investing Activities	<u>46</u>
Net Increase in Cash and Cash Equivalents	6,991
Cash and Cash Equivalents, Beginning of Year	<u>4,709</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,700</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ <u>(89,785)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,766
(Increase)/Decrease in Other Receivable	<u>(437)</u>
Total Adjustments	<u>1,329</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (88,456)</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, 2012**

	Edward Terragni Memorial Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,782	\$ 10,471
Total Assets	<u>\$ 1,782</u>	<u>\$ 10,471</u>
LIABILITIES		
Due to Student Groups		\$ 5,676
Due to Other Funds		71
Due to State of New Jersey	-	<u>4,724</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 10,471</u>
NET ASSETS		
Held in Trust for Edward Terragni Memorial Scholarship Fund	<u>\$ 1,782</u>	

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

**MOONACHIE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Edward Terragni Memorial <u>Scholarship Fund</u>
ADDITIONS	
Contributions	
Interest	-
Total Additions	-
DEDUCTIONS	
Participant Awards	\$ 100
Total Deductions	100
Change in Net Assets	(100)
Net Assets, Beginning of Year	1,882
Net Assets, End of Year	\$ 1,782

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, 2012**

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

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basic Financial Statements (Continued)

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.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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.

The District reports the following major proprietary funds which 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund types:

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.

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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2010-2011 and 2011-2012 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 1st 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, 2012**

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.

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

<u>Assets</u>	<u>Years</u>
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.

MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 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.)

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.

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity (Continued)

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

8. Reclassifications

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

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 for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original budget by \$161,671. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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.

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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.

C. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011		\$ 181,444
Increases		
Interest earnings	\$ 858	
Deposits Approved by Board Resolution	<u>400,000</u>	
		<u>400,858</u>
		582,302
Withdrawals		
Approved by Board Resolution		<u>(18,032)</u>
Balance, June 30, 2012		<u>\$ 564,270</u>

The June 30, 2012 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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, 2012 is \$366,930. Of this amount, \$189,789 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$177,141 will be appropriated in the 2013/2014 original budget certified for taxes.

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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,415,561 and bank balances of the Board's cash and deposits amounted to \$1,669,963. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	Bank <u>Balance</u>
Insured	\$ <u>1,669,963</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, 2012 none of the Board's bank balance was exposed to custodial credit risk.

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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, 2012, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2012 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Accounts		\$ 2,910	\$ 2,910
Intergovernmental	\$ 7,991	2,798	10,789
Gross Receivables	7,991	5,708	13,699
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 7,991</u>	<u>\$ 5,708</u>	<u>\$ 13,699</u>

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance, July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 381,056			\$ 381,056
Construction in Progress	109,938	-	\$ 109,938	-
Total capital assets, not being depreciated	<u>490,994</u>	<u>-</u>	<u>109,938</u>	<u>381,056</u>
Capital assets, being depreciated:				
Land Improvements	257,224			257,224
Buildings and Building Improvements	3,883,721	\$ 391,844	109,938	4,385,503
Machinery and Equipment	828,109	39,832	-	867,941
Total capital assets being depreciated	<u>4,969,054</u>	<u>431,676</u>	<u>109,938</u>	<u>5,510,668</u>
Less accumulated depreciation for:				
Land Improvements	(114,561)	(12,010)		(126,571)
Buildings and Building Improvements	(2,293,761)	(127,359)		(2,421,120)
Machinery and Equipment	(743,526)	(37,889)	-	(781,415)
Total accumulated depreciation	<u>(3,151,848)</u>	<u>(177,258)</u>	<u>-</u>	<u>(3,329,106)</u>
Total capital assets, being depreciated, net	<u>1,817,206</u>	<u>254,418</u>	<u>109,938</u>	<u>2,181,562</u>
Governmental activities capital assets, net	<u>\$ 2,308,200</u>	<u>\$ 254,418</u>	<u>\$ 219,876</u>	<u>\$ 2,562,618</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 11,351	-	-	\$ 11,351
Total capital assets being depreciated	<u>11,351</u>	<u>-</u>	<u>-</u>	<u>11,351</u>
Less accumulated depreciation for:				
Machinery and Equipment	(3,833)	\$ (1,766)	-	(5,599)
Total accumulated depreciation	<u>(3,833)</u>	<u>(1,766)</u>	<u>-</u>	<u>(5,599)</u>
Total capital assets, being depreciated, net	<u>7,518</u>	<u>(1,766)</u>	<u>-</u>	<u>5,752</u>
Business-type activities capital assets, net	<u>\$ 7,518</u>	<u>\$ (1,766)</u>	<u>\$ -</u>	<u>\$ 5,752</u>

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 5,319
Special	<u>1,773</u>

Total Instruction	<u>7,092</u>
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Support Services

General Administration	10,635
School Administration	31,906
Operations and Maintenance of Plant	116,990
Business Services	<u>10,635</u>

Total Support Services	<u>170,166</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 177,258</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 1,766</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 1,766</u>
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D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Student Activity Fund	\$ 11
General Fund	Payroll Agency Fund	<u>60</u>
Total		<u>\$ 71</u>

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

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 Food Service Fund	Capital Projects Fund	Total
Transfer Out:			
General Fund	\$ 19,150	\$ 18,032	\$ 37,182
 Total transfers out	 \$ 19,150	 \$ 18,032	 \$ 37,182

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

Capital Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 16,080
2014	8,040
	<hr/>
Total minimum lease payments	24,120
Less: amount representing interest	(990)
	<hr/>
Present value of minimum lease payments	\$ 23,130

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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. 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, 2012 are comprised of the following issues:

\$3,025,000, 2002 School Refunding - COPS Bonds, due in annual installments of \$300,000 to \$310,000 through March 1, 2014, interest at 4.375%	\$610,000
\$300,000, 2003 School Refunding ERIP Bonds, due in annual installments of \$40,000 through December 30, 2012, interest at 5.375%	<u>40,000</u>
	<u>\$650,000</u>

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>	
2013	\$ 340,000	\$ 27,762	\$ 367,762
2014	<u>310,000</u>	<u>13,562</u>	<u>323,562</u>
	<u>\$ 650,000</u>	<u>\$ 41,324</u>	<u>\$ 691,324</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 23,588,121
Less: Net Debt	<u>610,000</u>
Remaining Borrowing Power	<u>\$ 22,978,121</u>

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 975,000		\$ 325,000	\$ 650,000	\$ 340,000
Capital Leases	37,554		14,424	23,130	15,214
Compensated Absences	<u>87,865</u>	<u>\$ 2,507</u>	<u>-</u>	<u>90,372</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 1,100,419</u>	<u>\$ 2,507</u>	<u>\$ 339,424</u>	<u>\$ 763,502</u>	<u>\$ 355,214</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the South Bergen Regional 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 funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

South Bergen Region VII provide 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

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, 2012, 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, 2012, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

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

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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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.

