

**NORTH ARLINGTON SCHOOL DISTRICT**

**AUDITOR'S MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS –  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**JUNE 30, 2019**

**NORTH ARLINGTON SCHOOL DISTRICT  
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
 FINANCIAL, COMPLIANCE AND PERFORMANCE  
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## **REPORT OF INDEPENDENT AUDITOR'S**

Honorable President and  
Members of the Board of Education  
North Arlington School District  
County of Bergen  
North Arlington, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the North Arlington School District in the County of Bergen for the year ended June 30, 2019, and have issued our report thereon dated December 16, 2019.

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



MAURICIO CANTO  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2541



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
December 16, 2019

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCOPE OF AUDIT**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Assistant School Business Administrator, the activities of the Board of Education, and the records of the Athletic Fund, The Student Activity Fund, Food Service Fund and Special Revenue Fund under the auspices of the Board of Education.

**ADMINISTRATIVE PRACTICES AND PROCEDURES**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

**Official Bonds**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
Kathleen McEwin-Marano	School Business Administrator/ Board Secretary	\$250,000

There is an Employee Dishonesty and Unfaithful Performance Policy with the School Alliance Insurance Fund covering all other employees with coverage of \$500,000

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING**

**Examination of Claims**

A test examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification and proper itemization and/or supporting documentation.

**Payroll Account and Position Control Roster**

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions were deposited in the Agency Reserve Account.

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Payroll Account and Position Control Roster (Continued)**

The following matter was noted regarding employee benefits of former employees:

**Finding 2019-001:**

Instances were noted where former employees were receiving health benefits subsequent to employment termination.

**Recommendation:**

The District strengthen internal control processes to terminate former employee health benefits timely and consider performing periodic reconciliations of individuals receiving health benefits to active employee listings.

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

**Travel**

No exceptions were noted.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(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, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.3*. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**A. General Classification Findings** - No exceptions were noted

**B. Administrative Classification Findings** – No exceptions were noted

**Board Secretary's Records/Business Administrator**

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed no exceptions.

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**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 within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

**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 CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the biweekly reimbursement forms 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 amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for the TPAF/FICA payment made by the State on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

**SCHOOL PURCHASING PROGRAMS**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:39-3(a)* are \$40,000 with a Qualified Purchasing Agent (QPA) and \$29,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,000 for 2018-19.

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHOOL PURCHASING PROGRAMS (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

The District 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 Solicitor'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 goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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*.

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

**SCHOOL FOOD SERVICES**

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 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 schedule of federal award’s expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Poision (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G, of the CAFR.

**STUDENT BODY ACTIVITIES**

Overall, cash receipts and disbursements records for the schools were maintained in satisfactory condition.

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of information reported in the October 15, 2018, Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low income and bilingual. We also performed a review of the district procedures related to its completion. The information on the ASSA was compared to the district workpapers without exception. The information that was included on the workpapers was verified. 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 has adequate written procedures for the recording of student enrollment data.

**PUPIL TRANSPORTATION**

Our audit procedures included a test of on roll status reported in the 2018-19 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**

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

**TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES**

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

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



**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**OTHER SUGGESTIONS TO MANAGEMENT**

**New Jersey Earned Sick Leave Law**

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

**Governmental Accounting Standards Board (GASB) Statements**

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, Fiduciary Activities, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Unemployment Compensation Trust and Flexible Spending Trust.

**FOLLOW-UP ON PRIOR YEAR FINDINGS**

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

**NORTH ARLINGTON SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**ACKNOWLEDGMENT**

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.



