

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**North Arlington Board of Education**

**North Arlington, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**North Arlington Board of Education  
Office of the School Business Administrator/Board Secretary**

# NORTH ARLINGTON SCHOOL DISTRICT

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# **INTRODUCTORY SECTION**

# NORTH ARLINGTON Board of Education

222 Ridge Road  
North Arlington, NJ 07031  
(201) 991-6800  
Fax (201) 991-8226  
Website: [www.navikings.org](http://www.navikings.org)



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**Samantha Dembowski**  
School Business Administrator /Board Secretary  
Ext. 2032

February 5, 2021

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

Dear Board Members:

The comprehensive annual financial report of the North Arlington School District (District) for the fiscal year ended June 30, 2020, 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 North Arlington School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, consultants, auditors and advisors. We have included in the transmittal letter a financial ratio and statistical overview of the entity based on entity-wide financial reporting. The financial section includes under Governmental Accounting Standard Board Statement No. 34, the Report of Independent Auditor's, the Management Discussion and Analysis as presented on pages 13 through 22, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. Pursuant to N.J.S.A. 18A:23-1, the District is required to undergo an annual audit of accounts and financial transactions by a public school accountant. The annual audit presented in the comprehensive annual financial report is in accordance with N.J.S.A. 18A:23-1. The District is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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.

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Pride ♦ Loyalty ♦ Desire



**1.) REPORTING ENTITY AND ITS SERVICES:** North Arlington School District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14, as amended by GASB Statement No. 39 and 61. All funds and account groups of the District are included in this report. The North Arlington School District and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education services for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 1,835 students, which is .11% more than the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	1,835	0.11%
2018-2019	1,833	3.27%
2017-2018	1,775	0.80%
2016-2017	1,761	-0.17%
2015-2016	1,764	1.73%

**2.) ECONOMIC CONDITION AND OUTLOOK:** Spanning 2.6 square miles in the southwestern tip of Bergen County, the Borough of North Arlington is protected by its big-city neighbors. This family-oriented community exudes small-town charm. It is a place with family run shops where customers are known by name.

Over the course of the past six years, our overall student population, including out of district students, has grown approximately 200 students bringing our overall student population close to 2,000. Approximately 24% of our current student population qualifies for free and reduced lunch. Our student population is diverse and is reflected as follows: White 58%, Hispanic 35%, Black 1.5%, Asian 4.5%, and Other 1%. As per the 2019-2020 *Budget Calculations Report of District Status Above or At or Below Expected Local Levy*, the North Arlington Public School District is operating approximately 2.65 million dollars below adequacy.

North Arlington borders Hudson County on one side and Essex County on the other. It is adjacent to Lyndhurst, Belleville and Kearny, in a location that affords commuters access to NJ Transit rail service in Lyndhurst, New Jersey Turnpike, and Routes 17, 21 and 3.

**3.) MAJOR INITIATIVES:** For the 2019-2020 school year, we continued to work on several modifications to our district-wide curriculum, which already encompasses student learning objectives aligned to the New Jersey Student Learning Standards and include interdisciplinary connections. As per New Jersey Statutes 18A:35-4.35 and 18A:35-4.36, the history of persons with disabilities and LGBT individuals must be included within the curriculum for our middle school and high school students for the 2020-2021 school year. Within these guidelines, there shall be instruction on the political, economic, and social contributions of persons with disabilities and lesbian, gay, bisexual, and transgender people, in an appropriate place in the curriculum. Inclusive instructional materials that portray the cultural and economic diversity of society including the political, economic, and social contributions of persons with disabilities and lesbian, gay, bisexual, and transgender people, where appropriate, have been adopted. Additionally, all unit maps contain modifications and accommodations for the Gifted and Talented, English Language Learner, Special Education, and At-risk populations. These areas are currently being refined to offer more specific modifications and accommodations to our students.

North Arlington High School's Early College Program entered its third year. During the 2019-2020 school year, 8 students graduated with a high school diploma and an associate degree from Bergen County Community College (BCC). Another partnership with BCC called the Early Career Program is beginning its third year. This program allows students the opportunity to receive several certificates and internship opportunities, preparing them for a career immediately after high school.

Overall, chronic absenteeism has consistently remained low in all schools. Students in grades 3-12 maintain district-based email addresses to improve communication, and our district continues to oversee our new website, [www.navikings.org](http://www.navikings.org), along with our very own app to increase communication with parents and the community.

As a result of COVID19-related school closures, our certificated staff and paraprofessionals have been trained on educational platforms and remote instructional strategies. These platforms and instructional strategies were implemented during the prohibition of in-person learning from March 16, 2020 through graduation. In addition to ordering appropriate personal protective equipment (PPE), we continued to order more Chromebooks to better serve our student population, while instruction was fully remote. Our plan of action was outlined in our School Closure Plan based on protocols and guidance established by the NJDOE.

Finally, the North Arlington Board of Education is close to completing renovations to the newly purchased former Queen of Peace High School from the Newark Archdiocese. This new school building will become our middle school (Veterans Middle School). This purchase will allow for our school district to open a fourth elementary school (Susan B. Anthony Elementary School) to address our growing student population and high class sizes. Additionally, this purchase allowed us to restructure our "Neighborhood Schools" to provide safer walking routes to our students.

**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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

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.

As part of the District's Single Audit, 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 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 Borough. The budgets are submitted to the County Office of the Commissioner of Education for approval. Budgets, except for the special revenue fund which is prepared using a nonbudgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item units 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. 6A:23. The District must approve all budget amendments.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as committed fund balance at June 30, 2020.

**6.) DEBT ADMINISTRATION:** At June 30, 2020, the District's outstanding debt consisted of \$255,000 in general obligation bonds issued in May 2012. The proceeds of this bond issue were used to finance additions and renovations to the district schools.

The District also has outstanding debt at June 30, 2020 of \$2,383,000 in general obligation bonds issued in September 2013. The proceeds of this bond issue were used to (a) currently refund and redeem the \$1,150,000 School District Bond Anticipation Notes, Series 2013, of the Board dated May 30, 2013 and maturing December 4, 2013, which were issued to temporarily finance a portion of the costs of the construction of an athletic field complex to include, without limitation, a 6 lane track, a multipurpose athletic field, and storage, restroom and concession stand buildings, including acquiring the State of New Jersey's riparian rights that run under and through the improvements to the field, any necessary improvements, upgrades, appurtenances, equipment, and site work in connection therewith the Project and (b) to permanently finance the remainder of the costs of the Project.


**7.) CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in "notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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


**9.) OTHER INFORMATION: Independent Audit-** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA, DORIA & TOMKINS, LLC was selected by the District to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the financial statements and combining and individual fund 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.

**10.) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the North Arlington 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. Also, we would like to acknowledge the school administrative team and central office administrators for performing their duties in a fiscally sound and conservative manner. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

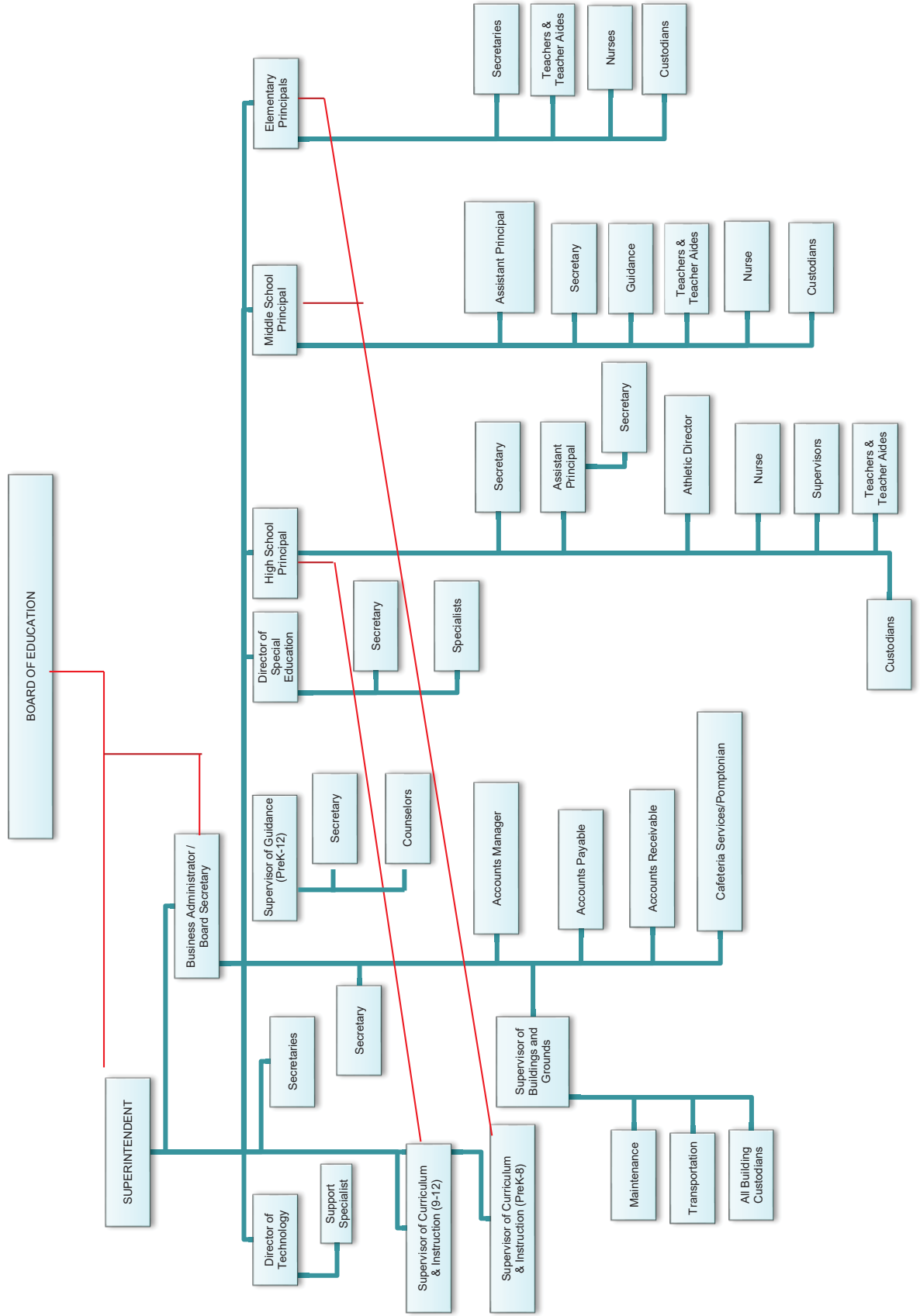


Stephen Yurchak, Ed.D  
Superintendent of Schools



Samantha Dembowski  
School Business Administrator

# NORTH ARLINGTON PUBLIC SCHOOLS Organization Chart 2019-20



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2020**

**Members of the Board of Education**

**Term Expires**

Michelle Higgins, President	December 2022
George McDermott, Vice President	December 2021
Heather Gilgallon	December 2022
Robert Dorsett	December 2020
Edward Smith	December 2020

**Other Officials**

Stephen Yurchak, Ed.D.	Superintendent of Schools
Samantha Dembowski	School Business Administrator/ Board Secretary

**NORTH ARLINGTON SCHOOL DISTRICT  
Consultants, Independent Auditors and Advisors  
June 30, 2020**

**Architect**

The Spiegle Architectural Group  
1395 Yardville-Hamilton Square Road  
Suite 2A  
Hamilton, NJ 08691

**Audit Firm**

Donohue, Gironda, Doria & Tomkins, LLC  
*Certified Public Accountants*  
310 Broadway  
Bayonne, New Jersey 07002

**Attorney**

Fogarty and Hara, Esqs.  
21-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

TD Bank  
Ridge Road  
North Arlington, NJ 07031

## **FINANCIAL SECTION**



# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA  
Mauricio Canto, CPA, RMA

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
North Arlington School District  
County of Bergen  
North Arlington, 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 North Arlington School District (the "District"), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and post-retirement medical benefits information on pages 12 through 19, pages 66 through 72, and pages 73 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual fund financial statements, long-term debt schedules, 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 and statistical tables 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.


### *Emphasis of Matter*

As described in Note 16 to the financial statements, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19. The Governor of the State of New Jersey issued an executive order declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. The Governor's order has been subsequently extended and restrictions are continuously being eased and tightened. A resurgence in COVID-19 cases and resulting restrictions is adversely impacting the District's programs and functions. Significant uncertainty remains with the ongoing impact of the COVID-19 outbreak that cannot be reasonably estimated. Our opinion is not affected by this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of the District's internal control over financial reporting and 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* in considering the District's internal control over financial reporting and compliance.

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

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

Bayonne, New Jersey  
February 5, 2021

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the North Arlington School District's financial performance provides an overall review of the North Arlington School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the North Arlington School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the North Arlington School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal years 2020 and 2019 are as follows, respectively:

- In total, net positions are \$21,271,126 and \$18,800,347. Net positions of governmental activities are \$21,143,889 and \$18,635,367. Net positions of the business-type activity, which represents food service, are \$127,237 and \$164,980. This reflects an increase in net positions in the amount of \$2,470,779 and \$2,329,752
- Total general revenues accounted for \$35,272,331 and \$34,108,234 while the local tax contribution to General Revenue amounted to \$26,807,666 for 2020 and \$26,289,822 for 2019. Operating Grants and Contributions are \$2,476,743 and \$3,676,185 and Federal and State Aid not restricted are \$8,135,438 and \$7,387,921.
- The North Arlington School District continues to experience stability in student enrollment. Average Daily enrollment for the year ending June 30, 2020 was 1,835.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. This Report is organized to show the reader the North Arlington School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole North Arlington School District, presenting both an aggregate view of the North Arlington School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the North Arlington School District's most significant funds with all other non-major funds presented in total in a single column. For the North Arlington School District, the General Fund is the most significant fund.

**Reporting the North Arlington School District as a Whole**

**Statement of Net Position and Statement of Activities**

While this report contains the large number of funds used by the North Arlington School District to provide programs and activities, the view of the North Arlington School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the North Arlington School District's net position and changes in those positions. This change in net position is important because it identifies whether the financial position of the North Arlington School District has improved or diminished for the North Arlington School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the North Arlington School District's property tax base, current property tax laws in New Jersey, facility conditions, required educational programs, and other factors.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Reporting the North Arlington School District as a Whole (Continued)**

In the statement of net position and the statement of activities, the North Arlington School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the North Arlington School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the North Arlington School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the north Arlington School District's major funds. The North Arlington School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the North Arlington School District's most significant funds. The North Arlington School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. The General Fund cash and cash equivalents and receivables are considered significant balances of the District's fund financial statements. Receivables and unearned revenues are considered significant balances for the special revenue fund.

**Governmental Funds**

Most of the North Arlington School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the North Arlington School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, their statements are essentially the same.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Reporting the North Arlington School District's Most Significant Funds (Continued)**

The perspective of the statement of net position is of the north Arlington School District as a whole. Table 1 provides a summary of the North Arlington School District's net position for the fiscal years 2020 and 2019, respectively.

Total assets equal \$34,746,959 and \$31,320,281. Total assets for Governmental Activities are \$34,611,736 and \$31,152,665. Total assets for Business Type Activities are \$135,223 and \$167,616.

**Table 1  
Net Position**

	Governmental Activities		Business Type Activity		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and Other Assets	\$ 15,373,750	\$ 19,463,003	\$ 104,651	\$ 134,681	\$ 15,478,401	\$ 19,597,684
Capital Assets, Net	19,237,986	11,689,662	30,572	32,935	19,268,558	11,722,597
Total Assets	34,611,736	31,152,665	135,223	167,616	34,746,959	31,320,281
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	1,330,583	2,045,040	-	-	1,330,583	2,045,040
<b>LIABILITIES</b>						
Current and Other Liabilities	3,379,018	2,111,645	7,986	2,636	3,387,004	2,114,281
Long-Term Liabilities	2,860,832	3,243,990	-	-	2,860,832	3,243,990
Net Pension Liability	6,096,019	6,827,469	-	-	6,096,019	6,827,469
Total Liabilities	12,335,869	12,183,104	7,986	2,636	12,343,855	12,185,740
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	2,462,561	2,379,234	-	-	2,462,561	2,379,234
<b>NET POSITION</b>						
Net Investment in Capital Assets	16,484,297	8,572,834	30,572	32,935	16,514,869	8,605,769
Restricted	9,561,024	15,622,391	-	-	9,561,024	15,622,391
Unrestricted	(4,901,432)	(5,559,858)	96,665	132,045	(4,804,767)	(5,427,813)
Total Net Position	\$ 21,143,889	\$ 18,635,367	\$ 127,237	\$ 164,980	\$ 21,271,126	\$ 18,800,347

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. 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.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net position includes the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in total net position. The same situation held true for the prior fiscal year.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Reporting the North Arlington School District's Most Significant Funds (Continued)**

Table 2 reflects the change in net position for fiscal years 2020 and 2019, respectively.

	<b>Table 2</b>					
	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business Type Activity</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 242,923	\$ 368,890	\$ 242,923	\$ 368,890
Operating Grants	2,476,743	3,676,185	194,897	233,301	2,671,640	3,909,486
Total Program Revenues	<u>2,476,743</u>	<u>3,676,185</u>	<u>437,820</u>	<u>602,191</u>	<u>2,914,563</u>	<u>4,278,376</u>
General Revenues:						
Property Taxes	26,807,666	26,289,822	-	-	26,807,666	26,289,822
Grants and Entitlements	8,135,438	7,387,921	-	-	8,135,438	7,387,921
Interest	115,173	166,243	-	-	115,173	166,243
Miscellaneous	214,054	264,248	-	-	214,054	264,248
Total General Revenues	<u>35,272,331</u>	<u>34,108,234</u>	<u>-</u>	<u>-</u>	<u>35,272,331</u>	<u>34,108,234</u>
Total Revenues	<u>37,749,074</u>	<u>37,784,419</u>	<u>437,820</u>	<u>602,191</u>	<u>38,186,894</u>	<u>38,386,610</u>
<b>EXPENSES</b>						
Instruction	19,082,660	19,566,515	-	-	19,082,660	19,566,515
Support Services:						
Pupils and Instructional Staff	6,912,519	6,595,232	-	-	6,912,519	6,595,232
General and Business						
Administrative Services	4,558,661	4,629,199	-	-	4,558,661	4,629,199
Plant Operations and Maintenance	3,316,804	3,424,949	-	-	3,316,804	3,424,949
Pupil Transportation	1,099,031	1,028,972	-	-	1,099,031	1,028,972
Charter Schools	177,007	100,781	-	-	177,007	100,781
Interest on Long-Term Liabilities	93,870	101,845	-	-	93,870	101,845
Food Service	-	-	475,563	609,365	475,563	609,365
Total Expenses	<u>35,240,552</u>	<u>35,447,493</u>	<u>475,563</u>	<u>609,365</u>	<u>35,716,115</u>	<u>36,056,858</u>
Change in Net Position	2,508,522	2,336,926	(37,743)	(7,174)	2,470,779	2,329,752
Net Position, July 1	18,635,367	16,298,441	164,980	172,154	18,800,347	16,470,595
Net Position, June 30	<u>\$ 21,143,889</u>	<u>\$ 18,635,367</u>	<u>\$ 127,237</u>	<u>\$ 164,980</u>	<u>\$ 21,271,126</u>	<u>\$ 18,800,347</u>

The total increase in net position for the fiscal years 2020 and 2019 for Governmental Activities is \$2,508,522 and \$2,336,926 . The total (decrease) in net position for the Business-Type Activity is (\$37,743) and (\$7,174). The total increase in net position is \$2,470,779 and \$2,329,752 .