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

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.

**MOONACHIE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 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 5.91 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 6.5% for PERS, 6.5% 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, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 73,409	\$ 82,938	\$ 687
2011	57,049	7,498	1,363
2010	44,909	8,905	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$82,938 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$7,498 and \$8,905, 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 \$177,548 during the year ended June 30, 2012 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.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

Basis of Accounting

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

Significant Legislation

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

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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 July 1, 2010, 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.

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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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, 2012, 2011 and 2010 were \$166,728, \$159,252 and \$167,243, 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, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 6,652,366		\$ 6,652,366	\$ 6,652,366	
Tuition	417,268		417,268	468,392	\$ 51,124
Miscellaneous	104,999	-	104,999	101,735	(3,264)
Total Local Sources	<u>7,174,633</u>	<u>-</u>	<u>7,174,633</u>	<u>7,222,493</u>	<u>47,860</u>
State Sources					
Special Education Aid	197,427		197,427	197,427	
Transportation Aid	30,236		30,236	86,659	56,423
Security Aid	69,130		69,130	69,130	
Adjustment Aid				20,737	20,737
Anti Bully State Aid				116	116
Extraordinary Aid				43,937	43,937
Additional Nonpublic Transportation Aid				3,350	3,350
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				74,900	74,900
NCGI Premium (Non-Budget)				8,038	8,038
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				166,728	166,728
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	177,548	177,548
Total State Sources	<u>296,793</u>	<u>-</u>	<u>296,793</u>	<u>848,570</u>	<u>551,777</u>
Federal Sources					
Educational Jobs	20,049	\$ 628	20,677	20,677	-
Total Revenues	<u>7,491,475</u>	<u>628</u>	<u>7,492,103</u>	<u>8,091,740</u>	<u>599,637</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	80,327	(4,028)	76,299	75,751	548
Kindergarten	138,524	(4,264)	134,260	133,248	1,012
Grades 1-5	852,086	(7,586)	844,500	843,411	1,089
Grades 6-8	438,653	42,378	481,031	480,726	305
Regular Program - Home Instruction					
Salaries of Teachers	3,797	(3,797)			
Regular Programs - Undistributed Instruction					
Other Purchased Services	6,920	(1,526)	5,394	5,394	
General Supplies	68,397	78,347	146,744	112,122	34,622
Textbooks		11,492	11,492	11,492	
Other Objects	14,310	539	14,849	14,849	-
Total Regular Programs	<u>1,603,014</u>	<u>111,555</u>	<u>1,714,569</u>	<u>1,676,993</u>	<u>37,576</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	63,148	7,815	70,963	69,178	1,785
Other Salaries for Instruction	33,796	(8,043)	25,753	19,505	6,248
General Supplies	500	3,791	4,291	3,548	743
Total Learning and/or Language Disabilities	<u>97,444</u>	<u>3,563</u>	<u>101,007</u>	<u>92,231</u>	<u>8,776</u>
Multiple Disabilities					
Salaries of Teachers	57,475		57,475	55,829	1,646
Other Salaries for Instruction	46,306	(1,831)	44,475	40,251	4,224
General Supplies	1,500	2,110	3,610	3,104	506
Total Multiple Disabilities	<u>105,281</u>	<u>279</u>	<u>105,560</u>	<u>99,184</u>	<u>6,376</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 103,254	\$ 43,923	\$ 147,177	\$ 146,476	\$ 701
Other Salaries for Instruction	19,504	26,286	45,790	44,269	1,521
General Supplies	5,000	657	5,657	3,085	2,572
Total Resource Room	<u>127,758</u>	<u>70,866</u>	<u>198,624</u>	<u>193,830</u>	<u>4,794</u>
Preschool Disabilities-Full Time					
Salaries of Teachers	73,029	(17,114)	55,915	51,049	4,866
Other Salaries for Instruction	33,313	24,550	57,863	54,900	2,963
General Supplies	2,000	964	2,964	2,127	837
Total Preschool Disabilities-Full Time	<u>108,342</u>	<u>8,400</u>	<u>116,742</u>	<u>108,076</u>	<u>8,666</u>
Total Special Education	<u>438,825</u>	<u>83,108</u>	<u>521,933</u>	<u>493,321</u>	<u>28,612</u>
Basic Skills/Remedial					
Salaries of Teachers	79,907	(71,711)	8,196	3,364	4,832
General Supplies	-	2,089	2,089	1,496	593
Total Bilingual Education	<u>79,907</u>	<u>(69,622)</u>	<u>10,285</u>	<u>4,860</u>	<u>5,425</u>
Bilingual Education					
Salaries of Teachers	50,570	(1,014)	49,556	35,650	13,906
General Supplies	750	1,014	1,764	1,344	420
Total Bilingual Education	<u>51,320</u>	<u>-</u>	<u>51,320</u>	<u>36,994</u>	<u>14,326</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	35,861	-	35,861	17,474	18,387
Total School Sponsored Co/Extra Curricular Act.	<u>35,861</u>	<u>-</u>	<u>35,861</u>	<u>17,474</u>	<u>18,387</u>
Total Instruction	<u>2,208,927</u>	<u>125,041</u>	<u>2,333,968</u>	<u>2,229,642</u>	<u>104,326</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State- Regular	1,514,166	(51,989)	1,462,177	1,443,748	18,429
Tuition to Other LEAs Within State- Special	100,420	67,673	168,093	148,689	19,404
Tuition to County Vocational- Regular	48,420	7,810	56,230	48,420	7,810
Tuition to County Vocational- Special	107,100	260	107,360	107,360	-
Tuition to CSSD & Reg. Day Schools	56,000	(38,243)	17,757	3,500	14,257
Tuition to Priv. Sch. for the Disabled					
Within the State	245,819	(194,850)	50,969	45,376	5,593
Tuition - Other	-	21,945	21,945	20,020	1,925
Total Undistributed Expenditures - Instruction	<u>2,071,925</u>	<u>(187,394)</u>	<u>1,884,531</u>	<u>1,817,113</u>	<u>67,418</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 11,645		\$ 11,645	\$ 11,645	
Other Purchased Services - Travel	620	-	620	620	-
Total Attendance and Social Work Services	<u>12,265</u>	<u>-</u>	<u>12,265</u>	<u>12,265</u>	<u>-</u>
Health Services					
Salaries	73,434	\$ 3,327	76,761	76,761	
Other Purchased Services - Travel	500	(145)	355	175	\$ 180
Supplies and Materials	3,000	1,647	4,647	1,146	3,501
Total Health Services	<u>76,934</u>	<u>4,829</u>	<u>81,763</u>	<u>78,082</u>	<u>3,681</u>
Speech, OT, PT & Related Svcs.					
Purchased Professional - Educational Services	193,110	40,976	234,086	173,993	60,093
Supplies and Materials	2,000	199	2,199	950	1,249
Total Speech, OT, PT & Related Svcs.	<u>195,110</u>	<u>41,175</u>	<u>236,285</u>	<u>174,943</u>	<u>61,342</u>
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	16,465	9,436	25,901	23,941	1,960
Purchased Professional-Educational Svcs.	299,666	(29,484)	270,182	266,987	3,195
Supplies and Materials	5,800	2,349	8,149	4,606	3,543
Other Objects	6,560	(49)	6,511	6,511	-
Total Other Support Services - Students - Special Services	<u>328,491</u>	<u>(17,748)</u>	<u>310,743</u>	<u>302,045</u>	<u>8,698</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	75,000	6,650	81,650	81,650	
Salaries of Secretarial and Clerical Assistants	77,963	(3,517)	74,446	73,293	1,153
Supplies and Materials	1,000	3,212	4,212	1,135	3,077
Miscellaneous Expenditures	50	-	50	-	50
Total Improvement of Instructional Services	<u>154,013</u>	<u>6,345</u>	<u>160,358</u>	<u>156,078</u>	<u>4,280</u>
Educational Media Services/School Library					
Salaries	6,747	(375)	6,372	6,329	43
Salaries of Technology Coordinators	81,233	29,049	110,282	110,282	
Purchased Professional and Technical Services	33,410	14,126	47,536	41,361	6,175
Supplies and Materials	33,000	62,896	95,896	81,708	14,188
Miscellaneous Expenditures	525	-	525	-	525
Total Educational Media Serv./School Library	<u>154,915</u>	<u>105,696</u>	<u>260,611</u>	<u>239,680</u>	<u>20,931</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Staff Training Services					
Purchased Professional/Educational Services	\$ 3,100	\$ 2,683	\$ 5,783	\$ 5,772	\$ 11
Other Purchased Services - Travel	-	4,063	4,063	3,305	758
Total Staff Training Services	<u>3,100</u>	<u>6,746</u>	<u>9,846</u>	<u>9,077</u>	<u>769</u>
Support Services General Administration					
Salaries	67,500	20,237	87,737	67,500	20,237
Legal Services	20,000	9,438	29,438	24,567	4,871
Audit Fees	22,000	22,545	44,545	21,918	22,627
Other Purchased Professional Services	2,500		2,500	2,395	105
Purchased Technical Services	15,959	121	16,080	15,318	762
Communications/Telephone	10,018	1,474	11,492	9,497	1,995
General Supplies	500	253	753	753	
BOE Other Purchased Services - Travel	5,058	(3,051)	2,007	2,007	
Miscellaneous Purchased Services	22,025	(14,295)	7,730	7,343	387
Miscellaneous Expenditures	3,100	879	3,979	3,979	
BOE Membership Dues and Fees	4,500	-	4,500	4,376	124
Total Support Services General Administration	<u>173,160</u>	<u>37,601</u>	<u>210,761</u>	<u>159,653</u>	<u>51,108</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	67,500		67,500	67,500	
Salaries of Secretarial and Clerical Assistants	20,245		20,245	20,244	1
Supplies and Materials	1,765	545	2,310	2,303	7
Other Objects	650	8,479	9,129	3,065	6,064
Total Support Services School Administration	<u>90,160</u>	<u>9,024</u>	<u>99,184</u>	<u>93,112</u>	<u>6,072</u>
Central Services					
Salaries	118,098	5,630	123,728	123,682	46
Purchased Technical Services	7,692	122	7,814	7,814	
Miscellaneous Purchased Services - Travel	1,375		1,375	840	535
Supplies and Materials	1,500	3,366	4,866	679	4,187
Miscellaneous Expenditures	7,610	4,510	12,120	7,266	4,854
Total Central Services	<u>136,275</u>	<u>13,628</u>	<u>149,903</u>	<u>140,281</u>	<u>9,622</u>
Required Maintenance for School Facilities					
Salaries	47,492		47,492	45,037	2,455
Cleaning, Repair and Maint. Svc.	60,156	(26,055)	34,101	31,678	2,423
Total Required Maintenance for School Facilities	<u>107,648</u>	<u>(26,055)</u>	<u>81,593</u>	<u>76,715</u>	<u>4,878</u>