MAURICIO CANTO  
Certified Public Accountant  
Licensed Public School Accountant  
No. 2541



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*Certified Public Accountants*

Bayonne, New Jersey  
December 16, 2019

NORTH ARLINGTON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018

**SCHEDULE OF AUDITED ENROLLMENTS**

	2018-2019 Application for State School Aid						Sample of Verification						Private Schools for Disabled								
	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		Reported on A.S.S.A. as Private Schools		Sample for Verification		Sample Verified		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Kindergarten	133	-	133	-	-	-	133	-	133	-	-	-	-	-	-	-	-	-	-	-	-
One	110	-	110	-	-	-	110	-	110	-	-	-	-	-	-	-	-	-	-	-	-
Two	120	-	120	-	-	-	120	-	120	-	-	-	-	-	-	-	-	-	-	-	-
Three	143	-	143	-	-	-	143	-	143	-	-	-	-	-	-	-	-	-	-	-	-
Four	134	-	134	-	-	-	134	-	134	-	-	-	-	-	-	-	-	-	-	-	-
Five	129	-	129	-	-	-	129	-	129	-	-	-	-	-	-	-	-	-	-	-	-
Six	133	-	133	-	-	-	133	-	133	-	-	-	-	-	-	-	-	-	-	-	-
Seven	127	-	127	-	-	-	127	-	127	-	-	-	-	-	-	-	-	-	-	-	-
Eight	104	-	104	-	-	-	104	-	104	-	-	-	-	-	-	-	-	-	-	-	-
Nine	110	-	110	-	-	-	110	-	110	-	-	-	-	-	-	-	-	-	-	-	-
Ten	139	-	139	-	-	-	139	-	139	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	100	-	100	-	-	-	100	-	100	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	113	-	113	-	-	-	113	-	113	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,595	-	1,595	-	-	-	1,595	-	1,595	-	-	-	-	-	-	-	-	-	-	-	-
Special Education-Elementary	109	-	109	-	-	-	109	-	109	-	-	-	-	-	24	17	17	17	17	-	-
Special Education-Middle	58	-	58	-	-	-	58	-	58	-	-	-	-	-	18	13	13	13	13	-	-
Special Education-Highschool	71	-	71	-	-	-	71	-	71	-	-	-	-	-	81	61	61	61	61	-	-
Subtotal	238	-	238	-	-	-	238	-	238	-	-	-	-	-	123	91	91	91	91	-	-
TOTALS	1,833	-	1,833	-	-	-	1,833	-	1,833	-	-	-	-	-	123	91	91	91	91	-	0.00%

NORTH ARLINGTON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018

**SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	30	30	-	6	6	-	6	6	-	6	6	-
One	24	24	-	5	5	-	5	5	-	5	5	-
Two	30	30	-	4	4	-	4	4	-	4	4	-
Three	30	30	-	5	5	-	5	5	-	5	5	-
Four	30	30	-	3	3	-	3	3	-	3	3	-
Five	38	38	-	-	-	-	-	-	-	-	-	-
Six	31	31	-	-	-	-	-	-	-	-	-	-
Seven	30	30	-	1	1	-	1	1	-	1	1	-
Eight	25	25	-	1	1	-	1	1	-	1	1	-
Nine	21	21	-	1	1	-	1	1	-	1	1	-
Ten	37	37	-	2	2	-	2	2	-	2	2	-
Eleven	26	26	-	1	1	-	1	1	-	1	1	-
Twelve	25	25	-	1	1	-	1	1	-	1	1	-
Subtotal	377	377	-	30	30	-	30	30	-	30	30	-
Special Education-Elementary	35	35	-	1	1	-	1	1	-	1	1	-
Special Education-Middle	18	18	-	-	-	-	-	-	-	-	-	-
Special Education-Highschool	15	15	-	1	1	-	1	1	-	1	1	-
Subtotal	68	68	-	2	2	-	2	2	-	2	2	-
TOTALS	445	445	0.00%	32	32	-	32	32	-	32	32	0.00%

	Transportation		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors
Reg. - Public Schools, col. 1	25	25	-
Reg -SpEd, col. 4	2	2	-
Special Ed Spec, col. 6	6	6	-
TOTALS	33	33	0.00%

NORTH ARLINGTON SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2018

**SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	10	10	-	10	10	-
One	3	3	-	3	3	-
Two	5	5	-	5	5	-
Three	3	3	-	3	3	-
Four	3	3	-	3	3	-
Five	-	-	-	-	-	-
Six	5	5	-	5	5	-
Seven	3	3	-	3	3	-
Eight	1	1	-	1	1	-
Nine	1	1	-	1	1	-
Ten	5	5	-	5	5	-
Eleven	3	3	-	3	3	-
Twelfth	-	-	-	-	-	-
Subtotal	42	42	-	42	42	-
Special Education-Elementary	1	1	-	1	1	-
Special Education-Middle	1	1	-	1	1	-
Special Education-High School	-	-	-	-	-	-
Subtotal	2	2	-	2	2	-
TOTALS	44	44	0.00%	44	44	0.00%