**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Governmental Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for government activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

**Table 3a.**  
**Governmental Activities**

	<b><u>Total Cost of Services</u></b>		<b><u>Percent of Total</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Instruction	\$ 19,082,660	\$ 19,566,515	54.14%	55.20%
Support Services:				
Pupils and Instructional Staff	6,912,519	6,595,232	19.62%	18.61%
General and Business				
Administrative Services	4,558,661	4,629,199	12.94%	13.06%
Plant Operations and Maintenance	3,316,804	3,424,949	9.41%	9.66%
Pupil Transportation	1,099,031	1,028,972	3.12%	2.90%
Charter Schools	177,007	100,781	0.50%	0.28%
Interest on Long-Term Liabilities	93,870	101,845	0.27%	0.29%
<b>Total Expenditures</b>	<b><u>\$ 35,240,552</u></b>	<b><u>\$ 35,447,493</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

Total expenses for governmental activities for fiscal years 2020 and 2019 were \$35,240,552 and \$35,447,493.

The Governmental Activities in the above table demonstrates that for fiscal years 2020 and 2019, of \$35,240,552 and \$35,447,493 the District expended, \$19,082,660 and \$19,566,515 are for Instruction. Additionally, Pupil and Instructional Staff activities are \$6,912,519 and \$6,595,232. Combined resources from Instruction and Pupil and Instructional Staff total \$25,995,179 and \$26,161,747. Together the aforementioned categories account for 73.76% and 73.81% of Governmental Activities for the fiscal years 2020 and 2019.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Business-Type Activity**

**Table 3b.**  
**Business Activity**

	<u>Total Cost of Services</u>		<u>Percent of Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>				
Charges for Services	\$ 242,923	\$ 368,890	55.48%	61.26%
Operating Grants	194,897	233,301	44.52%	38.74%
Total Revenue	437,820	602,191	100.00%	100.00%
<b>EXPENSES</b>				
Food Service	475,563	609,365	100.00%	100.00%
Total Expense	475,563	609,365	100.00%	100.00%
Net (Loss)	(37,743)	(7,174)		
Change in Net Position	<u>\$ (37,743)</u>	<u>\$ (7,174)</u>		

The business-type activity of the North Arlington School District is the food service operation. This program had revenues for the fiscal years 2020 and 2019 of \$437,820 and \$602,191 and expenses of \$475,563 and \$609,365, respectively. Total revenues decreased (\$164,371) due to the lower volume in sales. Total expenses decreased (\$133,802) mainly due to Covid-19. The District had a (\$37,743) operating loss in fiscal year 2020.

**Sources of Revenue**

The local tax revenue has been stable for several years. For all governmental activities state revenues support 28.11%. The community, as a whole, is 71.02% of the support and other revenue accounts for 0.87% of the total cost of programs for North Arlington School District students.

**Table 4**  
**Sources of Revenue**

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Local Tax</u> <u>Levy</u>	<u>Other Local</u> <u>Revenue</u>	<u>Operating</u> <u>Grants</u>	<u>Federal &amp;</u> <u>State Aid</u> <u>Not Restricted</u>	<u>Total</u>
2020	\$ 26,807,666	\$ 329,227	\$ 2,476,743	\$ 8,135,438	\$ 37,749,074
2019	26,289,822	430,491	3,676,185	7,387,921	37,784,419

**The North Arlington School District's Funds**

The North Arlington School District's governmental funds are accounted for using standards established by the Governmental Accounting Standards Board Statement No. 34. Total governmental funds had revenues and other financing sources of \$37,232,206 and expenditures and other financing uses of \$35,240,552. The positive fund balance for the year reflects that the North Arlington School District was able to meet current costs.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**General Fund Budgeting Highlights**

The North Arlington School District's budget is prepared according to New Jersey statutes. During the 2019-2020 school year, all schools in the District operated within the boundaries of state budget guidelines.

The North Arlington School District's budget is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2020, the North Arlington School District amended its General Fund budget as needed. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for program management.

For the General Fund, final budgeted revenues and other financing sources in the amount of \$30,108,793 were equal to original budgeted revenues.

General Fund revenues and other financing sources were greater than expenditures and other financing uses. Funds from these and other sources add to excess surplus by approximately \$8,109,225. At June 30, 2020 there was \$3,232,018 excess surplus designated for subsequent year's budget. The North Arlington School District will allocate the excess surplus remaining of \$4,877,207 in the 2021-2022 District School Budget. The allocation and projection of surplus are in compliance with New Jersey Department of Education Budgetary Guidelines. The excess surplus reflects a \$341,307 final state aid payment for June 30, 2020, however this amount is not reflected in the District Intergovernmental Receivable Account.

**Capital Assets and Depreciation**

**Capital Assets**

At the end of fiscal years 2020 and 2019, the North Arlington School District had \$19,237,986 and \$11,689,662, respectively invested in capital assets (net of depreciation), for governmental activities. More information on capital assets and depreciation is represented in Note 5 to the basic financial statements.

**Table 5  
Capital Assets and Depreciation**

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Construction Completed</u>	<u>Balance at June 30, 2020</u>
Governmental Activities:				
Non-Depreciable	\$ 1,288,206	\$ -	\$ (640,000)	\$ 648,206
Depreciable	32,263,059	9,303,163	-	41,566,222
Total at Historical Cost	33,551,265	9,303,163	(640,000)	42,214,428
Less Accumulated Depreciation	(21,861,603)	(1,114,839)	-	(22,976,442)
Capital Assets, Net	<u>\$ 11,689,662</u>	<u>\$ 8,188,324</u>	<u>\$ (640,000)</u>	<u>\$ 19,237,986</u>
Business-Type Activity:				
Depreciable	\$ 289,550	\$ 25,888	\$ -	\$ 315,438
Less Accumulated Depreciation	(256,615)	(28,251)	-	(284,866)
Capital Assets, Net	<u>\$ 32,935</u>	<u>\$ (2,363)</u>	<u>\$ -</u>	<u>\$ 30,572</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Capital Assets and Depreciation (Continued)**

Depreciation expense was charged to Governmental Activities as follows:

Instruction	\$	569,277
Support Services		545,562
Total Depreciation Expense	\$	1,114,839

**Debt**

At June 30, 2020 and 2019, the North Arlington School District had \$3,331,267 and \$3,696,516 in long term debt payable from governmental fund resources and no long-term debt payable from proprietary fund resources. More detailed information about long-term debt is represented in Note 7 to the basic financial statements.

**Table 6**  
**Summary of Long-Term Debt**

	Balance June 30, 2020	Balance June 30, 2019
Governmental Activities:		
Capital Lease Obligations	\$ 115,689	\$ 50,828
Bonds Payable	2,638,000	3,066,000
Compensated Absences	577,578	579,688
	\$ 3,331,267	\$ 3,696,516

**Current Issues**

The District has been and continues to utilize sound accounting practices in the state of a declining economy and uncertainty in state funding. The District has been faced with a modest pupil enrollment during the last few years. Rising special education populations are one area in which the close monitoring should occur. Continuous efforts are being made to address classroom needs in both regular and special education programs.

The District has carefully monitored its needs in both the short and long term. Per pupil costs remain below the state average and capital costs have addressed the District's needs for the next few years. CAP restrictions, rising special education costs, under-funded and unfunded state mandates, escalating health benefits costs, and the inability to pose second questions to the public will create interesting and difficult challenges for providing thorough and efficient education for all public school children. The North Arlington School district will address the challenges and make changes in order to continue to meet the needs of the students and community.

**Contacting the North Arlington School District's Financial Management**

The Management Discussion and Analysis of this financial report is designed to provide citizens, taxpayers and investors with a snapshot of the North Arlington District's finances, also, to reflect the North Arlington School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to, Samantha Dembowski - School Business Administrator/Board Secretary, North Arlington School District, 222 Ridge Road, North Arlington, New Jersey 07031.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,965,359	\$ 92,560	\$ 10,057,919
Other accounts receivable	4,081	-	4,081
Receivables, net	481,778	4,850	486,628
Inventory	-	7,241	7,241
Restricted assets:			
Cash and cash equivalents	2,470,461	-	2,470,461
Capital reserve account - cash	2,452,071	-	2,452,071
Capital assets, net:			
Depreciable	18,589,780	30,572	18,620,352
Non-depreciable	648,206	-	648,206
Total Assets	<u>34,611,736</u>	<u>135,223</u>	<u>34,746,959</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	<u>1,330,583</u>	<u>-</u>	<u>1,330,583</u>
<b>LIABILITIES</b>			
Accounts payable	2,808,574	7,986	2,816,560
Payable to state government	42,408	-	42,408
Payable to federal government	50,522	-	50,522
Unearned revenue	7,079	-	7,079
Noncurrent liabilities:			
Due within one year	470,435	-	470,435
Due beyond one year	2,860,832	-	2,860,832
Net pension liability	6,096,019	-	6,096,019
Total Liabilities	<u>12,335,869</u>	<u>7,986</u>	<u>12,343,855</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>2,462,561</u>	<u>-</u>	<u>2,462,561</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,484,297	30,572	16,514,869
Restricted for:			
Capital projects	1,451,724	-	1,451,724
Other purposes	8,109,300	-	8,109,300
Unrestricted (deficit)	(4,901,432)	96,665	(4,804,767)
Total net position	<u>\$ 21,143,889</u>	<u>\$ 127,237</u>	<u>\$ 21,271,126</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Activities**  
**for the Fiscal Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 13,405,553	-	\$ 1,294,115	\$ -	\$ (12,111,438)	-	\$ (12,111,438)
Special education	4,053,783	-	175,882	-	(3,877,901)	-	(3,877,901)
Other special instruction	889,890	-	37,755	-	(852,135)	-	(852,135)
Other instruction	733,434	-	33,544	-	(699,890)	-	(699,890)
<b>Support services:</b>							
Tuition	3,401,398	-	222,571	-	(3,178,827)	-	(3,178,827)
Student & instruction related services	3,511,121	-	266,278	-	(3,244,843)	-	(3,244,843)
School administrative services	1,616,163	-	91,746	-	(1,524,417)	-	(1,524,417)
General and business administrative services	2,942,498	-	80,103	-	(2,862,395)	-	(2,862,395)
Plant operations and maintenance	3,316,804	-	184,303	-	(3,132,501)	-	(3,132,501)
Pupil transportation	1,099,031	-	71,915	-	(1,027,116)	-	(1,027,116)
Charter schools	177,007	-	12,109	-	(164,898)	-	(164,898)
Interest on long-term liabilities	93,870	-	6,422	-	(87,448)	-	(87,448)
Total governmental activities	<u>35,240,552</u>	-	<u>2,476,743</u>	-	<u>(32,763,809)</u>	-	<u>(32,763,809)</u>
<b>Business-type activities:</b>							
Food service	475,563	242,923	194,897	-	-	(37,743)	(37,743)
Total business-type activities	<u>475,563</u>	<u>242,923</u>	<u>194,897</u>	-	-	<u>(37,743)</u>	<u>(37,743)</u>
<b>Total primary government</b>	<u>\$ 35,716,115</u>	<u>\$ 242,923</u>	<u>\$ 2,671,640</u>	<u>\$ -</u>	<u>(32,763,809)</u>	<u>(37,743)</u>	<u>(32,801,552)</u>
<b>General revenues:</b>							
Property taxes, levied for general purpose, net					26,290,798	-	26,290,798
Property taxes, levied for debt service					516,868	-	516,868
State aid not restricted					8,135,438	-	8,135,438
Investment earnings					115,173	-	115,173
Miscellaneous income					214,054	-	214,054
Total general revenues					<u>35,272,331</u>	-	<u>35,272,331</u>
<b>Change in net position</b>					2,508,522	(37,743)	2,470,779
<b>Net position, July 1</b>					18,635,367	164,980	18,800,347
<b>Net position, June 30</b>					<u>\$ 21,143,889</u>	<u>\$ 127,237</u>	<u>\$ 21,271,126</u>

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



**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,965,359	\$ 219,616	\$ 2,250,844	\$ 1	\$ 12,435,820
Other accounts receivable	4,081	-	-	-	4,081
Interfund receivable	106,030	-	-	74	106,104
Intergovernmental receivable:					
State	462,104	19,674	-	-	481,778
Restricted assets:					
Cash and cash equivalents	2,452,071	-	-	-	2,452,071
<b>Total assets</b>	<b>\$ 12,989,645</b>	<b>\$ 239,290</b>	<b>\$ 2,250,844</b>	<b>\$ 75</b>	<b>\$ 15,479,854</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund payable	\$ 74	\$ 104,080	\$ 1,950	\$ -	\$ 106,104
Accounts payable	1,644,309	35,201	797,170	-	2,476,680
Payable to state government	-	42,408	-	-	42,408
Payable to federal government	-	50,522	-	-	50,522
Unearned revenue	-	7,079	-	-	7,079
<b>Total liabilities</b>	<b>1,644,383</b>	<b>239,290</b>	<b>799,120</b>	<b>-</b>	<b>2,682,793</b>
Fund Balances:					
Restricted for:					
Excess surplus - prior year - designated for subsequent year's expenditures	3,232,018	-	-	-	3,232,018
Excess surplus - current year	4,877,207	-	-	-	4,877,207
Capital reserve	2,452,071	-	-	-	2,452,071
Capital projects fund	-	-	1,451,724	-	1,451,724
Assigned fund balance:					
Year-end encumbrances	514,540	-	-	-	514,540
Designated for subsequent year's expenditures	36,769	-	-	-	36,769
Unassigned fund balance	232,657	-	-	75	232,732
<b>Total fund balances</b>	<b>11,345,262</b>	<b>-</b>	<b>1,451,724</b>	<b>75</b>	<b>12,797,061</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,989,645</b>	<b>\$ 239,290</b>	<b>\$ 2,250,844</b>	<b>\$ 75</b>	<b>\$ 15,479,854</b>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

**Reconciliation of the balance sheet to the statement of net position:**

<b>Total fund balances - governmental funds (from B-1)</b>		\$ 12,797,061
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,214,428 and the accumulated depreciation is \$22,976,442		19,237,986
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred pension outflows	\$ 1,330,583	
Deferred pension inflows	<u>(2,462,561)</u>	(1,131,978)
Additional accounts payable for pension contribution offset by deferred outflow for pension liabilities		(331,894)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Bonds payable	(2,638,000)	
Capital lease liability	(115,689)	
Compensated absences liability	(577,578)	
Net pension liability	<u>(6,096,019)</u>	<u>(9,427,286)</u>
Net position of governmental activities		<u>\$ 21,143,889</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2020**

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 26,290,798	\$ -	\$ -	\$ 516,868	\$ 26,807,666
Interest earned	115,173	-	-	-	115,173
Miscellaneous	214,054	-	-	-	214,054
Federal sources	46,426	657,352	-	-	703,778
State sources	8,135,438	181,555	-	-	8,316,993
Total revenues	<u>34,801,889</u>	<u>838,907</u>	<u>-</u>	<u>516,868</u>	<u>36,157,664</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	8,169,378	735,240	-	-	8,904,618
Special education instruction	2,570,969	-	-	-	2,570,969
Other special instruction	551,892	-	-	-	551,892
Other instruction	490,334	-	-	-	490,334
Support services and undistributed costs:					
Tuition	3,253,440	-	-	-	3,253,440
Student & instruction related services	2,376,978	103,667	-	-	2,480,645
School administrative services	1,341,096	-	-	-	1,341,096
Other administrative services	1,170,916	-	-	-	1,170,916
Operation and maintenance of plant services	2,699,005	-	-	-	2,699,005
Student transportation	1,051,224	-	-	-	1,051,224
Employee benefits	7,041,860	-	-	-	7,041,860
Capital outlay	809,146	-	8,537,517	-	9,346,663
Debt Service					
Principal	-	-	-	428,000	428,000
Interest	-	-	-	88,927	88,927
Charter school	177,007	-	-	-	177,007
Total expenditures	<u>31,703,245</u>	<u>838,907</u>	<u>8,537,517</u>	<u>516,927</u>	<u>41,596,596</u>
Excess (deficiency) of revenues over expenditures	<u>3,098,644</u>	<u>-</u>	<u>(8,537,517)</u>	<u>(59)</u>	<u>(5,438,932)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease (Non-budgeted)	101,599	-	-	-	101,599
Contribution to capital projects fund	(1,100,000)	-	1,100,000	-	-
Total other financing sources (uses)	<u>(998,401)</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>101,599</u>
Net changes in fund balance	2,100,243	-	(7,437,517)	(59)	(5,337,333)
Fund balances, July 1	9,245,019	-	8,889,241	134	18,134,394
Fund balances, June 30	<u>\$ 11,345,262</u>	<u>\$ -</u>	<u>\$ 1,451,724</u>	<u>\$ 75</u>	<u>\$ 12,797,061</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2020**

**Total net change in fund balances - governmental funds (from B-2)** \$ (5,337,333)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	\$ (1,114,839)	
Depreciation expense	8,663,163	
Capital outlays	8,663,163	7,548,324

Repayment of capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities

	(101,599)	
Issuance of capital leases	428,000	
Repayment of bond principal	36,738	
Payment of capital leases	36,738	363,139

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

	(29,170)	
Compensated absences accrued	31,280	
Compensated absences paid	(67,718)	
Additional PERS pension expense recognized	(1,481,725)	
Additional on-behalf TPAF pension expense	1,481,725	
Additional on-behalf TPAF pension contribution	(109,685)	
Additional on-behalf OPEB expense	109,685	
Additional on-behalf OPEB contribution	109,685	(65,608)

**Change in net position of governmental activities** **\$ 2,508,522**

**PROPRIETARY FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2020**

	<u><b>Business-type Activity - Enterprise Fund Food Service</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 92,560
Accounts receivable	4,850
Inventory	7,241
Total current assets	<u>104,651</u>
Noncurrent assets:	
Equipment	315,438
Less: accumulated depreciation	<u>(284,866)</u>
Total noncurrent assets	<u>30,572</u>
Total assets	<u>135,223</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>7,986</u>
Total liabilities	<u>7,986</u>
<b>NET POSITION</b>	
Investment in capital assets	30,572
Unrestricted	<u>96,665</u>
Total net position	<u><u>\$ 127,237</u></u>

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



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<u><b>Business-type Activity - Enterprise Fund Food Service</b></u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Daily sales - reimbursable programs	\$ 150,554
Daily sales - non-reimbursable programs	92,369
Total operating revenues	<u>242,923</u>
<b>OPERATING EXPENSES</b>	
Cost of sales - reimbursable programs	128,167
Cost of sales - non-reimbursable programs	38,117
Salaries and wages	133,399
Employee benefits	31,931
Supplies and materials	17,788
Insurance - Other	17,506
Uniforms	1,588
Miscellaneous	44,596
Management fees	34,220
Depreciation Expense	28,251
Total operating expenses	<u>475,563</u>
Operating (loss)	<u>(232,640)</u>
<b>NONOPERATING REVENUES</b>	
State sources:	
State school lunch program	4,390
Federal sources:	
Food distribution program	27,169
School breakfast program	3,695
National school lunch program	159,643
Total nonoperating revenues	<u>194,897</u>
Change in net position	(37,743)
Net position, July 1	164,980
Net position, June 30	<u>\$ 127,237</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<u><b>Business-type Activity - Enterprise Fund Food Service</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 242,923
Payments to employees	(133,399)
Payments for employee benefits	(31,931)
Payments to suppliers	(251,321)
Net cash (used for) operating activities	<u>(173,728)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	4,693
Federal sources	171,018
Operating subsidies and transfers	27,189
Net cash provided by non-capital financing activities	<u>202,900</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Assets	<u>(25,888)</u>
Net increase in cash and cash equivalents	3,284
Balance, July 1	89,276
Balance, June 30	<u>\$ 92,560</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>	
Operating (loss)	<u>\$ (232,640)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	28,251
Food distribution program	27,169
Decrease in inventories	(1,858)
Decrease in accounts payable	5,350
Total adjustments	<u>58,912</u>
Net cash (used for) operating activities	<u>\$ (173,728)</u>
<b>NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING</b>	
Food distribution program	<u>\$ 27,169</u>

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

**FIDUCIARY FUNDS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,733	\$ 596,846
Total assets	<u>25,733</u>	<u>596,846</u>
<b>LIABILITIES</b>		
Payroll deductions and withholdings	-	177,535
Due to student groups	-	419,311
Total liabilities	<u>-</u>	<u>\$ 596,846</u>
<b>NET POSITION</b>		
Reserved for scholarships	<u>25,733</u>	
Total net position	<u>\$ 25,733</u>	

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**for the Fiscal Year Ended June 30, 2020**

	<u><b>Trust Funds</b></u>
<b>ADDITIONS</b>	
Local sources:	
Contributions	\$ 35,356
Total additions	<u>35,356</u>
 <b>DEDUCTIONS</b>	
Scholarships awarded	43,592
Total deductions	<u>43,592</u>
Change in net position	(8,236)
Net position, July 1	<u>33,969</u>
Net position, June 30	<u><u>\$ 25,733</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the North Arlington School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

**A. Reporting Entity:**

The reporting entity is composed of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight, responsibility and control over all activities related to the North Arlington School District, in North Arlington, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The North Arlington School District is an instrumentality of the State of New Jersey, established to function as an education institution. The District is a Type II District located in the county of Bergen, State of New Jersey. As a Type II, the District functions independently through a Board of Education (the “Board”). The Board is comprised of five members appointed to three-year terms. The purpose of the District is to educate students in grades K-12.