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 122,051	\$ (1,236)	\$ 120,815	\$ 116,870	\$ 3,945
Salaries of Non-Instructional Aides	81,722	(15,219)	66,503	65,317	1,186
Other Purchased Property Services	3,550	367	3,917	3,917	
Purchased Prof. and Technical Serv.	5,620	2,255	7,875	4,800	3,075
Cleaning, Repair and Maint. Serv.	18,000	8,371	26,371	24,976	1,395
Insurance	27,777	(2,198)	25,579	25,427	152
Other Purchased Services		16	16	16	
General Supplies	14,000	21,469	35,469	34,275	1,194
Energy (Natural Gas)	45,000	(6,996)	38,004	23,152	14,852
Energy (Electricity)	85,000	(14,845)	70,155	62,134	8,021
Other Objects	1,866	1,245	3,111	2,899	212
Total Custodial Services	404,586	(6,771)	397,815	363,783	34,032
Care and Upkeep of Grounds					
Salaries	8,000	-	8,000	3,932	4,068
Total Care and Upkeep of Grounds	8,000	-	8,000	3,932	4,068
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) -Regular	11,720		11,720	11,720	
Contracted Serv.(Bet. Home & Sch)-Vendors	80,677	419	81,096	81,096	
Contracted Serv.(Other Bet. Home & Sch)-Vendors	7,500	(318)	7,182	4,911	2,271
Contracted Serv.(Reg. Students)-ESCs&CTSAs	43,703	10,930	54,633	53,927	706
Contracted Services (Spl. Ed. Students)- ESCs & CTSAs	170,327	(3,623)	166,704	89,422	77,282
Contracted Serv.-Aid in Lieu of Payments - Non-Public Schools	19,800	(7,408)	12,392	10,186	2,206
Total Student Transportation Services	333,727	-	333,727	251,262	82,465
Unallocated Benefits - Employee Benefits					
Social Security Contributions	76,500	10,212	86,712	59,120	27,592
Other Retirement Contributions-PERS	80,000	10,212	90,212	73,409	16,803
Other Retirement Contributions-DCRP	2,000	270	2,270	687	1,583
Unemployment Insurance	10,000	1,717	11,717	11,224	493
Workmen's Compensation	25,575		25,575	23,760	1,815
Health Benefits	1,039,177	(22,566)	1,016,611	866,001	150,610
Tuition Reimbursement	15,000	(200)	14,800	13,033	1,767
Other Employee Benefits	3,200	956	4,156	4,138	18
Total Unallocated Benefits - Employee Benefits	1,251,452	601	1,252,053	1,051,372	200,681
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				74,900	(74,900)
NCGI Premium (Non-Budget)				8,038	(8,038)
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				166,728	(166,728)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	177,548	(177,548)
Total Undistributed Expenditures	5,501,761	(12,323)	5,489,438	5,356,607	132,831
Total Current Expenditures	7,710,688	112,718	7,823,406	7,586,249	237,157

