BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2026

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2026
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October 3, 2026

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Mount Arlington School District in the County of Morris for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 3, 2026.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated October 3, 2026, on the financial statements of the Board.

We will review the status of the comments and suggestions during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions.

This report is intended for the information of the Borough of Mount Arlington School District's Board of Education, management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Nisivoccia LLP
NISIVOCCIA LLP

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCALYEAR ENDED JUNE 30, 2026

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's ACFR.

Officials in Office and Surety Bonds

Name	Position	Coverage
Robin C. Tedesco	Interim School Business Administrator/Board Secretary	$ 300,000
Robin C. Tedesco	Treasurer of School Monies	$ 300,000

P.L. 2020, c. 44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the school district.

The school district data certification was completed by the chief school administrator. The school district or charter school Chapter 44 data was submitted timely.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls approved by the Superintendent and were certified by the Board President, the Board Secretary/School Business Administrator and the Superintendent.

Salary withholdings were promptly remitted to the proper agencies including health benefits withholdings due to the general fund.

Financial Planning, Accounting and Reporting (Cont'd)

The required certification (ECERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents and business administrators) to the NJ Department of Treasury was filed in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, 2026 for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A-23A-16.2(f). As a result of the procedures performed, no errors were found and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have noted no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's ACFR. This section of the ACFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the ACFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved. The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2026. The reimbursement form was reviewed and based on these procedures, we have no comments except as noted herein.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed "In a contract year the total sum of $17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 the Board of Education may establish that the bid threshold may be up to $25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L. 1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest $1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . . ."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are $53,000 (with a Qualified Purchasing Agent) and $39,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is $24,200 for 2025-2026.

School Purchasing Programs (Cont'd)

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded $100,000 in federal and/or State support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were purchased, prepared or offered for sale. The Statement of Revenue, Expenses and Changes in Net Position in the ACFR Schedule B-5 does separate program and non-program revenue and program and nonprogram cost of goods sold.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2025, Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2025-2026 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation-related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation-related purchases of goods and services.

Facilities and Capital Assets

The District did not have any active SDA projects.

Travel Expenses

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. No exceptions were noted in our review of travel expenses.

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

Governmental Accounting Standards Board Statement (GASB) Effective for Fiscal Year Ended June 30, 2027

GASB Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events. In this standard, subsequent events are defined as transactions or other events that occur after the date of the financial statements but before the date the financial statements are to be issued. This statement distinguishes between subsequent events that are recognized and unrecognized events and provides specific disclosure requirements for nonrecognized events.

Status of Prior Year's Findings/Recommendations

There were no prior year recommendations.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2025

	2026-2027 Application for State School Aid						Sample for Verification					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool	4		4				4		4			
Full Day Kindergarten	31		31				31		31			
One	36		36				36		36			
Two	32		32				32		32			
Three	42		42				42		42			
Four	25		25				25		25			
Five	33		33				33		33			
Six	23		23				23		23			
Seven	32		32				32		32			
Eight	24		24				24		24			
Subtotal	282		282				282		282			
Special Ed - Elementary	54		54				6		6			
Special Ed - Middle	24		24				2		2			
Subtotal	78		78				8		8			
Totals	360	-0-	360	-0-	-0-	-0-	290	-0-	290	-0-	-0-	-0-
Percentage Error					0.00%	0.00%					0.00%	0.00%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2025

	Private Schools for Disabled						Resident Low Income					
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Errors	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten							4	4		1	1	
Grade One							10	10		1	1	
Grade Two							3	3				
Grade Three							8	8		1	1	
Grade Four							5	5				
Grade Five							9	9		1	1	
Grade Six							2	2		1	1	
Grade Seven							4	4				
Grade Eight							4	4		1	1	
Subtotal							49	49		6	6	
Special Education:												
Elementary	4	4		1	1		18	18		1	1	
Middle	1	1		1	1		9	9		1	1	
Subtotal	5	5		2	2		27	27		2	2	
Totals	5	5	-0-	2	2	-0-	76	76	-0-	8	8	-0-
Percentage Error			0.00%			0.00%			0.00%			0.00%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2025