Component units are legally separate organizations for which the District is financially accountable. Based on the foregoing criteria, the District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards.

**B. Basic Financial Statements - Government-Wide Statements:**

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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. Program revenues include 1) charges to customers, students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among school districts in the State of New Jersey.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**C. Basic Financial Statements - Fund Financial Statements:**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and capital leases are recorded only when payment is due.

Property taxes, interest, and state equalization monies 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 year. All other revenues are considered to be measurable and available only when the District receives cash.

The District has reported the following major funds:

**GOVERNMENTAL FUNDS**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

*General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

*Special Revenue Fund* - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than Major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes, other than capital projects.

*Capital Projects Fund* - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities or other capital assets (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election and by funding from the State of New Jersey School Development Authority (SDA).

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction or improvement programs.



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**C. Basic Financial Statements – Fund Financial Statements (Continued):**

**PROPRIETARY FUND**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the District:

*Enterprise Fund* - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

The Proprietary Fund is accounted for on a cost of services or "economic resource" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statements of net position. Their reported net position (net total assets) are segregated into net investment in capital asset or unrestricted. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

<u>Food Service Fund:</u>	
Machinery and Equipment	5 Years

**FIDUCIARY FUNDS**

Fiduciary Funds of the District include the private purpose scholarship trust funds and agency funds. The District's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

*Private Purpose Scholarship Funds* – A trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District maintains one scholarship fund

*Agency Funds* - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District considers all governmental funds to be major.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and trust). Since by definition these assets are being held for the benefit of a third party (other local governments, students, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Measurement Focus and Basis of Accounting**

The Government-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. Revenues are recorded when earned and expenses are recorded when a liability is 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges 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 taxes.

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 District enterprise funds are charges for sales of food, tuition, and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when resources are received by the District before revenue recognition criteria are met, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties and the City Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1, and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

All proprietary funds and trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County Office of the Commissioner of Education for approval. Budgets, except for the special revenue fund which is prepared using a non-budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item units 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. 6A:23. The District must approve all budget amendments. The District did make transfers during the year which are identified on exhibits C-1, and C-2. Some of the transfers made were in significant amounts, but all were in the normal course of operations and properly approved. Budgetary transfers were made during the current year in accordance with statutory guidelines.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**E. Budgets/Budgetary Control (Continued):**

Due to the inclusion of the non-budgeted on-behalf payment made by the State of New Jersey as District expenditures, the District shows an over-expenditure in the General Fund. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. 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 with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the accounting for the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related 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 Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	2019 - 2020
Total Revenues (Budgetary Basis)	\$ 835,256
Adjustments:	
Add: Prior Year Encumbrances	3,651
Less: Current Year Encumbrances	-
Total Revenues (GAAP) Basis	\$ 838,907
Total Expenditures (Budgetary Basis)	\$ 835,256
Adjustments:	
Add: Prior Year Encumbrances	3,651
Less: Current Year Encumbrances	-
Total Expenditures (GAAP Basis)	\$ 838,907

**F. Encumbrances:**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

**G. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**G. Cash, Cash Equivalents and Investments (Continued):**

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and Statement No. 72, "Fair Value Measurement and Application." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

**H. Interfund Receivables/Payables:**

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

**I. Payables:**

Tuition Payable - Tuition charges for the fiscal years 2019 - 2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined and certified by the State Department of Education.

**J. Inventories**

Inventories, which benefit future periods, other than those recorded in the Proprietary Funds are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds, exclusive of the federal commodities, are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased. Inventory in the Food Service Fund at June 30, 2020, consisted of \$7,241.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**K. Restricted Assets:**

Restricted assets include cash for the capital reserve account and for capital projects.

**L. Capital Assets:**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The District considers all property, plant and equipment with a cost over \$2,000 to be a capital asset.

**Government-wide Statements**

All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements	20 years
Machinery and Equipment	5 - 20 years

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**L. Capital Assets: (Continued)**

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

**M. Unearned Revenue:**

Unearned revenue in the special revenue fund and capital projects funds represent cash that has been received but not yet earned. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**N. Compensated Absences:**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards District Statement No. 16, "Accounting for Compensated Absences."

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

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

The liability for these compensated absences recorded as liabilities in the governmental activities in the government-wide financial statements amounted to \$577,688, at June 30, 2020, representing the District's commitment to fund such costs from future operations. The current portion of this liability is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only to the amount actually due at year end as a result of employee resignations and retirements. The general fund typically has been used in prior years to liquidate the liability for compensated absences.

**O. Long-Term Obligations:**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources are reported as liabilities in the government-wide statement. The long-term debt consists primarily of accrued compensated absences, bonds payable and obligations under capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**P. Pensions**

In the government-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

The general fund typically has been used in prior years to liquidate the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements, deferred outflows and/or inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) and/or outflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the government-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**R. Equity Classifications:**

**Government-wide Statements**

Equity is classified as net position and displayed in three components:

*Net Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**Governmental Fund Statements**

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB Statement 54") 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. Under GASB Statement 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**R. Equity Classifications (Continued):**

Governmental Fund Statements (Continued)

**Restricted Fund Balance** - Amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Excess Surplus* - This restriction was created to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021-2022 original budget certified for taxes.

*Excess Surplus – Prior Year - Designated for Subsequent Year's Budget* - This restriction was created to represent the June 30, 2019 audited excess surplus that will be appropriated in the 2020-2021 original budget certified for taxes.

*Capital Reserve* – This restriction was created by the District to fund future capital expenditures. Designation of fund balance represent tentative management plans that are subject to change.

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

**Committed Fund Balance** – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**Assigned Fund Balance** – This designation is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Superintendent or Business Administrator.

*Year-End Encumbrances* - Represents encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the 2020-2021 original budget certified for taxes.

**Unassigned Fund Balance** - All other fund balance that did not meet the definition of restricted, committed, or assigned.

**Fund Balance Policies**

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

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. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**R. Equity Classifications (Continued):**

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment

**S. Operating and Nonoperating Revenue:**

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues include reimbursements by the State for school breakfast, lunch, and food distribution programs.

**T. Expenditures/Expenses:**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

**U. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension benefits for members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased \$4,003,452 to adjust to the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

**V. Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**W. Tax Abatements**

GASB Statement No. 77, *Tax Abatement Disclosures* requirements the disclosure of information about the nature and magnitude of tax abatements. A tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**X. GASB Pronouncements**

**Recently Issued Accounting Pronouncements to be implemented in future years**

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. 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. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were to be effective for the fiscal year ending June 30, 2020, but have been postponed to the succeeding fiscal year.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were to be effective for the fiscal year ending June 30, 2021, but have been postponed to the succeeding fiscal year.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement were to be effective for the fiscal year ending June 30, 2021, but have been postponed to the succeeding fiscal year.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**X. GASB Pronouncements**

**Recently Issued Accounting Pronouncements to be implemented in future years (Continued)**

GASB Statement No. 92, *Omnibus 2020*. This Statement addresses a variety of topics and includes specific provisions about the following: (1) the effective date of GASB Statement No. 87, *Leases*, and Implementation Guide 2019-3, *Leases*, reinsurance recoveries, and terminology used to refer to derivative instruments (the requirements of this topic are effective upon issuance); (2) the applicability of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (3) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (4) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (5) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (6) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements related to the application of these topics were to be effective for the fiscal year ending June 30, 2021, unless specifically noted to be effective upon issuance, but have been postponed to the succeeding fiscal year.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal year ending June 30, 2023, but earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements related to the application of these topics are effective for the fiscal year ending June 30, 2021, unless specifically noted to be effective upon issuance.

**NOTE 2. DEPOSITS AND INVESTMENTS**

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under Federal Deposit Insurance Corporation (“FDIC”), Securities Investor Protection Corporation (“SIPC”) or 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.

**Deposits**

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

GASB Statement No. 40 requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District does not have a policy for management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2020, the book value of the District's deposits was \$15,603,030 and bank balances of the District's cash and deposits amounted to \$16,737,804.

As of June 30, 2020, the District's deposits which are displayed on the balance sheets and statements of net position as "cash and cash equivalents" are summarized as follows:

Insured - FDIC		\$	274,160
Insured - GUDPA			15,328,870
			15,603,030
Reconciliation to Government-wide Statement of Net Position:			
Unrestricted Cash		\$	10,057,919
Restricted Cash			4,922,532
Trust and Agency Fund Cash (Not Included in Government-Wide Statement)			622,579
		\$	15,603,030

**Investments**

The District 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.

**NOTE 3. DEPOSIT AND INVESTMENT RISK**

*Credit Risk* – The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the District disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District is exempt from this requirement because it does not hold any debt securities.

*Concentration of Credit Risk* – State law limits as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices. The District places no formal limits on the amount they may invest in any one issue.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)**

*Custodial credit risk* is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the District's name, and are held by either:

- a. The counterparty or
- b. The counterparty's trust department or agent but not in the District's name

The District does not have a policy for custodial credit risk other than to maintain safekeeping account for the securities at a financial institution.

*Interest rate risk* - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

*Foreign currency risk* is the risk that changes in exchange rates will adversely affect investments. The District does not have investments denominated in foreign currency.

At June 30, 2020 the District's investments were not exposed to custodial credit risk, interest rate risk or foreign currency risk.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the North Arlington Board of Education by inclusion of \$1 on October 11, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are committed 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. A district may also appropriate additional amounts when the 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-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$	1,702,071
Deposits:		
Approved by Board Resolution		750,000
Total Deposits		750,000
Ending balance, June 30, 2020	\$	2,452,071

**NOTE 5. RECEIVABLES FROM OTHER GOVERNMENTS**

Receivables from other governments as reported on the general fund balance sheet amounting to \$462,104 are from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$19,674 are from state sources.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6. CAPITAL ASSETS AND DEPRECIATION**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 10 years.

The following is a summarization of the governmental activities in capital assets for the year fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Construction Completed	Balance at June 30, 2020
Governmental Activities:				
Non-Depreciable:				
Land	\$ 648,206	\$ -	\$ -	\$ 648,206
Construction in Progress	640,000	-	(640,000)	-
Total Non-Depreciable	<u>1,288,206</u>	<u>-</u>	<u>(640,000)</u>	<u>648,206</u>
Depreciable:				
Buildings and Improvements	30,568,601	9,172,683	-	39,741,284
Land Improvements	174,800	-	-	174,800
Machinery & Equipment	1,519,658	130,480	-	1,650,138
Total at Historical Cost	<u>32,263,059</u>	<u>9,303,163</u>	<u>-</u>	<u>41,566,222</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(21,360,824)	(1,000,433)	-	(22,361,257)
Land Improvements	(174,800)	-	-	(174,800)
Machinery & Equipment	(325,979)	(114,406)	-	(440,385)
Total Accumulated Depreciation	<u>(21,861,603)</u>	<u>(1,114,839) *</u>	<u>-</u>	<u>(22,976,442)</u>
Depreciable Capital Assets, Net	<u>10,401,456</u>	<u>8,188,324</u>	<u>-</u>	<u>18,589,780</u>
Governmental Activities - Capital Assets, Net	<u>\$ 11,689,662</u>	<u>\$ 8,188,324</u>	<u>\$ (640,000)</u>	<u>\$ 19,237,986</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6. CAPITAL ASSETS AND DEPRECIATION (Continued)**

\* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2019 as follows:

Instruction:		
Regular	\$	404,247
Special Education		116,715
Other Special Education		25,055
Other Instruction		22,260
Total Instruction		<u>568,277</u>
Support Services:		
Tuition		147,698
Student & Instruction Related Services		114,574
School Administrative Services		60,882
General & Business Administrative Services		53,157
Operation & Maintenance of Plant		122,528
Pupil Transportation		47,723
Total Support Services		<u>546,562</u>
Total Depreciation Expense	\$	<u>1,114,839</u>

The following is a summarization of the business-type activities in capital assets for the year fiscal year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Balance at June 30, 2020
Business-type Activity:			
Depreciable:			
Machinery & Equipment	\$ 289,550	\$ 25,888	\$ 315,438
Total at Historical Cost	<u>289,550</u>	<u>25,888</u>	<u>315,438</u>
Less: Accumulated Depreciation:			
Machinery & Equipment	(256,615)	(28,251)	(284,866)
Total Accumulated Depreciation	<u>(256,615)</u>	<u>(28,251)</u>	<u>(284,866)</u>
Business-type Activity - Capital Assets, Net	<u>\$ 32,935</u>	<u>\$ (2,363)</u>	<u>\$ 30,572</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

During the year ended June 30, 2020, the following changes occurred in governmental activities long-term liabilities:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Bonds Payable	\$ 3,066,000	\$ -	\$ 428,000	\$ 2,638,000	\$ 440,000	\$ 2,198,000
Capital Lease Obligations	50,828	101,599	36,738	115,689	30,435	85,254
Compensated Absences	579,688	29,170	31,280	577,578	-	577,578
Sub-total	3,696,516	130,769	496,018	3,331,267	470,435	2,860,832
Net Pension Liability	6,827,469	1,731,111	2,462,561	6,096,019	-	6,096,019
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 10,523,985</u>	<u>\$ 1,861,880</u>	<u>\$ 2,958,579</u>	<u>\$ 9,427,286</u>	<u>\$ 470,435</u>	<u>\$ 8,956,851</u>

**A. Bonds Payable:**

Bonds are authorized in accordance with State law by the voters of the District through referendums. All Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

On May 17, 2012, the Board issued School District Refunding Bonds in the amount of \$1,926,000. The proceeds of these bonds were used to refund a portion of the District's Series 2003 Bonds.

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

Year Ending June 30,	School Bonds Series 2012	
	Principal	Interest
2021	\$ 255,000	\$ 7,545
	<u>\$ 255,000</u>	<u>\$ 7,545</u>

On September 12, 2013, the School District issued \$3,388,000 of School District Bonds, Series 2013. The purpose of the bonds is (a) to refund and redeem the \$1,150,000 School District Bond Anticipation Notes, Series 2013, of the Board dated May 30, 2013 and maturing December 4, 2013, which were issued to temporarily finance a portion of the costs of the construction of an athletic field complex to include, without limitation, a 6-lane track, a multipurpose athletic field, and storage, restroom and concession stand buildings, including acquiring the State of New Jersey's riparian rights that run under and through improvements to the field, any necessary improvements, upgrades, appurtenances, equipment, and site work in connection therewith (the "Project") and (b) to permanently finance the remainder of the costs of the Project.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7. LONG-TERM DEBT (Continued)**

**A. Bonds Payable: (Continued)**

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

<u>Year Ending June 30,</u>	School Bonds Series 2013	
	Principal	Interest
2021	\$ 185,000	\$ 69,625
2022	275,000	63,187
2023	275,000	54,937
2024	275,000	46,688
2025	275,000	38,438
2026	275,000	30,016
2027	275,000	21,422
2028	275,000	12,828
2029	273,000	4,266
	\$ 2,383,000	\$ 341,407

**B. Capital Leases Payable**

The District is currently leasing copiers for various schools.

The following is a schedule of the future minimum lease payments under the capital leases and the present value of the remaining net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30,</u>	
2021	\$ 35,340
2022	35,340
2023	25,810
2024	22,740
2025	7,580
	126,810
Total Minimum Lease Payments	126,810
Less: Amount Representing Interest	11,121
Present Value of Net Minimum Lease Payments	\$ 115,689



**NORTH ARLINGTON SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Description of Plans and Benefits Provided**

Substantially all required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Public Employees' Retirement System (PERS)** - established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Teachers' Pension and Annuity Fund (TPAF)** - established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey is responsible to fund 100% of the employer contributions, excluding any local employer retirement incentive (ERI) contributions. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service or under the disability provision. Members are always fully vested for their own contributions and after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. With PERS, tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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 District employees who are eligible for pension coverage.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**Description of Plans and Benefits Provided (Continued)**

**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, certain appointed officials, and certain District employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

**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 TP AF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.52 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Under current Statute, the District is a non-contributing employer of the TPAF.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF non-employer contributions are made annually by the State of New Jersey to the pension system on behalf of the District. PERS employer contributions are made annually by the District 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, 2020, 2019 and 2018 the District paid the required contributions to PERS of \$329,086, \$344,911, and \$311,289, respectively.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

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

During the years ended June 30, 2020 and 2019 the District paid the required contributions to DCRP of \$18,355 and \$19,070, respectively.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, Omnibus 2017 (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the government-wide financial statements (accrual basis) as an expense.

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$4,061,873 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the Government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020 the District reported in the statement of net position (accrual basis) a liability of \$6,096,019 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the District's PERS proportion was 0.0338%, which was a decrease of 0.0009% from its proportion measured as of June 30, 2018.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2020, the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$396,804 for PERS. The pension contribution made by the District during the current 2019-2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the current fiscal yearend. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and accrual experience	\$ 109,416	\$ 26,930
Changes in assumptions	608,710	2,115,909
Net differences between projected and actual investment earnings on pension plan investments	-	96,228
Changes in proportion	280,563	223,494
District contributions subsequent to measurement date	331,894	-
Total	\$ 1,330,583	\$ 2,462,561

\$331,894 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2020	\$ (98,951)
June 30, 2021	(566,690)
June 30, 2022	(516,936)
June 30, 2023	(249,007)
June 30, 2024	(32,288)
	\$ (1,463,872)

The PERS pension liability and deferred inflows of resources related to pensions are expected to be paid from budgetary appropriations in the general fund.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 – 6.00%
	Based on years of service
Thereafter	3.00 – 7.00%
	Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of PERS net pension liability	\$ 7,753,831	\$ 6,096,019	\$ 4,777,220

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2019. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Pension Plan fiduciary net position*

Detailed information about the PERS pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

*Payable to the pension plan*

At June 30, 2020 the District reported accounts payable to the PERS of \$331,894 for the required actuarially determined contribution to PERS for the year ended June 30, 2020.

**TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

GASB Statement No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB Statement No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

At June 30, 2020 the State's net pension liability for TPAF associated with the District was \$64,289,620. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. At June 30, 2019 the State's proportionate share of the TPAF net pension liability associated with the District was 0.1048%, which was an increase of 0.0045% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$3,791,974 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB Statement No. 85



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

The total TPAF pension liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 – 4.45%
	Based on years of service
Thereafter	2.75 – 5.65%
	Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount Rate*

The discount rate used to measure the total pension liability for TPAF was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the State's proportionate share of the District's net pension liability to changes in the discount rate.*

The following presents the State's proportionate share of the net pension liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<b>At 1% Decrease (4.60%)</b>	<b>At Current Discount Rate (5.60%)</b>	<b>At 1% Increase (6.60%)</b>
States proportionate share of the TPAF net pension liability attributable to the District	\$ 75,811,691	\$ 64,289,620	\$ 54,729,939

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2019. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS**

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the State Health Benefit Local Education Retired Employees Plan (Local Education Retired Plan) covering certain local school district employees, including those District employees and retirees eligible for coverage.

The Local Education Retired Plan is a multiple-employer defined benefit other post-employment benefit (OPEB) plan that is administered by the State on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No 75. The Local Education Retired Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retired from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from one or more of the following plans: TPAF, PERS, PFRS, or ABP. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

**Employees Covered by Benefit Terms**

The following Local Education Retired Plan employees were covered by benefit terms as of the June 30, 2020 (measurement date June 30, 2019):

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
	364,943
Total	364,943

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the post-retirement health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

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 No. 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 District for the years ended June 30, 2020, 2019, and 2018 were \$857,060, \$954,109, and \$976,907, 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 District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State’s contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability, attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2020, the District recognized in the Government-wide statement of activities (accrual basis) OPEB expense of \$966,745. This amount has been included in the District’s Government-wide statement of activities (accrual basis) as a revenue and expenditure in accordance with GASB No. 85.

At June 30, 2020 the State’s proportionate share of the OPEB liability attributable to the District is \$37,387,558. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 2019, the State’s share of the OPEB liability attributable to the District was 0.0896% which was a decrease of 0.0034% from its proportion measured as of June 30, 2018 of 0.0930%.

*Actuarial Assumptions*

The OPEB liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.50%

	TPAF/ABP	PERS
Salary Increases:	1.55 - 3.05%	2.00 - 6.00%
Through 2026	based on years of service	based on years of service
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on years of service	based on years of service

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Actuarial Assumptions (Continued)*

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2014, and July 1, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

*Discount Rate*

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Change in the Total OPEB Liability*

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 measurement date	\$ 42,864,268
Changes reconized for the fiscal year:	
Service cost	1,741,490
Interest on the total OPEB liability	1,704,898
Changes in assumptions	557,452
Difference between expected and actual experience	(8,366,884)
Gross benefit payments	(1,147,687)
Contributions from the member	34,021
Net changes	(5,476,710)
Balance, June 30, 2019 measurement date	\$ 37,387,558

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Sensitivity of OPEB Liability to Changes in the Discount Rate*

The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2020, calculated using the discount rate 3.50%, as well as the State's proportionate share of the OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<b>At 1% Decrease (2.50%)</b>	<b>At Current Discount Rate (3.50%)</b>	<b>At 1% Increase (4.50%)</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 44,169,481	\$ 37,387,558	\$ 32,000,370

*Sensitivity of total OPEB liability to changes in the healthcare cost trend rates*

The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2020, calculated using the previously disclosed healthcare trend rate as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate is 1% point lower or 1% point higher than the current rate:

	<b>1 % Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 30,805,681	\$ 37,387,558	\$ 46,100,611

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**NOTE 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2020:

	Interfund Receivable	Interfund Payable
Governmental Funds		
General	\$ 106,030	\$ 74
Special Revenue	-	104,080
Debt Service	74	-
Capital Projects	-	1,950
Total	\$ 106,104	\$ 106,104

The above balances are the result of revenues earned 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 a cash overdraft position. The District expects to liquidate all interfund balances within one year.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 11. CONTINGENT LIABILITIES**

The District 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 District may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District 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.

The Board is not involved in any claims or lawsuits incidental to its operations. In the opinion of the administration and legal counsel, there are no matters which will have a material adverse effect on the financial position of the District.

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

**A. Property and Liability Insurance:**

The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**B. New Jersey Unemployment Compensation Insurance:**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the normal State of New Jersey plan. The District files quarterly unemployment and disability payroll tax returns. These returns include employees' withholding tax for unemployment and disability and the District's share based upon the total tax rate determined by the State.

**NOTE 13. DEFERRED COMPENSATION**

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

Great American Life Insurance Co.  
Security Benefit Life Insurance Co.  
Lincoln National Life Insurance Co.  
Equitable Life  
Metropolitan Life Insurance Co.

**NOTE 14. FUND BALANCE APPROPRIATED**

**Fund Statements:**

**General Fund** - Of the \$11,345,262 General Fund fund balance at June 30, 2020, \$8,109,225 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$3,232,018 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021); \$2,452,071 is committed for capital reserve; \$514,540 is committed for year-end encumbrances; and \$232,657 is unassigned.



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 14. FUND BALANCE APPROPRIATED (Continued)**

**Fund Statements (Continued):**

Capital Projects Fund – The \$1,451,799 Capital Projects Fund fund balance at June 30, 2020, is restricted for capital projects.

Debt Service Fund – The \$75 Debt Service Fund fund balance at June 30, 2020 is unassigned.

The total Governmental Funds fund balance is \$12,797,061.

The following is a summary of adjustments made to the fund statements to arrive at the total net position per the Government-wide Statement of Net Position.

	Governmental Activities	Business-Type Activity	Total
Fund Balance/Net Position	\$ 12,797,061	\$ 127,237	\$ 12,924,298
Add: Capital Assets, Net of			
Accumulated Depreciation	19,237,986	-	19,237,986
Deferred Outflows of Resources	1,330,583	-	1,330,583
Less: Accounts Payable for Pension	(331,894)	-	(331,894)
Long-Term Liabilities	(3,331,267)	-	(3,331,267)
Net Pension Liability	(6,096,019)	-	(6,096,019)
Deferred Inflows of Resources	(2,462,561)	-	(2,462,561)
Total Net Position	\$ 21,143,889	\$ 127,237	\$ 21,271,126

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – 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 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 for year ended June 30, 2020 is \$8,109,225.

**NOTE 16. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 through February 5, 2021, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and the following item has come to the attention of the District that would require disclosure.

**COVID-19 State of Emergency**

On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the “Order”) declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. The Governor’s Order has been subsequently extended and restrictions are continuously being eased and tightened. A resurgence in COVID-19 cases and resulting restrictions are impacting the District’s programs and functions. Significant uncertainty remains with the ongoing impact of the COVID-19 outbreak that cannot be reasonably estimated.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 26,290,798	\$ -	\$ 26,290,798	\$ 26,290,798	\$ -
Interest earned	-	-	-	115,173	115,173
Miscellaneous	25,020	-	25,020	214,054	189,034
Total - local sources	<u>26,315,818</u>	<u>-</u>	<u>26,315,818</u>	<u>26,620,025</u>	<u>304,207</u>
Federal sources:					
Special Education Medicare Reimbursement Initiative	36,860	-	36,860	46,426	9,566
Total - federal sources	<u>36,860</u>	<u>-</u>	<u>36,860</u>	<u>46,426</u>	<u>9,566</u>
State sources:					
Equalization aid	1,772,290	-	1,772,290	1,772,290	-
Transportation aid	184,243	-	184,243	184,243	-
Special education aid	1,574,641	-	1,574,641	1,574,641	-
Security categorical aid	224,941	-	224,941	224,941	-
Extraordinary aid	-	-	-	421,697	421,697
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	2,310,249	2,310,249
Post-retirement medical contributions	-	-	-	857,060	857,060
Long term disability insurance premium	-	-	-	2,094	2,094
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	834,049	834,049
Total - state sources	<u>3,756,115</u>	<u>-</u>	<u>3,756,115</u>	<u>8,181,264</u>	<u>4,425,149</u>
Total revenues	<u>30,108,793</u>	<u>-</u>	<u>30,108,793</u>	<u>34,847,715</u>	<u>4,738,922</u>
<b>EXPENDITURES -</b>					
<b>CURRENT EXPENSE</b>					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	492,150	-	492,150	488,150	4,000
Grades 1-5	2,656,500	-	2,656,500	2,443,648	212,852
Grades 6-8	1,648,240	-	1,648,240	1,504,753	143,487
Grades 9-12	2,797,160	-	2,797,160	2,572,977	224,183
Total regular programs - instruction	<u>7,594,050</u>	<u>-</u>	<u>7,594,050</u>	<u>7,009,528</u>	<u>584,522</u>
Regular programs - home instruction:					
Salaries of teachers	80,000	-	80,000	22,632	57,368
Purchased professional - educational services	25,000	-	25,000	23,435	1,565
Total regular programs - home instruction	<u>105,000</u>	<u>-</u>	<u>105,000</u>	<u>46,067</u>	<u>58,933</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	326,153	-	326,153	180,010	146,143
Purchased professional - technical services	475,159	(50,000)	425,159	300,940	124,219
Other purchased services (400-500 series)	20,000	-	20,000	20,000	-
Travel	2,000	-	2,000	602	1,398
General supplies	624,966	(1,947)	623,019	557,280	65,739
Textbooks	124,000	1,947	125,947	54,951	70,996
Total regular programs - undistributed instruction	<u>1,572,278</u>	<u>(50,000)</u>	<u>1,522,278</u>	<u>1,113,783</u>	<u>408,495</u>
Total regular programs	<u>9,271,328</u>	<u>(50,000)</u>	<u>9,221,328</u>	<u>8,169,378</u>	<u>1,051,950</u>
Special education:					
Multiple disabilities:					
Salaries of teachers	463,450	(12,183)	451,267	391,267	60,000
Other salaries for instruction	794,129	64,971	859,100	839,354	19,746
General supplies	8,100	-	8,100	6,442	1,658
Textbooks	8,200	(8,200)	-	-	-
Total multiple disabilities	<u>1,273,879</u>	<u>44,588</u>	<u>1,318,467</u>	<u>1,237,063</u>	<u>81,404</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resource room/resource center:					
Salaries of teachers	\$ 1,161,800	\$ -	\$ 1,161,800	\$ 1,080,383	\$ 81,417
Other salaries for instruction	120,388	-	120,388	94,053	26,335
General supplies	4,000	-	4,000	2,751	1,249
Textbooks	3,300	-	3,300	565	2,735
Total resource room/resource center	<u>1,289,488</u>	<u>-</u>	<u>1,289,488</u>	<u>1,177,752</u>	<u>111,736</u>
Preschool disabilities - part - time:					
Salaries of teachers	74,600	(5,934)	68,666	67,351	1,315
Other salaries for instruction	145,878	(38,654)	107,224	83,093	24,131
Supplies and materials	6,000	-	6,000	5,710	290
Total preschool disabilities - part - time	<u>226,478</u>	<u>(44,588)</u>	<u>181,890</u>	<u>156,154</u>	<u>25,736</u>
Total special education - instruction	<u>2,789,845</u>	<u>-</u>	<u>2,789,845</u>	<u>2,570,969</u>	<u>218,876</u>
Basic skills/remedial:					
Salaries of teachers	423,543	-	423,543	295,600	127,943
General supplies	2,000	-	2,000	574	1,426
Total basic skills/remedial	<u>425,543</u>	<u>-</u>	<u>425,543</u>	<u>296,174</u>	<u>129,369</u>
Bilingual education:					
Salaries of teachers	265,700	-	265,700	255,350	10,350
General supplies	1,000	-	1,000	368	632
Total bilingual education	<u>266,700</u>	<u>-</u>	<u>266,700</u>	<u>255,718</u>	<u>10,982</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	89,996	2,560	92,556	92,440	116
Supplies and materials	5,000	-	5,000	4,116	884
Other Objects	9,100	-	9,100	4,981	4,119
School-sponsored athletics:					
Salaries	313,700	(1,560)	312,140	281,295	30,845
Purchased services (300-500 series)	157,820	-	157,820	16,091	141,729
Supplies and materials	82,637	-	82,637	68,799	13,838
Other objects	12,000	(1,000)	11,000	7,560	3,440
Community service programs:					
Salaries	26,000	-	26,000	15,052	10,948
Total other instructional	<u>696,253</u>	<u>-</u>	<u>696,253</u>	<u>490,334</u>	<u>205,919</u>
Total - instruction	<u>13,449,669</u>	<u>(50,000)</u>	<u>13,399,669</u>	<u>11,782,573</u>	<u>1,617,096</u>
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	599,510	193,789	793,299	634,837	158,462
Tuition to county vocational school district - regular	199,206	-	199,206	199,206	-
Tuition to county vocational school district - special	216,000	-	216,000	162,000	54,000
Tuition to CSSD & regional day schools	554,580	-	554,580	530,730	23,850
Tuition to private schools for the handicapped-within state	1,974,170	(172,354)	1,801,816	1,726,667	75,149
Tuition - state facilities	4,500	(4,500)	-	-	-
Total undistributed expenditures - instruction	<u>3,547,966</u>	<u>16,935</u>	<u>3,564,901</u>	<u>3,253,440</u>	<u>311,461</u>
Health services:					
Salaries	344,218	(1,541)	342,677	334,679	7,998
Purchased professional and technical services	87,000	(1,796)	85,204	57,938	27,266
Supplies and materials	10,286	3,337	13,623	11,208	2,415
Total health services	<u>441,504</u>	<u>-</u>	<u>441,504</u>	<u>403,825</u>	<u>37,679</u>
Other support services - students-related services:					
Salaries	182,575	-	182,575	168,930	13,645
Supplies and materials	1,400	-	1,400	234	1,166
Total other support services - students-related services	<u>183,975</u>	<u>-</u>	<u>183,975</u>	<u>169,164</u>	<u>14,811</u>
Other support services - students-extra services:					
Purchased professional - educational services	430,451	-	430,451	349,609	80,842
Total other support services - students-extra services	<u>430,451</u>	<u>-</u>	<u>430,451</u>	<u>349,609</u>	<u>80,842</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other support services - students-regular:					
Salaries of other professional staff	\$ 341,375	\$ (852)	\$ 340,523	\$ 286,795	\$ 53,728
Salaries of secretarial and clerical assistants	142,996	852	143,848	143,848	-
Purchased professional - educational services	40,500	-	40,500	34,939	5,561
Other purchased services (400-500 series)	1,500	-	1,500	1,335	165
Supplies and materials	4,500	-	4,500	831	3,669
Total other support services - students-regular	<u>530,871</u>	<u>-</u>	<u>530,871</u>	<u>467,748</u>	<u>63,123</u>
Other support services - students - special services:					
Salaries of other professional staff	438,000	(341)	437,659	416,400	21,259
Salaries of secretarial and clerical assistants	38,824	2,341	41,165	41,165	-
Supplies and materials	8,000	(2,000)	6,000	3,999	2,001
Other objects	1,659	-	1,659	173	1,486
Total other support services - students-special services	<u>486,483</u>	<u>-</u>	<u>486,483</u>	<u>461,737</u>	<u>24,746</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	441,072	-	441,072	333,678	107,394
Other purchased services (400-500 series)	1,500	-	1,500	419	1,081
Supplies and materials	41,650	-	41,650	33,715	7,935
Other objects	3,680	-	3,680	3,410	270
Total improvement of instructional services	<u>487,902</u>	<u>-</u>	<u>487,902</u>	<u>371,222</u>	<u>116,680</u>
Educational media services/school library:					
Salaries	59,809	-	59,809	59,250	559
Purchased professional services - educational	7,400	1,489	8,889	8,329	560
Supplies and materials	10,500	(1,489)	9,011	8,673	338
Total educational media services/school library	<u>77,709</u>	<u>-</u>	<u>77,709</u>	<u>76,252</u>	<u>1,457</u>
Instruction staff training services:					
Salaries of other professional staff	19,000	-	19,000	2,000	17,000
Other purchased professional services - educational	81,550	-	81,550	75,421	6,129
General Supplies	500	-	500	-	500
Other objects	800	-	800	-	800
Total instruction staff training services	<u>101,850</u>	<u>-</u>	<u>101,850</u>	<u>77,421</u>	<u>24,429</u>
Support services - general administration:					
Salaries	337,789	-	337,789	308,803	28,986
Legal services	143,000	(1,668)	141,332	79,516	61,816
Audit Fees	44,000	-	44,000	42,000	2,000
Other purchased professional services	150,000	-	150,000	70,000	80,000
Communications/telephone	115,900	-	115,900	37,961	77,939
Miscellaneous purchased services	45,000	1,667	46,667	45,259	1,408
Supplies and materials	8,000	-	8,000	2,833	5,167
Judgments against the school district	40,000	-	40,000	10,000	30,000
Miscellaneous expenditures	27,636	-	27,636	19,868	7,768
Total support services - general administration	<u>911,325</u>	<u>(1)</u>	<u>911,324</u>	<u>616,240</u>	<u>295,084</u>
Support services - school administration:					
Salaries of principals/assistant principals	1,083,614	(900)	1,082,714	1,064,222	18,492
Salaries of secretarial and clerical assistants	279,605	-	279,605	242,989	36,616
Travel	900	-	900	40	860
General Supplies	21,611	-	21,611	12,862	8,749
Other objects	20,099	901	21,000	20,983	17
Total support services - school administration	<u>1,405,829</u>	<u>1</u>	<u>1,405,830</u>	<u>1,341,096</u>	<u>64,734</u>
Central services:					
Salaries	392,115	-	392,115	360,317	31,798
Unused vacation payment to terminated/retired staff	10,000	-	10,000	4,425	5,575
Purchased profession services	60,000	-	60,000	21,793	38,207
Purchased technical services	31,300	-	31,300	13,314	17,986
Miscellaneous purchased services (300-500 series)	21,740	-	21,740	6,493	15,247
Supplies and materials	18,914	-	18,914	7,535	11,379
Miscellaneous expenditures	10,700	-	10,700	3,167	7,533
Total central services:	<u>544,769</u>	<u>-</u>	<u>544,769</u>	<u>417,044</u>	<u>127,725</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Administrative Information Technology:					
Salaries	\$ 139,000	\$ -	\$ 139,000	\$ 137,632	1,368
Purchased profession services	15,000	-	15,000	-	15,000
Supplies and materials	20,000	-	20,000	-	20,000
Total administrative information technology:	<u>174,000</u>	<u>-</u>	<u>174,000</u>	<u>137,632</u>	<u>36,368</u>
Required maintenance for school facilities:					
Salaries	102,470	-	102,470	102,341	129
Cleaning, repair and maintenance services	1,012,796	(40,000)	972,796	539,241	433,555
General supplies	54,394	40,000	94,394	62,487	31,907
Total required maintenance for school facilities	<u>1,169,660</u>	<u>-</u>	<u>1,169,660</u>	<u>704,069</u>	<u>465,591</u>
Other operating and maintenance of plant services:					
Salaries	1,132,796	26,000	1,158,796	1,065,478	93,318
Purchased professional and technical services	90,000	-	90,000	23,500	66,500
Rental of land and buildings other than lease purchase	47,934	-	47,934	39,105	8,829
Other purchased property	163,000	-	163,000	103,374	59,626
Insurance	264,058	-	264,058	229,304	34,754
General supplies	162,354	-	162,354	95,839	66,515
Energy	681,028	-	681,028	433,148	247,880
Other objects	8,800	-	8,800	5,188	3,612
Total other operating and maintenance of plant services:	<u>2,549,970</u>	<u>26,000</u>	<u>2,575,970</u>	<u>1,994,936</u>	<u>581,034</u>
Student transportation services:					
Salaries of non-instruction aides	83,209	(5,000)	78,209	69,889	8,320
Salaries for pupil transportation - other	101,000	(21,000)	80,000	36,595	43,405
Cleaning, repair and maintenance services	70,000	-	70,000	65,963	4,037
Contracted services - (between home and school) - joint agreement	132,000	-	132,000	132,000	-
Contracted services - (Special education students) - joint agreement	750,000	-	750,000	744,749	5,251
General supplies	28,300	-	28,300	-	28,300
Miscellaneous purchased services	5,000	-	5,000	2,028	2,972
Total student transportation services	<u>1,169,509</u>	<u>(26,000)</u>	<u>1,143,509</u>	<u>1,051,224</u>	<u>92,285</u>
Unallocated employee benefits:					
Social Security contribution	900,000	-	900,000	668,527	231,473
Workers' compensation	140,000	-	140,000	120,134	19,866
Unemployment compensation	83,113	-	83,113	63,101	20,012
Health benefits	3,181,491	-	3,181,491	2,157,389	1,024,102
Tuition reimbursement	20,000	-	20,000	17,969	2,031
Other employee benefits	64,000	-	64,000	11,288	52,712
Total unallocated employee benefits	<u>4,388,604</u>	<u>-</u>	<u>4,388,604</u>	<u>3,038,408</u>	<u>1,350,196</u>
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	2,310,249	(2,310,249)
Post-retirement medical contributions	-	-	-	857,060	(857,060)
Long term disability insurance premium	-	-	-	2,094	(2,094)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	834,049	(834,049)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,003,452</u>	<u>(4,003,452)</u>
Total undistributed expenditures	<u>18,602,377</u>	<u>16,935</u>	<u>18,619,312</u>	<u>18,934,519</u>	<u>(315,207)</u>
Total expenditures - current expense	<u>32,052,046</u>	<u>(33,065)</u>	<u>32,018,981</u>	<u>30,717,092</u>	<u>1,301,889</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed expenditures:					
Required maintenance for school facilities	\$ -	\$ 20,893	\$ 20,893	\$ 20,893	\$ -
Student transportation - school bus regular	130,000	(20,413)	109,587	109,587	-
Total equipment	<u>130,000</u>	<u>480</u>	<u>130,480</u>	<u>130,480</u>	<u>-</u>
Facilities acquisition and construction services:					
Other professional/technical services	46,657	(480)	46,177	43,500	2,677
Construction services	525,000	-	525,000	525,000	-
Other objects	8,567	-	8,567	8,567	-
Total facilities acquisition and construction services	<u>580,224</u>	<u>(480)</u>	<u>579,744</u>	<u>577,067</u>	<u>2,677</u>
Assets acquired under capital leases (Non-budgeted)	-	-	-	101,599	(101,599)
Total capital outlay	<u>710,224</u>	<u>-</u>	<u>710,224</u>	<u>809,146</u>	<u>(98,922)</u>
Charter schools	<u>143,942</u>	<u>33,065</u>	<u>177,007</u>	<u>177,007</u>	<u>-</u>
Total expenditures	<u>32,906,212</u>	<u>-</u>	<u>32,906,212</u>	<u>31,703,245</u>	<u>1,202,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,797,419)</u>	<u>-</u>	<u>(2,797,419)</u>	<u>3,144,470</u>	<u>5,941,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (Non-budgeted)	-	-	-	101,599	101,599
Capital outlay transfer to capital projects	<u>(1,100,000)</u>	<u>-</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,100,000)</u>	<u>-</u>	<u>(1,100,000)</u>	<u>(998,401)</u>	<u>101,599</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,897,419)</u>	<u>-</u>	<u>(3,897,419)</u>	<u>2,146,069</u>	<u>6,043,488</u>
Fund balances, July 1	<u>9,540,500</u>	<u>-</u>	<u>9,540,500</u>	<u>9,540,500</u>	<u>-</u>
Fund balances, June 30	<u>\$ 5,643,081</u>	<u>\$ -</u>	<u>\$ 5,643,081</u>	<u>\$ 11,686,569</u>	<u>\$ 6,043,488</u>
<b>Recapitulation:</b>					
Restricted for:					
Excess Surplus - prior year - designated for subsequent year's expenditures				\$ 3,232,018	
Excess Surplus - current year				4,877,207	
Capital reserve				2,452,071	
Assigned to:					
Year-end encumbrances				514,540	
Designated for subsequent year's expenditures				36,769	
Unassigned				<u>573,964</u>	
				11,686,569	
<b>Reconciliation to Government Funds (GAAP)</b>					
Last State Aid Payment not recognized on GAAP Basis				<u>(341,307)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ 11,345,262</u>	