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Undistributed Expenditures					
Support Services - Students - Equipment		\$ 28,443	\$ 28,443	\$ 25,843	\$ 2,600
Required Maintenance for School Facilities	-	25,361	25,361	20,622	4,739
Total Equipment	-	53,804	53,804	46,465	7,339
Facilities Acquisition and Construction Services					
Other Objects - Debt Assessment	\$ 843	3,784	4,627	843	3,784
Total Facilities Acquis. and Const. Services	843	3,784	4,627	843	3,784
Interest Deposit to Capital Reserve	5,000	(5,000)	-	-	-
Total Capital Outlay Expenditures	5,843	52,588	58,431	47,308	11,123
Total Expenditures	7,716,531	165,306	7,881,837	7,633,557	248,280
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(225,056)	(164,678)	(389,734)	458,183	847,917
Other Financing Sources (Uses)					
Transfer Out to Capital Projects from Capital Reserve		-		(18,032)	(18,032)
Transfers Out to Food Service	(27,585)	-	(27,585)	(19,150)	8,435
Total Other Financing Sources/(Uses)	(27,585)	-	(27,585)	(37,182)	(9,597)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(252,641)	(164,678)	(417,319)	421,001	838,320
Fund Balance, Beginning of Year	1,053,095	-	1,053,095	1,053,095	-
Fund Balance, End of Year	\$ 800,454	\$ (164,678)	\$ 635,776	\$ 1,474,096	\$ 838,320
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 189,789	
Reserve for Excess Surplus				177,141	
Capital Reserve				564,270	
Assigned Fund Balance:					
Year-end Encumbrances				146,583	
Designated for Subsequent Year's Expenditures				99,026	
Unassigned Fund Balance				297,287	
Reconciliation to Governmental Funds Statements (GAAP):				1,474,096	
Less: Final State Aid and Extraordinary Aid Payments Not Recognized on GAAP Basis				(81,245)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,392,851	

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND - EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs	\$ 20,049	\$ 628	\$ 20,677	\$ 20,677	-
Total Revenues	20,049	628	20,677	20,677	-
EXPENDITURES					
CURRENT					
Special Education - Resource Room					
Salaries of Teachers	20,049	628	20,677	20,677	-
Total Special Education - Resource Room	20,049	628	20,677	20,677	-
Total Expenditures	20,049	628	20,677	20,677	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**MOONACHIE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental Federal	\$ 216,689	\$ (3,635)	\$ 213,054	\$ 213,054	\$ -
Total Revenues	<u>216,689</u>	<u>(3,635)</u>	<u>213,054</u>	<u>213,054</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	89,917	(13,209)	76,708	76,708	
Other Purchased Service	94,591	2,697	97,288	97,288	
Miscellaneous Purchased Service		874	874	874	
General Supplies	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total Instruction	<u>184,511</u>	<u>(9,638)</u>	<u>174,873</u>	<u>174,873</u>	<u>-</u>
Support Services					
Personal Services-Employee Benefits	16,039	(2,660)	13,379	13,379	
Purchased Professional/Technical Services	<u>16,139</u>	<u>8,663</u>	<u>24,802</u>	<u>24,802</u>	<u>-</u>
Total Support Services	<u>32,178</u>	<u>6,003</u>	<u>38,181</u>	<u>38,181</u>	<u>-</u>
Total Expenditures	<u>216,689</u>	<u>(3,635)</u>	<u>213,054</u>	<u>213,054</u>	<u>-</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, 2012**

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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 8,091,740	\$ 213,054
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 and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)	34,666	
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2011/2012 State Aid)	<u>(81,245)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 8,045,161</u>	<u>\$ 213,054</u>
Uses/Outflows of Resources (Exhibit B-2)		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 7,633,557	\$ 213,054
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>\$ 7,633,557</u>	<u>\$ 213,054</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, 2012**

	IDEA Part B Basic	IDEA Part B Preschool	NCLB Title I	NCLB Title II	NCLB Title III	ARRA Title I	ARRA Basic	ARRA Preschool	Total
REVENUES									
Intergovernmental									
Federal	\$ 91,907	\$ 5,381	\$ 92,331	\$ 9,209	\$ 3,535	\$ 4,568	\$ 6,120	\$ 3	\$ 213,054
Total Revenues	\$ 91,907	\$ 5,381	\$ 92,331	\$ 9,209	\$ 3,535	\$ 4,568	\$ 6,120	\$ 3	\$ 213,054
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 91,907	\$ 5,381	\$ 63,948		\$ 2,946	\$ 3,694	\$ 6,120		\$ 76,708
Other Purchased Service						874			97,288
Miscellaneous Purchased Service									874
General Supplies									3
Total Instruction	91,907	5,381	63,948	-	2,946	4,568	6,120	3	174,873
Support Services									
Purchased Professional - Technical Services			15,593	\$ 9,209					24,802
Personal Services - Employee Benefits			12,790	-	589	-	-	-	13,379
Total Support Services			28,383	9,209	589	-	-	-	38,181
Total Expenditures	\$ 91,907	\$ 5,381	\$ 92,331	\$ 9,209	\$ 3,535	\$ 4,568	\$ 6,120	\$ 3	\$ 213,054

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

MOONACHIE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2012</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Boiler Project	\$ 501,782	\$ 109,938	\$ 391,844	\$ -
	<u>\$ 501,782</u>	<u>\$ 109,938</u>	<u>\$ 391,844</u>	<u>\$ -</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, 2012**