	Resident LEP Low Income					
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Full Day Kindergarten	1	1		1	1	
Grade One	3	3		1	1	
Grade Two	2	2				
Grade Three	1	1		1	1	
Grade Four	1	1				
Grade Five	1	1				
Grade Six	1	1				
Subtotal	10	10		3	3	
Special Education:						
Elementary School	2	2		1	1	
Subtotal	2	2		1	1	
Totals	12	12	-0-	4	4	-0-
Percentage Error			0.00%			0.00%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2025

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, and Register	Sample Errors
Full Day Kindergarten	5	5		1	1	
Grade Two	1	1		1	1	
Grade Three	2	2		1	1	
Grade Seven	1	1				
Subtotal	9	9		3	3	
Special Education:						
Middle School	1	1		1	1	
Subtotal	1	1		1	1	
Totals	10	10	-0-	4	4	-0-
Percentage Error			0.00%			0.00%

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF AUDITED ENROLLMENT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2025

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	207	207		18	18	
Regular - Special Education	30	30		2	2	
AIL - Non-Public	30	30		2	2	
Special Needs - Public	23	23		2	2	
Special Needs - Private	10	10		1	1	
Totals	300	300	-0-	25	25	-0-
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	5.0	5.0
Average Mileage - Regular Excluding Grade PK Students	5.0	5.0
Average Mileage - Special Education with Special Needs	8.5	8.5

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2026

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2025-2026 Total General Fund Expenditures per the ACFR, Ex. C-1	$ 16,789,096	(B)	
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	$ -0-	(B1a)	
Transfer from Capital Reserve to Capital Projects Fund	$ -0-	(B1b)	
Decreased by:			
On-Behalf TPAF Pension and Social Security	$ 2,243,556	(B2a)	
Assets Acquired Under Leases and Finance Purchases	$ -0-	(B2b)	
Adjusted 2025-2026 General Fund Expenditures [(B)+(B1's)-(B2's)]	$ 14,545,540	(B3)	
2% of Adjusted 2025-2026 General Fund Expenditures [(B3) times .02]	$ 290,911	(B4)	
Enter Greater of (B4) or $250,000	$ 290,911	(B5)	
Increased by: Allowable Adjustments	$ 174,051	(K)	
Maximum Unassigned Fund Balance [(B5)+(K)]			$ 464,962 (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2026			
(Per ACFR Budgetary Comparison Schedule C-1)	$ 4,837,056	(C)	
Decreased by:			
Year End Encumbrances	$ 19,905	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	$ -0-	(C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	$ 224,665	(C3)	
Other Restricted Fund Balance	$ 3,046,656	(C4)	
Assigned - Designated for Subsequent Year's Expenditures	$ 159,667	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]			$ 1,386,163 (U1)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
YEAR ENDED JUNE 30, 2026
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0-	$ 921,201	(E)

Recapitulation of Excess Surplus as of June 30, 2026

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	$ 224,665	(C3)
Restricted Excess Surplus [(E)]	$ 921,201	(E)
Total [(C3)+(E)]	$ 1,145,866	(D)

Detail of Allowable Adjustments

Impact Aid	$ -0-	(H)
Sale & Lease-back	$ -0-	(I)
Extraordinary Aid	$ 160,041	(J1)
Additional Nonpublic School Transportation Aid	$ 14,010	(J2)
Total Adjustments [(H)+(I)+(J1)+(J2)]	$ 174,051	(K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:	
Approved Unspent Separate Proposal	$ -0-
Sale/Lease-back Reserve	$ -0-
Capital Reserve	$ 2,293,758
Maintenance Reserve	$ 418,887
Emergency Reserve	$ -0-
Tuition Reserve	$ 320,000
Other State/Government Mandated Reserve	$ -0-
Unemployment Compensation	$ 14,011
Other State/Governmental Mandated Reserve	$ -0-
Other Reserved Fund Balance not Noted Above	$ -0-
Total Other Restricted Fund Balance	$ 3,046,656 (C4)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
YEAR ENDED JUNE 30, 2026

It is recommended that:

1. Administrative Practices and Procedures

   None

2. Financial Planning, Accounting and Reporting

   None

3. School Purchasing Program

   None

4. School Food Service

   None

5. Student Body Activities

   None

6. Application for State School Aid

   None

7. Pupil Transportation

   None

8. Facilities and Capital Assets

   None

9. Miscellaneous

   None

10. Status of Prior Year's Findings/Recommendations

    There were no prior year recommendations.