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>					
Federal sources	\$ 696,708	\$ 61,395	\$ 758,103	\$ 656,208	\$ 101,895
State sources	224,831	(262)	224,569	179,048	45,521
Total revenues	<u>921,539</u>	<u>61,133</u>	<u>982,672</u>	<u>835,256</u>	<u>147,416</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries of teachers	155,000	(20,000)	135,000	135,000	-
Purchased prof. & tech. services	161,097	14,002	175,099	135,077	40,022
Other purchased services (400-500 series)	362,377	65,395	427,772	427,772	-
General supplies	31,811	(3,900)	27,911	27,300	611
Textbooks	11,107	(1,514)	9,593	9,449	144
Other objects	131	(99)	32	-	32
Total Instruction	<u>721,523</u>	<u>53,884</u>	<u>775,407</u>	<u>734,598</u>	<u>40,809</u>
Support services:					
Salaries	12,000	(2,650)	9,350	9,350	-
Personal services-employee benefits	51,770	(1,248)	50,522	-	50,522
Purchased professional - educational services	107,223	9,179	116,402	62,034	54,368
Supplies and materials	28,418	1,968	30,386	29,274	1,112
Other objects	605	-	605	-	605
Total support services	<u>200,016</u>	<u>7,249</u>	<u>207,265</u>	<u>100,658</u>	<u>106,607</u>
Total expenditures	<u>921,539</u>	<u>61,133</u>	<u>982,672</u>	<u>835,256</u>	<u>147,416</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**Note to RSI**  
**for the Fiscal Year Ended June 30, 2020**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 34,847,715	[C-2] \$ 835,256
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	3,651
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	295,481	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(341,307)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 34,801,889</u>	[B-2] <u>\$ 838,907</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 31,703,245	[C-2] \$ 835,256
Difference - 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.	-	3,651
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 31,703,245</u>	[B-2] <u>\$ 838,907</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

**PENSION AND OPEB INFORMATION**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SIX FISCAL YEARS**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.03383203%	0.03467568%	0.03360225%	0.03430233%	0.03303007%	0.03159905%
District's proportionate share of the net pension liability	\$ 6,096,019	\$ 6,827,469	\$ 7,822,068	\$ 10,159,366	\$ 7,414,588	\$ 5,916,206
District's covered-employee payroll	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	\$ 2,340,849
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.89%	32.53%	30.03%	23.47%	31.46%	39.57%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)  
LAST SIX FISCAL YEARS**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 329,088	\$ 344,911	\$ 315,713	\$ 306,352	\$ 283,970	\$ 260,498
Contributions in relation to the contractually required contribution	<u>329,088</u>	<u>344,911</u>	<u>315,713</u>	<u>306,352</u>	<u>283,970</u>	<u>260,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	2,340,849
Contributions as a percentage of covered-employee payroll	14.25%	15.53%	13.44%	12.85%	12.17%	11.13%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH ARLINGTON SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS PENSION ANNUITY FUND (TPAF)**  
**LAST SIX FISCAL YEARS**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
State's proportion of the net pension liability associated with the District	0.1048%	0.1003%	0.1017%	0.1057%	0.1009%	0.1023%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>64,289,620</u>	<u>63,792,495</u>	<u>68,554,220</u>	<u>83,171,272</u>	<u>63,780,669</u>	<u>54,657,425</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 64,289,620</u>	<u>\$ 63,792,495</u>	<u>\$ 68,554,220</u>	<u>\$ 83,171,272</u>	<u>\$ 63,780,669</u>	<u>\$ 54,657,425</u>
District proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.



**NORTH ARLINGTON SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE STATE PROPORTIONATE SHARE OF OPEB LIABILITY**  
**ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS**  
**STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
OPEB liability, July 1	\$ 42,864,268	\$ 49,249,232	\$ 52,907,997
Changes reconized for the fiscal year:			
Service cost	1,741,490	1,942,624	2,347,259
Interest on the total OPEB liability	1,704,898	1,813,035	1,559,228
Changes in assumptions	557,452	(4,918,889)	(6,466,539)
Difference between expected and actual experience	(8,366,884)	(4,115,173)	-
Gross benefit payments	(1,147,687)	(1,146,175)	(1,140,717)
Contributions from the member	34,021	39,614	42,004
Net changes	<u>(5,476,710)</u>	<u>(6,384,964)</u>	<u>(3,658,765)</u>
OPEB liability, June 30	<u>\$ 37,387,558</u>	<u>\$ 42,864,268</u>	<u>\$ 49,249,232</u>
District's proportionate share of OPEB liability			-
State's proportionate share of OPEB liability	<u>37,387,558</u>	<u>42,864,268</u>	<u>49,249,232</u>
Total OPEB liability	<u>\$ 37,387,558</u>	<u>\$ 42,864,268</u>	<u>\$ 49,249,232</u>
District's covered employee payroll	\$ 13,727,255	\$ 13,090,887	\$ 12,400,898
Total OPEB Liability as a percentage of covered employee payroll	0.000%	0.000%	0.000%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Public Employees' Retirement System (PERS)</b>	<b>Teachers Pension and Annuity Fund (TPAF)</b>	<b>State Health Benefit Local Education Retired Employees OPEB Plan</b>
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2019	6.28%	5.60%	3.50%
As of June 30, 2018	5.66%	4.86%	3.87%
Municipal bond rate:			
As of June 30, 2019	3.50%	3.50%	3.50%
As of June 30, 2018	3.87%	3.87%	3.87%
Inflation rate:			
As of June 30, 2019			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
As of June 30, 2018	2.25%	2.25%	2.50%
Long-term expected rate of return on pension plan investments:			
As of June 30, 2019	7.00%	7.00%	Not Applicable
As of June 30, 2018	7.00%	7.00%	Not Applicable

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL BASED BUDGET SCHEDULES**

Not Applicable

**SPECIAL REVENUE FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2020**

	Total Brought Forward (Ex. E-1a)	Elementary and Secondary Education Act		
		Title I, Part A	Title II, Part A	Title III, Part A
<b>REVENUES</b>				
Federal sources	\$ -	\$ 132,396	\$ 29,742	\$ 11,194
State sources	120,058	-	-	-
Total revenues	<u>120,058</u>	<u>132,396</u>	<u>29,742</u>	<u>11,194</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries of teachers	-	120,000	15,000	-
Purchased prof. & tech. services	61,345	-	14,742	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	27,300	-	-	-
Textbooks	9,449	-	-	-
Total instruction	<u>98,094</u>	<u>120,000</u>	<u>29,742</u>	<u>-</u>
Support services:				
Salaries	-	-	-	9,350
Purchased professional - educational services	15,412	-	-	-
Supplies and materials	6,552	12,396	-	1,844
Total support services	<u>21,964</u>	<u>12,396</u>	<u>-</u>	<u>11,194</u>
Total expenditures	<u>120,058</u>	<u>132,396</u>	<u>29,742</u>	<u>11,194</u>
Total outflows	<u>120,058</u>	<u>132,396</u>	<u>29,742</u>	<u>11,194</u>
Excess of revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Elementary and Secondary Education Act Title III, Immigrant	Elementary and Secondary Education Act Title IV	N.J. Nonpublic Auxiliary Services Aid Ch. 192				Totals 2020
		I.D.E.A., Basic	I.D.E.A., Preschool	Compensatory Education	English as a Second Language	
\$ 7,107	\$ 10,872	\$ 448,219	\$ 16,678	\$ -	\$ -	\$ 656,208
-	-	-	-	58,163	827	179,048
<u>7,107</u>	<u>10,872</u>	<u>448,219</u>	<u>16,678</u>	<u>58,163</u>	<u>827</u>	<u>835,256</u>
-	-	-	-	-	-	135,000
-	-	-	-	58,163	827	135,077
-	-	411,094	16,678	-	-	427,772
-	-	-	-	-	-	27,300
-	-	-	-	-	-	9,449
<u>-</u>	<u>-</u>	<u>411,094</u>	<u>16,678</u>	<u>58,163</u>	<u>827</u>	<u>734,598</u>
-	-	-	-	-	-	9,350
-	9,497	37,125	-	-	-	62,034
7,107	1,375	-	-	-	-	29,274
<u>7,107</u>	<u>10,872</u>	<u>37,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,658</u>
<u>7,107</u>	<u>10,872</u>	<u>448,219</u>	<u>16,678</u>	<u>58,163</u>	<u>827</u>	<u>835,256</u>
<u>7,107</u>	<u>10,872</u>	<u>448,219</u>	<u>16,678</u>	<u>58,163</u>	<u>827</u>	<u>835,256</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2020**

	N.J. Nonpublic Handicapped Aid Ch. 193			N.J. Nonpublic Security Aid
	Examination & Classification	Speech Instruction	Supplemental Instruction	
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	24,891	20,507	15,947	27,300
Total revenues	<u>24,891</u>	<u>20,507</u>	<u>15,947</u>	<u>27,300</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased prof. & tech. services	24,891	20,507	15,947	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	-	-	27,300
Textbooks	-	-	-	-
Total instruction	<u>24,891</u>	<u>20,507</u>	<u>15,947</u>	<u>27,300</u>
Support services:				
Salaries	-	-	-	-
Purchased professional - educational services	-	-	-	-
Supplies and materials	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>24,891</u>	<u>20,507</u>	<u>15,947</u>	<u>27,300</u>
Total outflows	<u>24,891</u>	<u>20,507</u>	<u>15,947</u>	<u>27,300</u>
Excess of revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

N.J. Nonpublic Nursing Services Aid	N.J. Nonpublic Technology Initiative	N.J. Nonpublic Textbook Aid	Total Carried Forward
\$ -	\$ -	\$ -	\$ -
15,412	6,552	9,449	120,058
<u>15,412</u>	<u>6,552</u>	<u>9,449</u>	<u>120,058</u>
-	-	-	-
-	-	-	61,345
-	-	-	-
-	-	-	27,300
-	-	9,449	9,449
<u>-</u>	<u>-</u>	<u>9,449</u>	<u>98,094</u>
-	-	-	-
15,412	-	-	15,412
-	6,552	-	6,552
<u>15,412</u>	<u>6,552</u>	<u>-</u>	<u>21,964</u>
15,412	6,552	9,449	120,058
15,412	6,552	9,449	120,058
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CAPITAL PROJECTS FUND**

**NORTH ARLINGTON SCHOOL DISTRICT  
Capital Projects Fund  
Summary Schedule of Project Expenditures  
for the Fiscal Year Ended June 30, 2020**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Improvements, Renovations and additions to the school district facilities and acquisition of equipment	05/01/93	\$ 16,044,120	\$ 14,887,857	\$ (16,091)	\$ 1,172,354
Construction of Edwin "RIP" Collins athletic field	09/12/13	4,200,672	3,927,694	16,091	256,887
Improvements, renovations and additions to Queen of Peace	2018	<u>9,200,000</u>	<u>640,000</u>	<u>8,537,517</u>	<u>22,483</u>
		<u>\$ 29,444,792</u>	<u>\$ 19,455,551</u>	<u>\$ 8,537,517</u>	<u>\$ 1,451,724</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2020**

**REVENUES AND OTHER FINANCING SOURCES**

Transfer from General Fund - capital outlay	\$ 1,100,000
Total Revenues and Other Financing Sources	<u>1,100,000</u>

**EXPENDITURES AND OTHER FINANCING USES**

Acquisition of Building	5,760,000
Construction Services	<u>2,777,517</u>
Total Expenditures and Other Financing Uses	<u>8,537,517</u>

Excess of revenues and other financing sources over expenditures	(7,437,517)
Fund Balance, July 1	<u>8,889,241</u>
Fund Balance, June 30	<u><u>\$ 1,451,724</u></u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements, Renovations and Additions to the School District Facilities and Acquisition of Equipment**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant & FEMA	\$ 1,143,127	\$ -	\$ 1,143,127	\$ 1,143,127
Bond proceeds and transfers	7,700,000	-	7,700,000	7,700,000
Contribution from private source	10,000	-	10,000	10,000
Prior year payables cancelled	146,802	-	146,802	146,802
Transfer from general fund - other	387,874	-	387,874	387,874
Transfer from capital reserve - general fund	3,990,858	-	3,990,858	3,990,858
Transfer from capital outlay - general fund	2,665,459	-	2,665,459	2,665,459
Total Revenues and Other Financing Sources	<u>16,044,120</u>	<u>-</u>	<u>16,044,120</u>	<u>16,044,120</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	313,538	(16,091)	297,447	297,447
Construction services	14,574,319	-	14,574,319	14,574,319
Total Expenditures and Other Financing Uses	<u>14,887,857</u>	<u>(16,091)</u>	<u>14,871,766</u>	<u>14,871,766</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,156,263</u>	<u>\$ 16,091</u>	<u>\$ 1,172,354</u>	<u>\$ 1,172,354</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	5/1/1993			
Bonds Authorized	\$ 7,700,000			
Bonds Issued	\$ 7,700,000			
Original Authorized Cost	\$ 7,700,000			
Additional Authorized Cost	\$ 8,344,120			
Revised Authorized Cost	\$ 16,044,120			
Percentage Increase over Original Authorized Cost	108.37%			
Percentage of Completion	92.69%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Construction of Edwin "RIP" Collins Athletic Field**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant & FEMA	\$ 196,020	\$ -	\$ 196,020	\$ 196,020
Bond proceeds and transfers	3,388,000	-	3,388,000	3,388,000
Prior year payables cancelled	100,652	-	100,652	100,652
Transfer from general fund - other	141,000	-	141,000	141,000
Transfer from capital outlay - general fund	375,000	-	375,000	375,000
Total Revenues and Other Financing Sources	4,200,672	-	4,200,672	4,200,672
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	164,645	16,091	180,736	180,736
Construction services	3,513,049	-	3,513,049	3,513,049
Transfer to debt service	250,000	-	250,000	250,000
Total Expenditures and Other Financing Uses	3,927,694	16,091	3,943,785	3,943,785
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 272,978	\$ (16,091)	\$ 256,887	\$ 256,887
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/12/2013			
Bonds Authorized	\$ 3,388,000			
Bonds Issued	\$ 3,388,000			
Original Authorized Cost	\$ 3,388,000			
Additional Authorized Cost	\$ 812,672			
Revised Authorized Cost	\$ 4,200,672			
Percentage Increase over Original Authorized Cost	23.99%			
Percentage of Completion	93.88%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements, Renovations and Additions to the Queen of Peace**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
Transfer from capital reserve - general fund	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,000,000
Transfer from capital outlay - general fund	1,100,000	1,100,000	2,200,000	2,200,000
Total Revenues and Other Financing Sources	<u>8,100,000</u>	<u>1,100,000</u>	<u>9,200,000</u>	<u>9,200,000</u>
<b>Expenditures and Other Financing Uses:</b>				
Acquisition of Building	640,000	5,760,000	6,400,000	6,400,000
Construction services	-	2,777,517	2,777,517	2,777,517
Total Expenditures and Other Financing Uses	<u>640,000</u>	<u>8,537,517</u>	<u>9,177,517</u>	<u>9,177,517</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 7,460,000</u>	<u>\$ (7,437,517)</u>	<u>\$ 22,483</u>	<u>\$ 22,483</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 9,200,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 9,200,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage of Completion	99.76%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable



**PROPRIETARY FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Food Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 92,560
Accounts receivable	4,850
Inventory	7,241
Total current assets	104,651
Noncurrent assets:	
Equipment	315,438
Less: accumulated depreciation	(284,866)
Total noncurrent assets	30,572
Total assets	135,223
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,986
Total liabilities	7,986
<b>NET POSITION</b>	
Investment in capital assets	30,572
Unrestricted	96,665
Total net position	\$ 127,237

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Food Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Daily sales - reimbursable programs	\$ 150,554
Daily sales - non-reimbursable programs	92,369
Total operating revenues	242,923
<b>OPERATING EXPENSES</b>	
Cost of sales - reimbursable programs	128,167
Cost of sales - non-reimbursable programs	38,117
Salaries and wages	133,399
Employee benefits	31,931
Supplies and materials	17,788
Insurance - Other	17,506
Uniforms	1,588
Other purchased services	44,596
Management fees	34,220
Depreciation expense	28,251
Total operating expenses	475,563
Operating (loss)	(232,640)
<b>NONOPERATING REVENUES</b>	
State sources:	
State school lunch program	4,390
Federal sources:	
Food distribution program	27,169
School breakfast program	3,695
National school lunch program	159,643
Total nonoperating revenues	194,897
Change in net position	(37,743)
Net position, July 1	164,980
Net position, June 30	\$ 127,237

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**for the Fiscal Year Ended June 30, 2020**

	<u><b>Food Service Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 242,923
Payments to employees	(133,399)
Payments for employee benefits	(31,931)
Payments to suppliers	(251,321)
Net cash (used for) operating activities	<u>(173,728)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	4,693
Federal sources	171,018
Operating subsidies and transfers	27,189
Net cash provided by non-capital financing activities	<u>202,900</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Assets	<u>(25,888)</u>
Net increase in cash and cash equivalents	3,284
Balance, July 1	89,276
Balance, June 30	<u>\$ 92,560</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>	
Operating (loss)	\$ (232,640)
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	28,251
Food distribution program	27,169
Decrease in inventories	(1,858)
Decrease in accounts payable	5,350
Total adjustments	<u>58,912</u>
Net cash (used for) operating activities	<u>\$ (173,728)</u>
<b>NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Food distribution program	<u>\$ 27,169</u>

**FIDUCIARY FUNDS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2020**

	Private Purpose Scholarship Trust Funds	Agency Funds		Total June 30, 2019
		Student Activity	Payroll	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,733	\$ 419,311	\$ 177,535	\$ 622,579
Total Assets	<u>\$ 25,733</u>	<u>\$ 419,311</u>	<u>\$ 177,535</u>	<u>\$ 622,579</u>
<b>LIABILITIES</b>				
Payroll deductions and withholdings	\$ -	\$ -	\$ 177,535	\$ 177,535
Due to student groups	-	419,311	-	419,311
Total Liabilities	<u>-</u>	<u>419,311</u>	<u>177,535</u>	<u>596,846</u>
<b>NET POSITION</b>				
Reserved for scholarships	25,733	-	-	25,733
Total Liabilities and Net Position	<u>\$ 25,733</u>	<u>\$ 419,311</u>	<u>\$ 177,535</u>	<u>\$ 622,579</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**for the Fiscal Year Ended June 30, 2020**

	<b>Scholarship Funds</b>	
	<b>Estelle and William Murphy Scholarship</b>	<b>Total</b>
<b>ADDITIONS</b>		
Local sources:		
Contributions	\$ 35,356	\$ 35,356
Total additions	35,356	35,356
<b>DEDUCTIONS</b>		
Scholarships awarded	43,592	43,592
Total deductions	43,592	43,592
Changes in net position	(8,236)	(8,236)
Net position, July 1	33,969	33,969
Net position, June 30	\$ 25,733	\$ 25,733

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Agency Funds Schedule of Receipts and Disbursements**  
**for the Fiscal Year Ended June 30, 2020**

	<u>Balance, June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
<b>ELEMENTARY SCHOOLS:</b>				
Jefferson	\$ 1,265	\$ 3,902	\$ 3,848	\$ 1,319
Roosevelt	16,586	6,856	11,573	11,869
Washington	10,151	10,214	9,991	10,374
Total Elementary Schools	<u>28,002</u>	<u>20,972</u>	<u>25,412</u>	<u>23,562</u>
<b>MIDDLE SCHOOL:</b>				
Middle School	9,674	29,460	14,974	24,160
Total Middle School	<u>9,674</u>	<u>29,460</u>	<u>14,974</u>	<u>24,160</u>
<b>SENIOR HIGH SCHOOL:</b>				
Organization Fund	97,257	107,257	113,483	91,031
Athletic Fund	312,391	4,887	36,720	280,558
Total Senior High School	<u>409,648</u>	<u>112,144</u>	<u>150,203</u>	<u>371,589</u>
Total all schools	<u>\$ 447,324</u>	<u>\$ 162,576</u>	<u>\$ 190,589</u>	<u>\$ 419,311</u>



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**June 30, 2020**

	<u>Balance, June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
<b>PAYROLL AGENCY FUND:</b>				
Payroll Agency	\$ 178,769	\$ 8,170,461	\$ 8,173,135	\$ 176,095
Net Payroll	3,223	9,683,338	9,685,121	1,440
Total Payroll Agency Fund	<u>\$ 181,992</u>	<u>\$ 17,853,799</u>	<u>\$ 17,858,256</u>	<u>\$ 177,535</u>

**LONG-TERM DEBT**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2020**

Issue	Date of Issue	Amount of Issue	Annual Maturities				Balance, June 30, 2019	Balance, June 30, 2020
			Date	Amount	Interest Rate (%)	Issued		
Refunding School Bonds, Series 2012	05/17/12	\$ 1,926,000	03/13/20	\$ 248,000	2.659	\$ -	\$ 248,000	\$ -
			03/13/21	255,000	2.959	-	-	255,000
				503,000		-	248,000	255,000
School Bonds, Series 2013	09/12/13	3,388,000	08/01/19	180,000	2.500	-	180,000	-
			08/01/20	185,000	2.500	-	-	185,000
			08/01/21	275,000	3.000	-	-	275,000
			08/01/22	275,000	3.000	-	-	275,000
			08/01/23	275,000	3.000	-	-	275,000
			08/01/24	275,000	3.000	-	-	275,000
			08/01/25	275,000	3.125	-	-	275,000
			08/01/26	275,000	3.125	-	-	275,000
			08/01/27	275,000	3.125	-	-	275,000
			08/01/28	273,000	3.125	-	-	273,000
						2,563,000	180,000	2,383,000
						\$ 3,066,000	\$ 428,000	\$ 2,638,000

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**for the Fiscal Year Ended June 30, 2020**

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance, June 30, 2019	Issued	Retired	Balance, June 30, 2020
			Principal	Interest					
Savin Copiers	12/15/14	5 years	\$ 108,737	\$ 10,591	4.45%	\$ 13,751	\$ -	\$ 13,751	\$ -
Savin Copiers	05/31/17	5 years	35,001	4,899	6.50%	23,223	-	6,919	16,304
Savin Copiers	09/20/17	5 years	19,762	3,338	8.20%	13,854	-	3,855	9,999
Savin Copiers	08/07/19	5 years	101,599	12,301	4.25%	-	101,599	12,213	89,386
						<u>\$ 50,828</u>	<u>\$ 101,599</u>	<u>\$ 36,738</u>	<u>\$ 115,689</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**for the Fiscal Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 516,868	\$ -	\$ 516,868	\$ 516,868	\$ -
Total revenues	<u>516,868</u>	<u>-</u>	<u>516,868</u>	<u>516,868</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	88,928	-	88,928	88,927	(1)
Redemption of principal	428,000	-	428,000	428,000	-
Total regular debt service	<u>516,928</u>	<u>-</u>	<u>516,928</u>	<u>516,927</u>	<u>(1)</u>
Total expenditures	<u>516,928</u>	<u>-</u>	<u>516,928</u>	<u>516,927</u>	<u>(1)</u>
Excess of revenues over expenditures	(60)	-	(60)	(59)	1
Fund balances, July 1	-	-	-	134	60
Fund balances, June 30	<u>\$ (60)</u>	<u>\$ -</u>	<u>\$ (60)</u>	<u>\$ 75</u>	<u>\$ 61</u>

**STATISTICAL SECTION**  
**(Unaudited)**

## **FINANCIAL TRENDS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	2011	2012	2013 <sup>(1)</sup>	2014	2015 <sup>(2)</sup>	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net invested in capital assets	\$ 4,603,399	\$ 4,748,914	\$ 4,225,593	\$ 5,558,289	\$ 6,489,804	\$ 7,637,935	\$ 7,477,640	\$ 7,771,222	\$ 8,572,834	\$ 16,484,297
Restricted	2,128,075	2,821,911	5,003,956	5,805,767	8,240,148	10,406,956	13,158,375	15,458,328	15,622,391	9,561,024
Committed	40,439	71,336	335,185	490,250	253,214	365,886	338,675	640,289	-	-
Assigned	623,272	664,398	300,000	(249,894)	(6,107,665)	(6,424,540)	(7,218,531)	(7,571,398)	(5,559,858)	(4,901,432)
Unassigned	(169,339)	(101,808)	(244,919)	(249,894)	(6,107,665)	(6,424,540)	(7,218,531)	(7,571,398)	(5,559,858)	(4,901,432)
<b>Total governmental activities net position</b>	<b>\$ 7,225,846</b>	<b>\$ 8,204,751</b>	<b>\$ 9,619,815</b>	<b>\$ 11,604,412</b>	<b>\$ 8,875,501</b>	<b>\$ 11,986,237</b>	<b>\$ 13,756,159</b>	<b>\$ 16,298,441</b>	<b>\$ 18,635,367</b>	<b>\$ 21,143,889</b>
<b>Business-type activity</b>										
Net invested in capital assets	\$ 35,127	\$ 65,123	\$ 54,827	\$ 46,332	\$ 133,887	\$ 105,560	\$ 89,022	\$ 60,428	\$ 32,935	\$ 30,572
Unrestricted	158,085	136,208	163,421	181,316	39,587	60,854	81,855	111,726	132,045	96,665
<b>Total business-type activities net position</b>	<b>\$ 193,212</b>	<b>\$ 201,331</b>	<b>\$ 218,248</b>	<b>\$ 227,648</b>	<b>\$ 173,474</b>	<b>\$ 166,414</b>	<b>\$ 170,877</b>	<b>\$ 172,154</b>	<b>\$ 164,980</b>	<b>\$ 127,237</b>
<b>Government-wide</b>										
Net invested in capital assets	\$ 4,638,526	\$ 4,814,037	\$ 4,280,420	\$ 5,604,621	\$ 6,623,691	\$ 7,743,495	\$ 7,566,662	\$ 7,831,650	\$ 8,605,769	\$ 16,514,869
Restricted	2,791,786	3,557,645	5,639,141	6,296,017	8,493,362	10,772,842	13,497,050	16,098,617	15,622,391	9,561,024
Unrestricted	(11,254)	34,400	(81,498)	(68,578)	(6,068,078)	(6,363,686)	(7,136,676)	(7,459,672)	(5,427,813)	(4,804,767)
<b>Total government-wide net position</b>	<b>\$ 7,419,058</b>	<b>\$ 8,406,082</b>	<b>\$ 9,838,063</b>	<b>\$ 11,832,060</b>	<b>\$ 9,048,975</b>	<b>\$ 12,152,651</b>	<b>\$ 13,927,036</b>	<b>\$ 16,470,595</b>	<b>\$ 18,800,347</b>	<b>\$ 21,271,126</b>

**Source:** District Records

Note: (1) GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

(2) GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$5,767,563. The amount is not reflected in the June 30, 2014 net position, above.



**NORTH ARLINGTON SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	2011	2012	2013 <sup>(b)</sup>	2014	2015 <sup>(c)</sup>	2016	2017	2018 <sup>(d)</sup>	2019	2020
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 8,016,304	\$ 7,830,971	\$ 7,832,957	\$ 8,137,148	\$ 8,144,720	\$ 7,707,118	\$ 7,916,139	\$ 8,134,638	\$ 13,311,480	\$ 13,405,553
Special education	1,810,007	1,989,319	1,954,254	2,125,927	2,030,437	2,087,676	2,280,091	2,555,923	4,431,786	4,053,783
Other special instruction	555,016	555,132	638,030	615,017	577,696	588,059	609,695	510,821	965,266	889,890
Other instruction	428,081	443,665	427,481	444,908	623,595	610,957	631,310	496,872	857,983	733,434
Support Services:										
Tuition	2,550,178	1,957,613	1,919,789	1,471,542	1,116,382	1,117,382	1,399,033	2,060,032	2,868,242	3,401,398
Student & instruction related services	1,974,732	2,132,596	2,121,588	1,948,821	2,183,141	2,535,610	2,567,552	2,494,633	3,726,990	3,511,121
School administrative services	978,619	1,079,440	1,110,717	1,110,678	1,086,513	1,125,000	1,126,157	1,248,889	1,800,020	1,616,163
General and business administrative services	5,369,490	6,031,199	6,433,079	6,076,278	8,792,870	10,031,717	13,061,424	12,710,658	2,829,179	2,942,498
Plant operations and maintenance	2,323,264	2,283,446	2,277,546	2,613,962	2,204,459	2,239,083	2,891,272	2,566,275	3,424,949	3,316,804
Pupil transportation	603,967	513,259	560,769	485,894	435,590	428,947	530,894	730,209	1,028,972	1,099,031
Charter Schools	-	17,872	11,458	9,521	-	16,810	61,554	74,557	100,781	177,007
Unallocated Depreciation	1,033,316	1,063,191	1,116,392	1,173,628	931,412	998,833	914,915	903,206	903,206	-
Interest on long-term liabilities	229,466	189,216	174,259	54,067	158,154	120,549	114,429	107,327	101,845	93,870
Total governmental activities expenses	25,872,440	26,086,919	26,578,319	26,267,391	28,284,969	29,605,741	34,104,465	34,594,040	35,447,493	35,240,552
Business-type activity:										
Food service	467,468	491,495	497,395	543,508	590,338	553,038	542,446	550,097	609,365	475,563
Total business-type activities expense	467,468	491,495	497,395	543,508	590,338	553,038	542,446	550,097	609,365	475,563
Total government-wide expenses	\$ 26,339,908	\$ 26,578,414	\$ 27,075,714	\$ 26,810,899	\$ 28,875,307	\$ 30,158,779	\$ 34,646,911	\$ 35,144,137	\$ 36,056,858	\$ 35,716,115
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services	-	11,480	26,072	28,811	5,422	17,375	12,701	8,784	-	-
Operating grants and contributions	1,399,488	1,158,935	1,089,813	1,054,037	1,063,165	1,065,556	953,931	871,316	3,676,185	2,476,743
Total governmental activities program revenues	1,399,488	1,170,415	1,115,885	1,082,848	1,068,587	1,082,931	966,632	880,100	3,676,185	2,476,743
Business-type activity:										
Charges for services	327,425	314,743	324,048	335,816	320,498	310,183	312,361	328,435	368,890	242,923
Food service	160,533	187,077	190,264	217,092	215,666	235,795	234,548	222,939	233,301	194,897
Operating grants and contributions	487,938	501,820	514,312	552,908	536,164	545,978	546,909	551,374	602,191	437,820
Total business-type activities program revenues	1,887,446	1,672,235	1,630,197	1,635,736	1,604,751	1,628,909	1,513,541	1,431,474	1,427,837	2,914,566
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (24,472,952)	\$ (24,916,504)	\$ (25,462,434)	\$ (25,184,543)	\$ (27,216,382)	\$ (28,522,810)	\$ (33,137,833)	\$ (33,713,940)	\$ (31,771,308)	\$ (32,763,809)
Business-type activity	20,490	10,325	16,917	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)
Total government-wide net expense	\$ (24,452,462)	\$ (24,906,179)	\$ (25,445,517)	\$ (25,175,143)	\$ (27,270,556)	\$ (28,529,870)	\$ (33,133,370)	\$ (33,712,663)	\$ (31,778,482)	\$ (32,801,552)

**NORTH ARLINGTON SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(accrual basis of accounting)**

	2011	2012	2013 <sup>(3)</sup>	2014	2015 <sup>(3)</sup>	2016	2017	2018 <sup>(4)</sup>	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 20,914,546	\$ 21,332,837	\$ 21,759,494	\$ 22,426,020	\$ 22,874,540	\$ 23,344,581	\$ 24,028,320	\$ 25,234,582	\$ 25,775,293	\$ 26,290,798
Taxes levied for debt service	989,466	958,216	926,091	805,957	533,154	491,331	410,429	363,386	514,529	516,868
Federal and State aid not restricted	2,708,750	3,494,764	3,990,061	3,913,837	6,657,791	7,549,492	9,988,004	10,343,307	7,387,921	8,135,438
Investment earnings	53,093	26,351	32,471	33,409	11,340	17,592	26,686	85,424	166,243	115,173
Miscellaneous income	514,890	142,180	177,970	55,456	183,139	99,998	181,337	17,408	264,248	214,054
Prior Year Payables Cancelled	-	-	-	33,665	3,900	100,652	82,264	16,095	-	-
Special items	(58,825)	(118,939)	(8,589)	(129,353)	(8,830)	29,900	190,715	196,020	-	-
Transfers	-	60,000	-	30,149	-	-	-	-	-	-
Total governmental activities	\$ 25,121,920	\$ 25,895,409	\$ 26,877,498	\$ 27,169,140	\$ 30,255,034	\$ 31,633,546	\$ 34,907,755	\$ 36,256,222	\$ 34,108,234	\$ 35,272,331
Business-type activity:										
Special items	(9,984)	(2,206)	-	-	-	-	-	-	-	-
Total business-type activities	(9,984)	(2,206)	-	-	-	-	-	-	-	-
Total government-wide	\$ 25,111,936	\$ 25,893,203	\$ 26,877,498	\$ 27,169,140	\$ 30,255,034	\$ 31,633,546	\$ 34,907,755	\$ 36,256,222	\$ 34,108,234	\$ 35,272,331
<b>Change in Net Position</b>										
Governmental activities	\$ 648,968	\$ 978,905	\$ 1,415,064	\$ 1,984,597	\$ 3,038,652	\$ 3,110,736	\$ 1,769,922	\$ 2,542,282	\$ 2,336,926	\$ 2,508,522
Business-type activity	10,506	8,119	16,917	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)
Total government-wide	\$ 659,474	\$ 987,024	\$ 1,431,981	\$ 1,993,997	\$ 2,984,478	\$ 3,103,676	\$ 1,774,385	\$ 2,543,559	\$ 2,329,752	\$ 2,470,779

**Source:** District Records

Note: (1) As recommended by the NJ Department of Education, beginning with year June 30, 2010:

- Tuition, Special Schools and Charter Schools expenses are no longer allocated amongst other District expenses.
- Central services and administrative information technology expenses were not combined as business and central services expenses.