Revenues and Other Financing Sources	
Transfer In - Capital Reserve	\$ <u>18,032</u>
Total Revenues	<u>18,032</u>
Expenditures and Other Financing Uses	
Purchase Professional Service	38,092
Construction Services	<u>353,752</u>
Total Expenditures	<u>391,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(373,812)
Fund Balance, Beginning of Year	<u>373,812</u>
Fund Balance, End of Year	<u>\$ -</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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer In - Capital Reserve	\$ 483,750	\$ 18,032	\$ 501,782	\$ 501,782
 Total Revenues	<u>483,750</u>	<u>18,032</u>	<u>501,782</u>	<u>501,782</u>
Expenditures and Other Financing Uses				
Purchase Professional Service		\$ 38,092	\$ 38,092	\$ 38,092
Construction Services	\$ 109,938	353,752	463,690	463,690
 Total Expenditures	<u>109,938</u>	<u>391,844</u>	<u>501,782</u>	<u>501,782</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 373,812</u>	<u>\$ (373,812)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 483,750
Additional Authorized Cost	18,032
Revised Authorized Cost	\$ 501,782

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
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, 2012**

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, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 5,687	\$ 4,784	\$ 10,471
Total Assets	<u>\$ 5,687</u>	<u>\$ 4,784</u>	<u>\$ 10,471</u>
LIABILITIES			
Due to Other Funds	\$ 11	\$ 60	\$ 71
Due to Student Groups	5,676		5,676
Due to State of New Jersey	<u>-</u>	<u>4,724</u>	<u>4,724</u>
Total Liabilities	<u>\$ 5,687</u>	<u>\$ 4,784</u>	<u>\$ 10,471</u>

**MOONACHIE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
Elementary School				
Robert L.Craig School	\$ 4,906	\$ 37,391	\$ 36,621	\$ 5,676
Due to Other Funds	<u>13</u>	<u>50</u>	<u>52</u>	<u>11</u>
 Total All Schools	 <u>\$ 4,919</u>	 <u>\$ 37,441</u>	 <u>\$ 36,673</u>	 <u>\$ 5,687</u>

**MOONACHIE BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
Payroll Deductions and Withholdings	\$ 4,106	\$ 1,414,644	\$ 1,418,750	
Accrued Salaries and Wages		1,920,135	1,920,135	
Due to State of New Jersey	5,151	4,723	5,150	\$ 4,724
Due to Other Funds	<u>71</u>	<u>2,706</u>	<u>2,717</u>	<u>60</u>
 Total	 <u>\$ 9,328</u>	 <u>\$ 3,342,208</u>	 <u>\$ 3,346,752</u>	 <u>\$ 4,784</u>

LONG-TERM DEBT

MOONACHE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<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, 2011</u>	<u>Matured</u>	<u>Balance, June 30, 2012</u>
School Refunding - COPS	4/1/2002	\$ 3,025,000	3/1/2013 3/1/2014	\$ 300,000 310,000	4.375%	\$ 900,000	\$ 290,000	\$ 610,000
School Refunding - ERIP	5/1/2003	300,000	12/30/2012	40,000	5.375%	75,000	35,000	40,000
						<u>\$ 975,000</u>	<u>\$ 325,000</u>	<u>\$ 650,000</u>

**MOONACHIE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2012</u>
2008 Savin Copiers	\$ 70,426	\$ 37,554	-	\$ 14,424	\$ 23,130
		<u>\$ 37,554</u>	<u>\$ -</u>	<u>\$ 14,424</u>	<u>\$ 23,130</u>

MOONACHEE BOARD OF EDUCATION
 LONG-TERM DEBT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 367,103	-	\$ 367,103	\$ 367,103	-
Total Revenues	<u>367,103</u>	<u>-</u>	<u>367,103</u>	<u>367,103</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	325,000		325,000	325,000	
Interest	<u>42,103</u>	<u>-</u>	<u>42,103</u>	<u>42,103</u>	<u>-</u>
Total Expenditures	<u>367,103</u>	<u>-</u>	<u>367,103</u>	<u>367,103</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, 2012**

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 NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental Activities										
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	\$ 1,889,488	
Restricted	188,915	107,202	117,930	64,740	54,685	206,672	510,283	555,256	564,270	
Unrestricted	56,542	164,568	254,020	488,227	617,105	633,768	599,242	661,115	729,313	
Total Governmental Activities Net Assets	\$ 299,953	\$ 517,172	\$ 743,900	\$ 1,085,664	\$ 1,441,489	\$ 1,852,977	\$ 2,225,675	\$ 2,587,017	\$ 3,183,071	
Business-Type Activities										
Invested In Capital Assets	\$ 1,451	\$ 3,241	\$ 2,881	\$ 2,520	\$ 2,160	\$ 1,799	\$ 1,438	\$ 7,518	\$ 5,752	
Unrestricted	10,645	11,038	20,807	29,645	31,155	5,686	16,596	19,827	17,408	
Total Business-Type Activities Net Assets	\$ 12,096	\$ 14,279	\$ 23,688	\$ 32,165	\$ 33,315	\$ 7,485	\$ 18,034	\$ 27,345	\$ 23,160	
District-Wide										
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	\$ 1,895,240	
Restricted	188,915	107,202	107,598	64,740	54,685	206,672	510,283	555,256	564,270	
Unrestricted	67,187	175,606	274,827	517,872	648,260	639,454	615,838	680,942	746,721	
Total District Net Assets	\$ 312,049	\$ 531,451	\$ 757,256	\$ 1,117,829	\$ 1,474,804	\$ 1,860,462	\$ 2,243,709	\$ 2,614,362	\$ 3,206,231	

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 nine (9) 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 NINE FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
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	\$ 4,033,870
Special Education	675,348	684,871	730,345	801,710	887,769	1,075,749	959,073	1,191,304	1,147,451
Other Instruction	134,183	161,119	92,459	140,848	153,318	178,280	264,168	294,914	94,128
School Sponsored Activities And Athletics	17,823	23,948	25,955	24,357	28,998	28,602	33,733	33,948	25,614
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	1,156,475
School Administrative Services	241,986	141,089	153,576	162,026	151,700	209,138	178,693	188,779	166,274
General Administration	302,922	192,391	186,520	214,139	229,005	160,441	226,251	237,135	202,490
Central Services		156,192	153,751	150,782	170,550	172,925	179,337	186,269	208,125
Plant Operations And Maintenance	446,643	496,872	574,183	552,370	840,626	569,163	734,217	726,926	679,151
Pupil Transportation	293,365	243,764	226,195	279,323	273,376	303,911	270,785	315,537	256,886
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	39,650
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	8,010,114
Business-Type Activities:									
Food Service	70,853	100,884	90,340	101,048	122,321	160,018	101,122	112,432	106,993
Total Business-Type Activities Expense	70,853	100,884	90,340	101,048	122,321	160,018	101,122	112,432	106,993
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	\$ 8,117,107
Program Revenues									
Governmental Activities:									
Charges For Services:									
Special Education	\$ 914,773	\$ 61,021	\$ 124,738	\$ 243,997	\$ 332,749	\$ 484,055	\$ 464,317	\$ 486,988	\$ 468,392
Operating Grants And Contributions	56,076	937,849	1,026,588	980,389	1,188,775	803,811	844,361	878,814	1,017,059
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	1,485,451