**NORTH ARLINGTON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION 1**

Calculation A: 2 Percent Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 31,218,894</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	<u>1,100,000</u> (A1a)
Transfer from Reserve to Capital Projects	<u>7,000,000</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>-</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>-</u> (A1b)
2018-19 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 39,318,894</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (3,870,622)</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ -</u> (A4)
Add:	
General Fund & State Resources Portion of Fund 15	
Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>0.00%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) x (A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4) + (A7)]	<u>-</u> (A8)
2018-19 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 35,448,272</u> (A9)
2% of Adjusted 2018-2019 General Fund Expenditures [(A9) x 2%]	<u>\$ 708,965</u> (A10)
Enter Greater of (A10) or \$250,000	<u>708,965</u> (A11)
Increased by: Allowable Adjustment*	<u>-</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 708,965</u> (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2019	<u>\$ 9,540,500</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(396,448)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(3,500,998)</u> (C3)
Other Restricted Fund Balances****	<u>(1,702,071)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 3,940,983</u> (U)

**NORTH ARLINGTON SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\*[(U) - (M)] IF NEGATIVE ENTER -0- \$ 3,232,018 (E)

Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures\*\* \$ 3,500,998 (C3)  
 Restricted Excess Surplus\*\*\*[(E)] 3,232,018 (E)

Total [(C3) + (E)] \$ 6,733,016 (D)

\* This adjustment line (line (K) as detailed below) is to utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and unbudgeted FICA Wage Freeze Grant Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2017-18 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

**Detail of Allowable Adjustments**

Impact Aid	\$ - (H)
Sale & Lease-back	- (I)
Extraordinary Aid	341,852 (J1)
Additional Nonpublic School Transportation Aid	- (J2)
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	- (J4)
 Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	 \$ 341,852 (K)

\*\* This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.  
 Amount for Other Restricted Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed  
 \*\*\* legal restrictions in the excess surplus calculation must be submitted to that Assistant to the Commissioner for Finance prior to September 30.

\*\*\*\* (N-1) Capital reserve at June 30, 2019  
 (N-2) Maintenance reserve minimum required under EFCFA  
 (N-3) Tuition reserve at June 30, 2019  
 (N-4) Emergency reserve at June 30, 2019  
 (N-5) School bus fuel offset reserve – current year - June 30, 2019  
 (N-6) School bus fuel offset reserve – prior year - June 30, 2019  
 (N-7) Impact Aid general fund reserve at June 30, 2019  
 (N-8) Impact Aid capital fund reserve at June 30, 2019  
 See (E) above. The amount entered must agree with the June 30, 2018 CAFR and Audit Summary Worksheet Line 90030.

**Detail of Other Restricted/Reserved Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve (N-1)	1,702,071
Maintenance reserve (N-2)	-
Tuition reserve (N-3)	-
Emergency reserve (N-4)	-
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	-
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	-
Impact Aid General Fund Reserve (Section 8002 and 8003) (N-7)	-
Impact Aid Capital Fund Reserve (Section 8007 and 8008) (N-8)	-

[Other Restricted/Reserved Fund Balance not noted above]\*\*\*\*  
 Capital reserve - reserved for local share of 2019-2020 district budget -  
 Maintenance reserve - reserved for local share of 2019-2020 district budget -

Total Other Restricted/Reserved Fund Balance \$ 1,702,071 (C4)

**NORTH ARLINGTON SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2019**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- The District strengthen internal control processes to terminate former employee health benefits timely and consider performing periodic reconciliations of individuals receiving health benefits to active employee listings.

3. School Purchasing Programs

None

4. School Food Services

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Testing for Lead and All Drinking Water in Educational Facilities

None

10. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.