(2) GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

(3) GASB 68 was implemented in the 2015 fiscal year where additional on-behalf TPAF pension expense and offsetting contribution is reported.

(4) GASB 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.

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

	2011 <sup>(1)</sup>	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 1,508,617	\$ 1,748,795	\$ 2,393,344	\$ 4,172,524	\$ 6,414,012	\$ 9,267,429	\$ 12,147,676	\$ 13,997,569	\$ 8,435,087	\$ 10,561,296
Committed	40,439	71,336	335,185	490,250	253,214	365,886	338,675	640,289	-	-
Assigned	623,272	664,398	300,000	-	-	-	-	-	396,448	514,540
Unassigned	385,295	399,829	353,418	321,595	318,266	299,509	306,372	308,732	413,484	269,426
Total general fund	\$ 2,557,623	\$ 2,884,358	\$ 3,381,947	\$ 4,984,369	\$ 6,985,492	\$ 9,932,824	\$ 12,792,723	\$ 14,946,590	\$ 9,245,019	\$ 11,345,262
All Other Governmental Funds:										
Unassigned:										
Capital projects fund	619,458	1,073,116	2,610,612	1,633,243	1,826,136	1,139,527	1,010,699	1,445,332	8,889,241	1,451,724
Debt Service fund	2	88,331	23,163	22,219	22,219	1	1	60	134	75
Total all other governmental funds	\$ 619,460	\$ 1,161,447	\$ 2,633,775	\$ 1,655,462	\$ 1,848,355	\$ 1,139,528	\$ 1,010,700	\$ 1,445,392	\$ 8,889,375	\$ 1,451,799

Source: District Records

Note: (1) In 2011, the District implemented GASB Statement 54 which requires fund balance to be reported as restricted, committed, assigned and

**NORTH ARLINGTON SCHOOL DISTRICT  
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(modified accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax levy	\$ 21,904,012	\$ 22,291,053	\$ 22,685,585	\$ 23,231,977	\$ 23,407,694	\$ 23,835,912	\$ 24,438,749	\$ 25,597,968	\$ 26,289,822	\$ 26,807,666
Tuition Charges	-	11,480	26,072	28,811	5,422	17,375	12,701	8,784	-	-
Interest Earnings	53,093	26,351	32,471	33,409	11,340	17,592	26,686	85,424	166,243	115,173
Miscellaneous	523,825	142,180	177,970	55,456	183,139	99,998	181,337	213,428	264,248	214,054
Local Sources	-	29,484	24,762	25,800	28,085	18,558	11,845	-	-	-
State sources	3,054,791	3,714,127	4,299,727	4,246,952	4,580,144	4,804,195	5,176,211	5,815,127	661,802	703,778
Federal sources	1,044,512	910,088	755,385	695,122	717,211	744,400	648,381	760,673	7,573,746	8,316,993
Total revenue	26,580,233	27,124,763	28,001,972	28,317,527	28,933,035	29,538,030	30,495,910	32,481,404	34,955,861	36,157,664
<b>Expenditures</b>										
Instruction	9,867,156	9,918,078	9,989,620	10,452,901	10,487,777	10,132,490	10,662,799	11,007,281	8,311,725	8,904,618
Regular	-	-	-	-	-	-	-	-	2,716,405	2,570,969
Special	-	-	-	-	-	-	-	-	592,743	551,892
Other special instruction	-	-	-	-	-	-	-	-	574,160	490,334
School-sponsored/other instructional	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-	2,763,740	3,253,440
Student & instruction related services	-	17,872	11,458	9,521	-	16,810	61,554	74,557	2,591,950	2,480,645
School administration	13,709,441	13,730,942	14,195,779	13,585,234	13,234,101	13,981,547	15,525,897	16,655,626	1,324,587	1,341,096
Other administration	1,399,488	1,158,935	1,089,813	1,054,037	1,063,165	1,065,556	953,931	906,311	1,255,794	1,170,916
Operations and maintenance	989,466	958,216	991,259	872,067	533,154	513,549	510,429	513,327	2,824,362	2,699,005
Student transportation	-	735,241	950,800	4,040,464	1,533,459	1,720,125	132,493	806,601	991,483	1,051,224
Employee benefits	-	-	-	-	-	-	-	-	7,111,959	7,041,860
Charter schools	-	-	-	-	-	-	-	-	100,781	177,007
Undistributed	-	-	-	-	-	-	-	-	-	-
Special Revenue	1,399,488	1,158,935	1,089,813	1,054,037	1,063,165	1,065,556	953,931	906,311	1,255,794	1,170,916
Debt Service	989,466	958,216	991,259	872,067	533,154	513,549	510,429	513,327	2,824,362	2,699,005
Capital Outlay	267,602	735,241	950,800	4,040,464	1,533,459	1,720,125	132,493	806,601	991,483	1,051,224
Total Expenditures	26,233,153	26,519,284	27,228,729	30,014,224	26,851,656	27,430,077	27,847,103	29,963,703	33,228,574	40,787,450
Excess (Deficiency) of revenues over (under) expenditures	347,080	605,479	773,243	(1,696,697)	2,081,379	2,107,953	2,648,807	2,517,701	1,727,287	(4,629,786)
<b>Other Financing sources (uses)</b>										
Refunding of Bonds	-	-	-	(1,150,000)	-	-	-	-	-	-
Proceeds from Borrowing	-	88,329	1,150,000	3,388,000	-	-	-	-	-	-
Transfers in and Prior Year Payables cancelled	-	60,000	-	63,814	3,900	130,552	182,264	576,095	-	-
Transfers out	-	-	-	-	-	-	(100,000)	(560,000)	-	-
Capital lease (Non-budgeted)	-	114,914	46,674	18,992	108,737	-	-	54,763	-	101,599
Total other financing sources (uses)	-	263,243	1,196,674	2,320,806	112,637	130,552	82,264	70,858	-	101,599
Net change in fund balances	\$ 347,080	\$ 868,722	\$ 1,969,917	\$ 624,109	\$ 2,194,016	\$ 2,238,505	\$ 2,731,071	\$ 2,588,559	\$ 1,727,287	\$ (4,528,187)
Debt service as a percentage of noncapital expenditures	3.77%	3.61%	3.64%	2.91%	1.99%	1.87%	1.83%	1.71%	1.55%	1.27%

**Source:** District Records (GAAP Basis)

**Note:** Noncapital expenditures are total expenditures less capital outlay

(1) As recommended by the NJ Department of Education, beginning with year June 30,

- Tuition, Special Schools and Charter Schools expenses are no longer allocated amongst other District expenses.
- Central services and administrative information technology expenses were not combined as business and central services
- Under the modified accrual basis, debt service for capital leases directly funded by the District are not segregated from their original expense classifications

NORTH ARLINGTON SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE (NJ)  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)

Description	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition	\$ -	\$ 7,568	\$ 8,784	\$ 12,701	\$ 17,375	\$ 48,422	\$ 28,811	\$ 26,072	\$ 11,480	\$ -
Interest on investments	115,173	166,243	85,424	26,686	17,592	11,340	33,409	32,471	26,351	53,093
Insurance Refunds	-	-	-	68,137	7,326	34,805	9,474	1,061	-	-
Accounts Payable Cancelled	-	-	-	46,483	40,722	64,224	17,701	16,424	-	2,301
Prior year refunds	28,997	34,569	8,109	6,038	6,189	11,560	9,366	26,262	26,231	43,813
Health Benefits	-	-	-	-	-	-	-	-	-	393,688
Gate Receipts	-	-	6,389	8,155	8,319	7,117	6,530	6,218	5,044	-
Miscellaneous	185,057	222,111	2,910	38,473	18,349	2,382	-	99,723	84,924	56,736
Custodial Overtime	-	-	-	14,051	19,093	20,051	12,385	28,282	25,981	18,352
Local Grant	-	-	-	-	-	-	-	-	-	8,935
<b>Total</b>	<b>\$ 329,227</b>	<b>\$ 430,491</b>	<b>\$ 111,616</b>	<b>\$ 220,724</b>	<b>\$ 134,965</b>	<b>\$ 199,901</b>	<b>\$ 117,676</b>	<b>\$ 236,513</b>	<b>\$ 180,011</b>	<b>\$ 576,918</b>

Source: District Records

## **REVENUE CAPACITY**

**NORTH ARLINGTON SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 FOR THE LAST TEN YEARS  
 (UNAUDITED)**

Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2011 <sup>(1)</sup>	\$ 1,508,037,889	\$ 1,573,385,021	95.85%
2012	1,503,208,307	1,586,564,192	94.75%
2013	1,477,053,100	1,455,654,972	101.47%
2014	1,481,585,175	1,479,070,755	100.17%
2015	1,474,919,975	1,472,416,866	100.17%
2016	1,475,277,675	1,540,759,974	95.75%
2017	1,605,684,400	1,583,983,822	101.37%
2018	1,643,069,600	1,639,953,688	100.19%
2019	1,711,820,000	1,738,947,582	98.44%
2020	1,872,644,600	1,713,952,558	109.26%

**Source:** Certification Schedule of the General Tax Rate from Borough Tax Assessor and County Abstract of Ratables from County Board of Taxation.

**Note:** (1) The Borough of North Arlington performed a revaluation for calendar year 2011 where values were adjusted to market.

**NORTH ARLINGTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAXES  
PER \$100.00 OF ASSESSED VALUATION  
FOR THE LAST TEN YEARS  
(UNAUDITED)**

Assessment Year	Direct Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	North Arlington School District	Borough of North Arlington	North Arlington Library	Bergen County	
2011 <sup>(1)</sup>	1.511	0.923	0.036	0.218	2.69
2012	1.450	0.987	0.035	0.233	2.71
2013	1.450	1.022	0.035	0.233	2.74
2014	1.554	1.052	0.033	0.229	2.87
2015	1.600	1.139	0.033	0.241	3.01
2016	1.637	1.170	0.035	0.257	3.10
2017	1.558	1.085	0.032	0.249	2.92
2018	1.572	1.064	0.033	0.236	2.91
2019	1.549	1.040	0.034	0.248	2.87
2020	1.471	1.011	0.032	0.240	2.75

**Source:** Certification Schedule of the General Tax Rate, Tax Assessor.

Note: (1) The Borough of North Arlington performed a revaluation for calendar year 2011 where values were adjusted to market.



**NORTH ARLINGTON SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 FOR THE CURRENT YEAR AND NINE YEARS AGO  
 (UNAUDITED)**

Taxpayers	2020			2011		
	Taxable Assessed Value	% of Total District Net Assessed Value	Rank	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
		0.00%				0.00%
Total	\$ -	0.00%		\$ -		0.00%

Information Not Available

Information Not Available

**NORTH ARLINGTON SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
FOR THE LAST TEN YEARS  
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections*</u>	<u>Percent of Tax Levy Collected</u>
2010	\$ 20,434,685	\$ 20,434,685	100.00%
2011	21,904,012	21,904,012	100.00%
2012	22,291,053	22,291,053	100.00%
2013	22,685,585	22,685,585	100.00%
2014	23,231,977	23,231,977	100.00%
2015	23,407,694	23,407,694	100.00%
2016	23,835,912	23,835,912	100.00%
2017	24,438,749	24,438,749	100.00%
2018	25,597,968	25,597,968	100.00%
2019	26,289,822	26,289,822	100.00%
2020	26,807,666	26,807,666	100.00%

**Source:** District records including the Certificate and Report of School Taxes (A4F form)

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

## **DEBT CAPACITY**

**NORTH ARLINGTON SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)				
2011	\$ 3,942,000	\$ 11,446	\$ -	\$ 3,953,446	(1)	276	
2012	3,299,000	99,713	-	3,398,713	(1)	219	
2013	2,482,000	115,853	1,150,000	3,747,853	0.37%	243	
2014	5,052,000	100,640	-	5,152,640	0.47%	330	
2015	4,677,000	137,342	-	4,814,342	0.44%	306	
2016	4,284,000	103,503	-	4,387,503	0.38%	276	
2017	3,888,000	68,090	-	3,956,090	0.33%	249	
2018	3,482,000	83,903	-	3,565,903	0.29%	223	
2019	3,066,000	50,282	-	3,116,282	0.24%	199	
2020	2,638,000	115,689	-	2,753,689	(1)	(1)	

**Source:** Details regarding the District's outstanding liabilities can be found in the notes to the basic financial statements.

Personal income and population data was provided by the U.S. Bureau of the Census, Population Division. These ratios are calculated using personal income and population for the prior calendar year.

Note: (1) Information was not available at the time of the audit.

**NORTH ARLINGTON SCHOOL DISTRICT  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011 <sup>(1)</sup>	3,942,000	-	3,942,000	0.26%	320
2012	3,299,000	-	3,299,000	0.22%	212
2013	3,632,000	-	3,632,000	0.25%	235
2014	5,052,000	-	5,052,000	0.34%	323
2015	4,677,000	-	4,677,000	0.32%	297
2016	4,284,000	-	4,284,000	0.29%	269
2017	3,888,000	-	3,888,000	0.24%	245
2018	3,482,000	-	3,482,000	0.21%	218
2019	3,066,000	-	3,066,000	0.18%	199
2020	2,638,000	-	2,638,000	0.14%	(2)

**Source:** Debt outstanding data can be found in the notes to the financial statements. Assessed valuations were provided by the Abstract of Rates, County Board of Taxation. School District population data was estimated by the U.S. Bureau of the Census, Population Division.

Note: (1) The Borough of North Arlington performed a revaluation for calendar year 2011 where values were adjusted to market.

(2) Information was not available at the time of the audit.

**NORTH ARLINGTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
North Arlington Municipality (1)	\$ 16,109,211	100%	\$ 16,109,211
County of Bergen(2)	876,045,844	1.03%	<u>9,023,272</u>
Subtotal, overlapping debt			<u>25,132,483</u>
North Arlington School District, Direct Debt			<u>2,638,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 27,770,483</u></u>

**Source:** North Arlington Municipality's Chief Financial Officer and Annual Debt Statement  
Bergen county Treasurer's office

**Note:** The source for this computation was the 2019 table of equalized value, which is supplied  
by the New Jersey Division of Taxation

NORTH ARLINGTON SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 FOR THE LAST TEN FISCAL YEARS  
 (UNAUDITED)

	Average equalized valuation of taxable property										Year	Equalized Valuation Basis
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
Debt limit	\$ 69,077,560	\$ 62,689,889	\$ 60,483,730	\$ 59,088,162	\$ 58,852,093	\$ 59,084,282	\$ 60,745,094	\$ 62,987,089	\$ 66,140,987	\$ 67,760,850		\$ 1,643,069,600
Total Net Debt applicable to limit	3,942,000	3,299,000	3,632,000	5,052,000	4,677,000	4,284,000	3,888,000	3,482,000	3,066,000	2,638,000		1,711,820,000
Legal debt margin	\$ 65,135,560	\$ 59,390,889	\$ 56,851,730	\$ 54,036,162	\$ 54,175,093	\$ 54,800,282	\$ 56,857,094	\$ 59,505,089	\$ 63,074,987	\$ 65,122,850		1,727,174,165
Total net debt applicable to the limit as a % of debt limit	5.71%	5.26%	6.00%	8.55%	7.95%	7.25%	6.40%	5.53%	4.64%	3.89%		\$ 5,082,063,765
												\$ 1,694,021,255
												67,760,850
												2,638,000
												\$ 65,122,850

Source: Annual Debt Statements

**DEMOGRAPHIC AND ECONOMIC INFORMATION**



**NORTH ARLINGTON SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
FOR THE LAST TEN YEARS  
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
2011	15,494	(1)	(1)	7.90
2012	(1)	(1)	(1)	(1)
2013	15,392	1,017,423,168	66,096	8.60
2014	15,632	1,092,973,808	69,919	5.60
2015	15,723	1,092,669,885	69,495	4.60
2016	15,904	1,169,516,544	73,536	5.80
2017	15,868	1,203,571,932	75,849	4.10
2018	16,009	1,235,686,683	77,187	3.30
2019	15,683	1,325,636,941	84,527	2.80
2020	(1)	(1)	(1)	9.20

**Source:** Unemployment information provided by the NJ Department of Labor and Workforce Development. Population and per capita income is estimated based upon the American Community Surveys published by the US Bureau of Economic Analysis. Personal income has been estimated based upon the municipal population and per capita personal income presented.

**Note:** Information was not available at time of the audit.



## **OPERATING INFORMATION**

NORTH ARLINGTON SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY  
FUNCTION/PROGRAM  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	96	95	101	98	100	107	101	130	111	108
Regular	32	31	33	37	34	39	37	23	33	36
Special education	-	3	2	2	40	42	61	66	50	57
Other special education	50	-	-	-	-	-	-	-	-	-
Vocational	-	6	6	6	5	7	6	4	4	4
Other Instruction - Supervisors	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	17	8	6	6	20	20	16	22	23	22
General administration	3	8	8	8	4	4	3	3	3	2
School administrative services	12	7	-	-	12	12	13	17	14	17
Other administrative services	-	6	6	6	2	2	1	1	1	1
Central services	5	12	11	11	6	6	6	6	7	6
Administrative Information Technology	-	1	1	1	2	2	2	2	2	2
Plant operations and maintenance	16	16	16	17	17	17	17	16	16	20
Student transportation	1	1	1	1	1	1	1	1	1	1
Other support services	-	31	36	36	-	-	-	-	-	-
Total	232	225	227	229	243	259	264	291	265	276

Source: Provided by Human Resources

**NORTH ARLINGTON SCHOOL DISTRICT  
OPERATING STATISTICS  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	1,607	\$ 24,976,085	15,542	3.03%	119	(1)	(1)	1,618	1,535	UA	94.90%	
2012	1,644	24,825,827	15,101	-2.84%	143	(1)	11.5:1	1,645	1,566	2.02%	95.20%	
2013	1,715	25,286,670	14,744	-2.36%	135	16.4:1	13.7:1	1,709	1,625	3.89%	95.08%	
2014	1,748	25,101,693	14,360	-2.61%	156	15.1:1	11.0:1	1,737	1,660	1.64%	95.56%	
2015	1,734	24,785,043	14,294	-0.46%	158	14.6:1	11.2:1	1,718	1,645	-1.09%	95.75%	
2016	1,764	25,196,403	14,284	-0.01%	143	13.7:1	13.0:1	1,768	1,685	2.90%	95.31%	
2017	1,761	27,204,181	15,511	0.08%	142	15:1	13:1	1,770	1,790	3.03%	95.46%	
2018	1,775	28,643,775	16,137	0.04%	148	15:1	13:1	1,770	1,697	0.11%	95.74%	
2019	1,833	31,159,689	16,999	3.27%	144	13:1	13:1	1,839	1,761	3.90%	95.76%	
2020	1,835	31,733,006	17,293	3.38%	144	(1)	(1)	1,827	1,770	3.22%	96.88%	

**Source: District records and school performance reports**

Note: Enrollment based on annual October district count.