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

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:									
Charges For Services	\$ 27,860	\$ 29,049	\$ 22,946	\$ 27,414	\$ 26,762	\$ 31,092	\$ 29,558	\$ 25,634	\$ 17,208
Food Service	22,202	30,394	29,086	35,213	38,199	47,145	56,998	65,901	66,404
Operating Grants And Contributions	50,062	59,443	52,032	62,627	64,961	78,237	86,556	91,535	83,612
Total Business-Type Activities 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	\$ 1,569,063
Net (Expense)/Revenue	\$ (5,233,577)	\$ (5,308,659)	\$ (5,623,247)	\$ (5,696,011)	\$ (6,064,425)	\$ (6,220,772)	\$ (6,534,600)	\$ (6,673,401)	\$ (6,524,663)
Governmental Activities	(20,791)	(41,441)	(38,308)	(38,421)	(57,560)	(81,781)	(14,566)	(20,897)	(23,381)
Business-Type Activities	(5,254,368)	(5,350,100)	(5,661,555)	(5,734,432)	(6,121,785)	(6,302,553)	(6,549,166)	(6,694,298)	(6,548,044)
Total District-Wide Net Expense	\$ 5,410,039	\$ 5,638,962	\$ 5,839,643	\$ 6,048,107	\$ 6,420,250	\$ 6,632,260	\$ 6,907,298	\$ 7,034,743	\$ 7,120,717
General Revenues And Other Changes In Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 5,334,533	\$ 5,543,763	\$ 5,734,368	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462	\$ 7,019,469
Unrestricted Grants And Contributions	38,341	55,539	56,061	56,243	72,426	266,610	185,810	19,345	18,663
Loss On Disposal Of Capital Asset	(11,853)	(1,147)	(12,468)	-	(19,700)				
Investment Earnings	1,394	858	611	41,074	297,516	110,242	141,964	152,974	101,735
Miscellaneous Income	72,932	83,453	108,325	107,211	297,516	110,242	141,964	152,974	101,735
Transfers	(25,308)	(43,504)	(47,254)	(45,792)	(57,464)	(55,652)	(25,017)	(30,038)	(19,150)
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	\$ 7,120,717
Business-Type Activities:									
Investment Earnings	16	120	463	1,106	1,046	299	98	170	46
Transfers	25,308	43,504	47,254	45,792	57,464	55,652	25,017	30,038	19,150
Total Business-Type Activities	\$ 25,324	\$ 43,624	\$ 47,717	\$ 46,898	\$ 58,510	\$ 55,951	\$ 25,115	\$ 30,208	\$ 19,196
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	\$ 7,139,913
Change In Net Assets									
Governmental Activities	\$ 176,462	\$ 330,303	\$ 216,396	\$ 352,096	\$ 355,825	\$ 411,488	\$ 372,698	\$ 361,342	\$ 596,054
Business-Type Activities	4,533	2,183	9,409	8,477	1,150	(25,830)	10,549	9,311	(4,185)
Total District	\$ 180,995	\$ 332,486	\$ 225,805	\$ 360,573	\$ 356,975	\$ 385,658	\$ 383,247	\$ 370,653	\$ 591,869

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 nine (9) 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
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**
(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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		
Restricted									
Committed								\$ 620,773	\$ 931,200
Assigned								157,355	
Unassigned								3,101	245,609
								237,200	216,042
Total General Fund	\$ 582,194	\$ 719,563	\$ 721,450	\$ 898,420	\$ 948,719	\$ 1,093,923	\$ 1,319,535	\$ 1,018,429	\$ 1,392,851
All Other Governmental Funds									
Reserved	\$ 160,405								
Unreserved	16,365	(241)	(299)	(644)	(2,370)				
Restricted									
								\$ 373,812	
Total All Other Governmental Funds	\$ 176,770	\$ (241)	\$ (299)	\$ (644)	\$ (2,370)	\$ -	\$ -	\$ 373,812	\$ -

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 nine (9) 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 NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
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	\$ 7,019,469
Tuition Charges		61,021	124,738	243,997	332,749	484,055	464,317	486,988	468,392
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	101,735
State Sources	866,388	910,007	864,980	880,115	1,108,906	912,133	795,633	620,917	801,991
Federal Sources	142,802	156,517	217,009	156,517	152,295	158,288	234,538	277,242	233,731
Total Revenue	6,418,049	6,755,619	7,050,371	7,318,285	8,018,938	7,975,778	8,240,994	8,430,583	8,625,318
Expenditures									
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	4,026,463
Special Education Instruction	673,601	683,712	729,186	800,461	884,823	1,074,402	954,534	1,188,785	1,150,300
Other Instruction	117,485	161,119	92,459	140,848	153,318	177,865	264,072	296,057	89,288
School Sponsored Activities And Athletics	17,823	23,948	25,955	24,357	28,998	28,602	33,733	33,948	25,614
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	1,156,475
General Administration	281,759	183,046	179,252	206,644	220,973	201,059	214,963	225,845	191,855
School Administrative Services	243,961	123,011	131,360	142,294	137,536	140,161	149,054	159,371	134,271
Central Services			150,282	151,144	170,072	172,970	176,694	184,096	197,490
Plant Operations And Maintenance	349,463	398,357	475,155	469,923	751,997	479,986	610,108	602,751	562,057
Pupil Transportation	293,365	243,764	226,195	279,323	273,376	303,911	270,785	315,537	256,886
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	431,676
Debt Service:									
Principal	270,117	278,425	250,000	260,000	275,000	280,000	295,000	315,000	339,424
Interest And Other Charges	133,758	125,592	112,459	102,116	91,238	79,825	68,212	56,985	43,759
Total Expenditures	6,596,872	6,751,757	7,036,591	7,095,868	7,912,901	7,818,273	7,990,365	8,327,839	8,605,558
Excess (Deficiency) Of Revenues									
Over (Under) Expenditures	(178,823)	3,862	13,780	222,417	106,037	157,505	250,629	102,744	19,760

MOONACHIE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)									
Capital Leases (Non-Budgeted)	\$ 68,913		\$ 35,303		\$	45,721		\$ 483,750	\$ 18,032
Transfers In	209,383	\$ 13,460			(57,464)	(55,652)	\$ (25,017)	(513,788)	(37,182)
Transfers Out	(234,691)	(56,964)	(47,254)	\$ (45,792)	\$ (57,464)	(55,652)	\$ (25,017)	(513,788)	(37,182)
Total Other Financing Sources (Uses)	43,605	(43,504)	(11,951)	(45,792)	(57,464)	(9,931)	(25,017)	(30,038)	(19,150)
Net Change In Fund Balances	\$ (135,218)	\$ (39,642)	\$ 1,829	\$ 176,625	\$ 48,573	\$ 147,574	\$ 225,612	\$ 72,706	\$ 610
Debt Service As A Percentage Of Noncapital Expenditures	6.39%	6.18%	5.24%	5.13%	4.71%	4.70%	4.55%	4.55%	4.69%

* 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 nine (9) 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>	
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
2012	468,392		3,614	89,999		8,122	570,127

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2003	\$ 4,806,100	\$ 105,391,233			\$ 36,559,546	\$ 252,165,350		\$ 398,922,229	\$ 826,464	\$ 399,748,693	\$ 586,469,783	1.334
2004	4,806,100	106,663,453			36,455,346	253,005,961		400,930,860	838,318	401,769,178	573,615,869	1.380
2005	12,722,300	225,168,000			73,732,800	491,762,600		803,385,700	712,200	804,097,900	658,387,371	0.713
2006	11,939,300	227,357,560			73,732,800	490,250,800		803,280,460	1,092,887	804,373,347	742,064,580	0.732
2007	11,736,800	229,588,690			73,732,800	488,304,800		803,363,090	1,106,343	804,469,433	796,450,859	0.762
2008	10,872,600	231,640,090			66,137,200	488,537,500		797,187,390	1,119,290	798,306,680	836,887,180	0.791
2009	10,670,100	231,958,190			65,975,300	480,149,700		788,753,290	1,419,292	790,172,582	837,553,382	0.836
2010	7,446,500	231,896,290			65,975,300	479,436,500		784,754,590	1,546,129	786,300,719	806,265,956	0.876
2011	8,641,000	232,467,385			65,617,000	478,531,500		785,256,885	1,237,431	786,494,316	731,355,696	0.893
2012	8,641,000	232,620,485			65,617,000	475,238,400		782,116,885	1,131,513	783,248,398	842,731,657	0.913

Source: County Abstract of Ratables

^a 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>
2003	\$2.460	\$1.334	\$.815	\$.311
2004	2.530	1.380	.850	.300
2005	1.350	.713	.472	.165
2006	1.430	.732	.525	.173
2007	1.520	.762	.580	.178
2008	1.641	.791	.659	.191
2009	1.712	.836	.673	.203
2010	1.805	.876	.730	.199
2011	1.837	.893	.751	.193
2012	1.930	.913	.780	.237

(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)**

Taxpayer	2012		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
One Carol Place Company	\$ 17,414,600	2.23%		
Russo 2000 LLC	16,368,100	2.09%	\$ 10,960,500	2.75%
Lladro Realty			8,275,500	2.07%
Forsgate Industries	15,859,500	2.03%		
SWS Moonachie Associates	14,923,100	1.91%	8,250,800	2.07%
Lladro Realty	12,892,800	1.65%		
Jeni LLC	13,562,100	1.73%		
Forsgate Industries			7,867,804	1.97%
One Carol Place Company			6,623,200	1.66%
LPS Industries	11,973,200	1.53%	5,785,700	1.45%
Jeni LLC			5,524,460	1.38%
Paradiso Rosen	9,061,900	1.16%	5,440,100	1.36%
Forsgate Industries				
Alfred E. Knobler	9,324,300	1.19%	5,040,150	1.26%
Jillardroy Realty	9,201,200	1.18%	4,618,200	1.16%
	<u>\$ 130,580,800</u>	<u>16.70%</u>	<u>68,386,414</u>	<u>17.13%</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	
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%	
2012	7,019,469	7,019,469	100.00%	

Source: District records

MOONACHIE BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT 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	2,790	\$ 968
2006	2,400,000	52,596	2,452,596	2,766	887
2007	2,140,000	41,985	2,181,985	2,758	791
2008	1,865,000	30,655	1,895,655	2,751	689
2009	1,585,000	64,197	1,649,197	2,753	599
2010	1,290,000	51,230	1,341,230	2,711	495
2011	975,000	37,554	1,012,554	2,725	372
2012	650,000	23,130	673,130	2,725 *	247

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 eight 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 EIGHT FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 2,650,000		\$ 2,650,000	0.33%	\$ 950
2006	2,400,000		2,400,000	0.30%	868
2007	2,140,000		2,140,000	0.27%	776
2008	1,865,000		1,865,000	0.23%	678
2009	1,585,000		1,585,000	0.20%	576
2010	1,290,000		1,290,000	0.16%	476
2011	975,000		975,000	0.12%	358
2012	650,000		650,000	0.08%	239

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 eight 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, 2011
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Moonachie School District	\$ 940,000	\$ 940,000	
Borough of Moonachie	<u>3,884,099</u>	<u>647,779</u>	<u>\$ 3,236,320</u>
	<u>\$ 4,824,099</u>	<u>\$ 1,587,779</u>	3,236,320
Overlapping debt Apportioned to the Municipality:			
Bergen County			2,948,127
Bergen County Utilities Authority - Water Pollution (2)			<u>2,179,342</u>
			<u>5,127,469</u>
 Total Direct and Overlapping Debt			 <u>\$ 8,363,789</u>

Sources:

- (1) Borough of Moonachie Annual Debt Statement
- (2) BCUA 2011 Audit
- (3) Bergen County Debt Statement December 31, 2011

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

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2011	\$ 837,607,344
2010	721,414,405
2009	799,790,397
	<u>\$ 2,358,812,146</u>
Average equalized valuation of taxable property	\$ 786,270,715
Debt limit (3 % of average equalization value)	23,588,121
Total Net Debt Applicable to Limit	<u>610,000</u>
Legal debt margin	<u>\$ 22,978,121</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 23,588,121
Total net debt applicable to limit	<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>	<u>610,000</u>
Legal debt margin	<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>	<u>\$ 22,978,121</u>
Total net debt applicable to the limit as a percentage of debt limit	19.48%	17.13%	14.82%	11.19%	8.95%	7.22%	5.89%	4.79%	3.82%	2.59%

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>
2003	2,789	\$ 51,132	5.50%
2004	2,797	54,462	4.50%
2005	2,790	56,706	2.70%
2006	2,766	62,714	2.80%
2007	2,758	67,394	2.50%
2008	2,751	68,227	3.30%
2009	2,753	63,198	6.00%
2010	2,711	65,486	6.10%
2011	2,725	65,486 *	6.00%
2012	2,725 *	65,486 *	NA