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

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

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

(1) Information not available at time of the audit

NORTH ARLINGTON SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Building</b>										
<u>Elementary</u>										
Washington										
Square Feet	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274
Capacity (students)	236	236	236	236	236	236	236	236	236	236
Enrollment	253	253	253	339	316	326	355	354	354	355
Roosevelt										
Square Feet	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024
Capacity (students)	189	189	189	189	189	189	189	189	189	189
Enrollment	186	186	186	256	251	238	239	221	221	234
Jefferson										
Square Feet	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	299	299	299	306	305	311	299	293	293	299
<u>Middle School</u>										
North Arlington Middle School										
Square Feet	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039
Capacity (students)	260	260	260	260	260	260	260	260	260	260
Enrollment	337	337	337	364	382	404	406	402	402	410
<u>High School</u>										
North Arlington High School										
Square Feet	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623
Capacity (students)	510	510	510	510	510	510	510	510	510	510
Enrollment	522	522	522	483	480	485	462	505	505	535

Number of Schools at June 30, 2019  
Elementary = 3  
Middle School = 1  
High School = 1

Source: School District Annual Budget Amount Worksheet (Form M-1) and School Register Summary.

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY (NJ)  
FOR THE LAST TEN FISCAL YEARS  
(UNAUDITED)**

* School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Washington	n/a	\$ 106,870	\$ 127,972	\$ 194,596	\$ 109,782	\$ 107,893	\$ 184,159	\$ 127,805	\$ 159,166	\$ 86,506	\$ 128,001
Roosevelt	n/a	78,032	93,440	80,997	80,057	92,784	272,220	105,610	77,372	101,396	102,220
Jefferson	n/a	77,441	92,731	85,057	147,372	54,059	57,628	146,010	206,100	120,715	72,364
Middle School	n/a	162,267	194,307	255,372	161,122	129,703	171,771	168,398	66,665	163,966	163,462
High School	n/a	279,459	334,639	194,216	571,410	168,931	156,012	460,416	254,311	313,644	355,676
<b>Total School Facilities</b>		<b>\$ 704,069</b>	<b>\$ 843,089</b>	<b>\$ 810,238</b>	<b>\$ 1,069,743</b>	<b>\$ 553,370</b>	<b>\$ 841,790</b>	<b>\$ 1,008,239</b>	<b>\$ 763,614</b>	<b>\$ 786,227</b>	<b>\$ 821,723</b>

Source: School District Annual Maintenance Budget Amount Worksheet (Form M-1).

Note: \* School facilities as defined under E.F.C.F.A. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3).

**NORTH ARLINGTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
(UNAUDITED)**

	Coverage	Deductible/Retention
School Package Policy-School Alliance Insurance Fund	\$ 62,241,672.00	\$ 2,500.00
Property- Blanket Building & Contents	\$ 10,000,000.00	\$ 2,500.00
Flood (Except A & V Zones)	\$ 25,000,000.00	\$ 2,500.00
Earthquake	\$ 100,000,000.00	\$ 2,500.00
Boiler & Machinery	\$ 500,000.00	\$ 1,000.00
Blanket Dishonesty Bond	\$ 50,000.00	\$ 1,000.00
Money & Securities (Inside and Outside Premises)	\$ 50,000.00	\$ 1,000.00
Computer Fraud		
Comprehensive General Liability	\$ 5,000,000.00	None
Per Occurrence	\$ 5,000,000.00	None
Aggregate	\$ 5,000,000.00	None
Comprehensive Automobile Liability	Actual Cash Value	\$ 1,000.00
Auto Physical Damage	\$ 2,000,000.00	\$ 10,000.00
Cyber Liability		
Commercial Environmental Impairment Liability- School Alliance Insurance Fund	\$ 1,000,000.00	\$ 10,000.00
Each Incident	\$ 25,000,000.00	
Pool Aggregate		
School Leaders Professional Liability-School Alliance Insurance Fund	\$ 5,000,000.00	\$ 5,000.00
Each Loss	\$ 5,000,000.00	
Annual Aggregate	\$ 100,000.00	\$ 5,000.00
IEP Hearing Limit of Liability	\$ 25,000.00	N/A
Crisis Fund Member Sublimit		
Excess Liability- School Alliance Insurance Fund	\$ 5,000,000.00	None
Excess Policy per occ/agg		
Excess Liability- New Jersey Unshared Excess Program	\$ 30,000,000.00	None
Per Occurrence	\$ 30,000,000.00	
Aggregate		
Additional Excess Liability- Firemen's Fund	\$ 50,000,000.00	
Per Occurrence	\$ 50,000,000.00	
Aggregate		
Student Accident Insurance- Monarch Management Corp.	\$ 25,000.00	None
Mandatory Plan- Excess	\$ 7,500,000.00	\$ 25,000.00
Catastrophic Plan- Excess		
Commercial Flood Insurance (River Road Athletic Field) -RSUI Indemnity Co.	\$ 1,000,000.00	\$ 250,000.00
Per Occurrence	\$ 1,000,000.00	
Annual Aggregate		
NFIP Flood Insurance (River Road Buildings 1 & 2) -American Bankers Ins. Co of Florida	\$ 500,000.00	\$ 50,000.00
Building	\$ 500,000.00	\$ 50,000.00
Contents		
Public Official Bond- Hartford Fire Insurance Co.	\$ 250,000.00	None
Business Administrator/Board Secretary- Samantha Dembowski		

Source: District's Records



**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA  
Mauricio Canto, CPA, RMA

## EXHIBIT K-1

### INDEPENDENT AUDITOR'S 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*

The 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 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, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Arlington School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise of the North Arlington School District's basic financial statements, and have issued our report thereon dated February 5, 2021.

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters


As part of obtaining reasonable assurance about whether the North Arlington School District's financial statements are free from 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.

We noted certain matters that we reported to management of the North Arlington School District in a separate auditor's management report dated February 5, 2021 as required by the Division of Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Bayonne, New Jersey  
February 5, 2021

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-mail: dgd@dgdcpas.com

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA  
Mauricio Canto, CPA, RMA

## EXHIBIT K-2

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

#### **Report on Compliance for Each Major Federal and State Program**

We have audited the North Arlington School District, in the County of Bergen, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the North Arlington School District's major federal and state programs for the year ended June 30, 2020. The North Arlington School District's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the North Arlington School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the North Arlington School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the North Arlington School District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the North Arlington School District complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance


Management of the North Arlington School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the North Arlington School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 North Arlington School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

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

Bayonne, New Jersey  
February 5, 2021

NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the Fiscal Year Ended June 30, 2020

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020							
									(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR					
<b>ENTERPRISE FUND</b>																
<b>U.S. DEPARTMENT OF AGRICULTURE</b>																
<b>PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>																
School Breakfast Program	10.553	201NJ304N1099	\$ 3,695	07/01/19 06/30/20	\$ -	\$ 3,695	\$ (3,695)	\$ -	\$ -	\$ -	\$ -	\$ -				
School Breakfast Program	10.553	191NJ304N1099	7,335	07/01/18 06/30/19	(402)	402	-	-	-	-	-	-				
National School Lunch Program	10.555	201NJ304N1099	159,643	07/01/19 06/30/20	(12,053)	154,868	(159,643)	-	(4,775)	-	-	-				
National School Lunch Program	10.555	191NJ304N1099	191,658	07/01/18 06/30/19	(12,455)	12,053	-	-	(4,775)	-	-	-				
Child Nutrition Cluster						171,018	(163,338)	-	(4,775)	-	-	-				
Commodity Supplemental Food Program	10.565	201NJ304N1099	27,169	07/01/19 06/30/20	-	27,169	(27,169)	-	-	-	-	-				
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>																
<b>TOTAL ENTERPRISE FUND</b>																
<b>SPECIAL REVENUE FUND</b>																
<b>U.S. DEPARTMENT OF EDUCATION</b>																
<b>PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>																
Elementary and Secondary Education Act (ESEA):																
Title I, Part A Basic	84.010A	S010A190030	174,396	07/01/19 06/30/20	41,220	174,396	(132,396)	(41,220)	-	-	-	42,000				
Title II, Part A Teacher & Principal Training	84.367A	S367A190029	34,992	07/01/19 06/30/20	7,632	34,992	(29,742)	(7,632)	-	-	-	5,250				
Title III, Part A English Language Acquisition	84.365A	S365A190030	14,466	07/01/19 06/30/20	4,163	14,466	(11,194)	(4,163)	-	-	-	3,272				
Title III, Part A Immigrant	84.365A	S365A190030	7,107	07/01/19 06/30/20	4,163	7,107	(71,007)	(4,163)	-	-	-	3,272				
					4,163	21,573	(18,301)	(4,163)	-	-	-	3,272				
Title IV, Student Support	84.424	S424A190031	10,872	07/01/19 06/30/20	-	10,872	(10,872)	-	-	-	-	-				
IDEA, Basic	84.027	H027A190100	455,298	07/01/19 06/30/20	(8,962)	464,260	(448,219)	-	-	7,079	-	-				
IDEA, Preschool	84.173	H173A190114	16,678	07/01/19 06/30/20	-	16,678	(16,678)	-	-	-	-	-				
IDEA Cluster					(8,962)	480,938	(464,897)	-	-	7,079	-	-				
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>																
<b>TOTAL SPECIAL REVENUE FUND</b>																
<b>GENERAL FUND</b>																
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>																
<b>PASSED-THROUGH STATE DEPARTMENT OF HUMAN SERVICES:</b>																
Special Education Medicaid Initiative (SEMI)	93.778	2005NJ5MAP	46,426	07/01/19 06/30/20	-	46,426	(46,426)	-	-	-	-	-				
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>																
<b>TOTAL GENERAL FUND</b>																
<b>TOTAL FEDERAL AWARDS</b>																
										\$ 31,608	\$ 967,384	\$ (893,141)	\$ (53,025)	\$ -	\$ 7,079	\$ 50,522

Note: There were no expenditures passed through to subrecipients.

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
for the Fiscal Year Ended June 30, 2020

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROGRAM NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO	CUMULATIVE TOTAL EXPENDITURES
								(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR		
<b>GENERAL FUND</b>												
<b>STATE DEPARTMENT OF EDUCATION</b>												
Equalization Aid	20-495-034-5120-078	\$ 1,772,290	07/01/19 06/30/20	\$ -	\$ 1,772,290	\$ (1,772,290)	\$ -	\$ -	\$ -	\$ -	\$ 177,229	\$ (1,772,290)
Special Education Categorical Aid	20-495-034-5120-089	1,574,641	07/01/19 06/30/20	-	1,574,641	(1,574,641)	-	-	-	-	145,654	(1,574,641)
Security Aid	20-495-034-5120-084	224,941	07/01/19 06/30/20	-	224,941	(224,941)	-	-	-	-	322,883	(224,941)
State Aid Cluster					3,571,872	(3,571,872)						
Transportation Aid	20-495-034-5120-014	184,243	07/01/19 06/30/20	-	184,243	(184,243)	-	-	-	-	18,424	(184,243)
Extracurricular Aid	20-495-034-5120-044	421,697	07/01/19 06/30/20	-	-	(421,697)	-	-	-	-	-	(421,697)
Extracurricular Aid	19-495-034-5120-044	341,852	07/01/18 06/30/19	(341,852)	-	-	-	-	-	-	-	-
On-behalf TPAF Post-Retirement Medical Contributions	20-495-034-5094-001	857,060	07/01/19 06/30/20	-	857,060	(857,060)	-	-	-	-	-	(857,060)
On-behalf TPAF Pension Contribution	20-495-034-5094-002	2,310,249	07/01/19 06/30/20	-	2,310,249	(2,310,249)	-	-	-	-	-	(2,310,249)
On-behalf TPAF Long Term Disability Insurance	20-495-034-5094-004	2,094	07/01/19 06/30/20	-	2,094	(2,094)	-	-	-	-	-	(2,094)
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	834,049	07/01/19 06/30/20	-	770,918	(834,049)	-	(63,131)	-	-	-	(834,049)
<b>TOTAL GENERAL FUND</b>				(341,852)	8,038,288	(8,181,264)	-	-	-	-	341,307	-
<b>SPECIAL REVENUE FUND</b>												
<b>STATE DEPARTMENT OF EDUCATION</b>												
New Jersey Nonpublic Aid:												
Textbook Aid	20-100-034-5120-064	9,593	07/01/19 06/30/20	-	9,593	(9,449)	-	-	-	-	-	(9,449)
Nursing Aid	20-100-034-5120-070	17,654	07/01/19 06/30/20	-	17,654	(15,412)	-	-	144	-	-	(15,412)
Technology Initiative Aid	20-100-034-5120-373	6,552	07/01/19 06/30/20	-	6,552	(6,552)	-	-	2,242	-	-	(6,552)
Nonpublic Auxiliary Services (Chapter 192) Cluster:												
Compensatory Education	20-100-034-5120-067	61,326	07/01/19 06/30/20	-	41,652	(58,163)	-	-	3,163	-	-	(58,163)
Compensatory Education	19-100-034-5120-067	61,760	07/01/18 06/30/19	8,631	827	(827)	(8,631)	-	-	-	-	(61,760)
English as a Second Language	20-100-034-5120-067	827	07/01/19 06/30/20	1,225	827	-	(1,225)	-	-	-	-	(827)
English as a Second Language	19-100-034-5120-067	2,588	07/01/18 06/30/19	10,356	42,479	(38,990)	(10,356)	-	3,163	-	-	(2,588)
Nonpublic Handicapped Services (Chapter 193) Cluster:												
Supplemental Instruction	20-100-034-5120-066	21,856	07/01/19 06/30/20	-	21,856	(15,947)	-	-	5,909	-	-	(15,947)
Supplemental Instruction	19-100-034-5120-066	22,996	07/01/18 06/30/19	8,722	-	-	(8,722)	-	-	-	-	(22,996)
Examination and Classification	20-100-034-5120-066	37,158	07/01/19 06/30/20	-	37,158	(24,891)	-	-	12,267	-	-	(24,891)
Examination and Classification	19-100-034-5120-066	19,476	07/01/18 06/30/19	4,549	-	-	(4,549)	-	-	-	-	(19,476)
Corrective Speech	20-100-034-5120-066	39,190	07/01/19 06/30/20	-	39,190	(20,507)	-	-	18,683	-	-	(20,507)
Corrective Speech	19-100-034-5120-066	45,533	07/01/18 06/30/19	22,856	98,204	(61,345)	(22,856)	-	36,859	-	-	(45,533)
Security Aid	20-100-034-5120-509	27,300	07/01/19 06/30/20	-	27,300	(27,300)	-	-	-	-	-	(27,300)
<b>TOTAL SPECIAL REVENUE FUND</b>				46,483	201,782	(179,048)	(46,483)	-	42,408	-	-	-
<b>ENTERPRISE FUND</b>												
<b>STATE DEPARTMENT OF AGRICULTURE</b>												
State School Lunch Program	20-100-010-3350-023	4,390	07/01/19 06/30/20	-	4,315	(4,390)	-	(75)	-	-	-	(4,390)
State School Lunch Program	19-100-010-3350-023	6,193	07/01/18 06/30/19	(378)	378	-	-	-	-	-	-	(6,193)
<b>TOTAL ENTERPRISE FUND</b>				(378)	4,693	(4,390)	-	(75)	-	-	-	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				\$ (295,747)	\$ 8,244,763	(8,364,702)	\$ (46,483)	-	\$ 42,408	-	\$ 341,307	-
<b>LESS:</b>												
On-behalf TPAF Post-Retirement Medical Contributions	20-495-034-5094-001	857,060	07/01/19 06/30/20	-	-	857,060	-	-	-	-	-	857,060
On-behalf TPAF Pension Contribution	20-495-034-5094-002	2,310,249	07/01/19 06/30/20	-	-	2,310,249	-	-	-	-	-	2,310,249
On-behalf TPAF Long Term Disability Insurance	20-495-034-5094-004	2,094	07/01/19 06/30/20	-	-	2,094	-	-	-	-	-	2,094
<b>TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT</b>						\$ (5,195,299)						

Note: There were no expenditures passed through to subrecipients.

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the North Arlington School District (the "District"). The District is defined in Note 1 to the District's basic financial statements. All federal awards and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 – INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 – EXPENDITURES PASSED THROUGH TO SUBRECIPIENTS**

The District did not pass through any expenditures of federal awards to subrecipients.

**NOTE 5 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last State aid payment 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 (\$45,826) for the General Fund, \$3,651 for the Special Revenue Fund. See Note 1 (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 District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 46,426	\$ 8,135,438	\$ 8,181,864
Special Revenue Fund	657,352	181,555	838,907
Food Service Fund	190,507	4,390	194,897
Total Awards and Financial Assistance	<u>\$ 894,285</u>	<u>\$ 8,321,383</u>	<u>\$ 9,215,668</u>



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 7 - OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$2,310,249 reported as TPAF Pension Contributions and \$857,060 reported as TPAF Post-Retirement Medical Contributions represent the amount paid by the State on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions in the amount of \$834,049 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2020.

**NOTE 8 – ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf expenditures for the District by the State 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 the State single audit and major program determination.

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Section 1 - Summary of Auditors' Results*

Financial Statement Section

A) Type of Auditors Report Issued: Unmodified

B) Internal Control over Financial Reporting:

1) Material weakness(es) identified?        Yes   ✓   No

2) Significant deficiency(ies) identified?        Yes   ✓   None reported

C) Noncompliance material to basic financial statements noted?        Yes   ✓   No

Federal Awards Section

D) Internal Control over major programs:

1) Material weakness(es) identified?        Yes   ✓   No

2) Significant deficiency(ies) identified?        Yes   ✓   None reported

E) Type of auditor's report on compliance for major program Unmodified

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ?        Yes   ✓   No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A190100	IDEA Cluster:
84.173	H173A190114	IDEA, Basic
		IDEA, Preschool

H) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000

I) Auditee qualified as low-risk auditee?        Yes   ✓   No

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Section 1 - Summary of Auditors' Results*

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000
- 
- K) Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified? \_\_\_\_\_ Yes  No
- 2) Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
- 
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable? \_\_\_\_\_ Yes  No

O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
20-495-034-5120-078	General State Aid Cluster: Equalization Aid Special Education Categorical Aid Security Aid Extraordinary Aid Reimbursed TPAF Social Security Contributions
20-495-034-5120-089	
20-495-034-5120-084	
20-495-034-5120-044	
20-495-034-5095-003	

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Section II - 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 for which Government Auditing Standards requires reporting.)

**No matters were reported.**

**NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

(This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable.)

**FEDERAL AWARDS**

**No matters were reported.**

**STATE FINANCIAL ASSISTANCE**

**No matters were reported.**

**NORTH ARLINGTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (**¶.511 (a)(b)**) and New Jersey OMB's Circular 15-08, as applicable.)

**STATUS OF PRIOR YEAR FINDINGS**

**BASIC FINANCIAL STATEMENT**

No matters were reported in prior year.

**FEDERAL AWARDS**

No matters were reported in prior year.

**STATE FINANCIAL ASSISTANCE**

No matters were reported in prior year.