Source: New Jersey State Department of Education

* Estimate

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

Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</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>	<u>2012</u>
Instruction										
Regular	22.4	21.4	21.4	21.4	21.4	21.4	20.6	20.6	20.6	20.8
Special education	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Other special education	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	1.0	1.0	1.0	1.0
Support Services:										
Student & instruction related services	6.5	10.5	13.0	14.0	14.0	13.5	15.0	15.0	15.0	12.5
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	2.5
Other support services	3.5	3.5	3.5	3.5	3.5	3.0	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>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>	<u>48.3</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio, Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2012	365	7,806,779	21,388	-3.84%	28	1:10	282	277	-1.05%	98.23%

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.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	54,439	54,439	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017
Capacity (students)	544	544	429	429	429	429	429	429	429	429
Enrollment	288	279	288	259	274	275	275	275	275	287

Number of Schools at June 30, 2012
 Elementary = 1

Source: District Records

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

	<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>	<u>2012</u>
School Facilities										
Robert L. Craig Elementary School	<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>	<u>\$ 76,715</u>
Grand Total	<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>	<u>\$ 76,715</u>

Source: School District's Financial Statements

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
School Package Policy		
Blanket Building & Contents	\$ 11,207,206	\$ 1,000
Blanket Valuable Papers		
Flood	10,000,000	1,000
Earthquake	25,000,000	25,000
Comprehensive General Liability	5,000,000	
Comprehensive Auto Liability	5,000,000	
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	500,000	1,000
Board Secretary	195,000	
School Board Legal Liability	5,000,000	5,000
Directors & Officers & School Leaders	5,000,000	5,000
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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EDWARD N. KERE, CPA

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, 2012, which collectively comprise the Moonachie Board of Education's basic financial statements and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 previously.

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 Office of School Finance, 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 other federal and state awarding agencies 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
November 7, 2012

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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

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

Compliance

We have audited the Moonachie Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Moonachie Board of Education's major state programs for the fiscal year ended June 30, 2012. Moonachie Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Moonachie Board of Education's management. Our responsibility is to express an opinion on Moonachie Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Moonachie Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Moonachie Board of Education's compliance with those requirements.

In our opinion, Moonachie Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

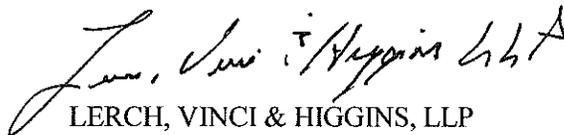
Internal Control Over Compliance

Management of Moonachie Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Moonachie Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

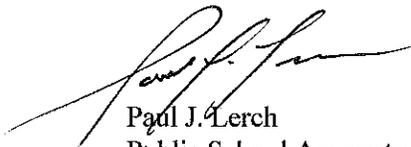
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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

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 other state awarding agencies 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
November 7, 2012

MOONACHIE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grants/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Cash Received	Budgetary Expenditures	Cancelled Prior Years Balances	Balance, June 30, 2012		MEMO		
								Deferred Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education												
General Fund												
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	\$ 86,659	\$ 77,993	\$ 86,659	\$ 86,659		\$ (8,666)	\$ (8,666)	\$ 86,659		
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	197,427	177,772	197,427	197,427		(19,655)	(19,655)	197,427		
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	15,102	15,102	15,102	15,102						
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	69,130	62,217	69,130	69,130		(6,913)	(6,913)	69,130		
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	22,206	1,700	1,700	1,700						
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	20,737	18,663	20,737	20,737		(2,074)	(2,074)	20,737		
Additional Nonpublic Transportation Aid	N/A	7/1/11-6/30/12	3,350	4,002	3,350	3,350		(3,350)	(3,350)	3,350		
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	4,002	4,002	4,002	4,002		(4,002)	(4,002)	4,002		
Extraordinary Aid	12-495-034-5120-473	7/1/11-6/30/12	43,937	17,864	43,937	43,937		(43,937)	(43,937)	43,937		
Extraordinary Aid	11-495-034-5120-473	7/1/10-6/30/11	17,864	17,864	17,864	17,864						
Anti Bully Aid	N/A	7/1/11-6/30/12	116	116	116	116				116		
On-Behalf Payments												
TPAF Pension Contributions	12-495-034-5095-006	7/1/11-6/30/12	74,900	74,900	74,900	74,900				74,900		
TPAF Pension - NCGI Premium	12-100-034-5095-007	7/1/11-6/30/12	8,038	8,038	8,038	8,038				8,038		
TPAF Pension-Post Retirement Medical	12-100-034-5095-001	7/1/11-6/30/12	166,728	166,728	166,728	166,728				166,728		
TPAF Social Security Aid	12-495-034-5095-002	9/1/11-6/30/12	177,548	176,570	177,548	177,548		(978)	(978)	177,548		
TPAF Social Security Aid	11-495-034-5095-002	9/1/10-6/30/11	181,689	15,627	15,627	15,627						
				(54,295)	817,292	848,570		(85,573)	(85,573)	848,570		(4,328)
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program	12-100-034-3350-023	9/1/11-6/30/12	1,164	1,120	1,164	1,164		(44)	(44)	1,164		
National School Lunch Program	11-100-034-3350-023	9/1/10-6/30/11	1,173	232	232	232						
				(232)	1,352	1,164		(44)	(44)	1,164		(44)
				(54,227)	818,644	849,734		(85,617)	(85,617)	849,734		(4,372)
Total State Financial Assistance												
State Financial Assistance												
Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension Contributions	12-495-034-5095-006	7/1/11-6/30/12	74,900	(74,900)	(74,900)	(74,900)						(74,900)
On-Behalf TPAF Pension - NCGI Premiums	12-100-034-5095-007	7/1/11-6/30/12	8,038	(8,038)	(8,038)	(8,038)						(8,038)
On-Behalf TPAF Post Retirement Medical Contributions	12-100-034-5095-001	7/1/11-6/30/12	166,728	(166,728)	(166,728)	(166,728)						(166,728)
				(54,227)	568,978	600,068		(85,617)	(85,617)	600,068		(4,372)
Total State Financial Assistance Subject to Single Audit												

**MOONACHIE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$46,579 for the general 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	\$ 20,677	\$ 801,991	\$ 822,668
Special Revenue Fund	213,054		213,054
Food Service Fund	65,240	1,164	66,404
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 298,971</u>	<u>\$ 803,155</u>	<u>\$ 1,102,126</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, 2012**

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

TPAF Social Security contributions in the amount of \$177,548 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$82,938 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$166,728 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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, 2012

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> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012

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

There are none.

**MOONACHIE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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.