

**SCHOOL DISTRICT
OF
THE BOROUGH OF MOUNT ARLINGTON**

**Borough of Mount Arlington School District
Board of Education
Mount Arlington, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

**Borough of Mount Arlington School District
Board of Education**

Mount Arlington, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Borough of Mount Arlington School District
Board of Education**

Finance Department

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
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**INTRODUCTORY SECTION
UNAUDITED**

Mount Arlington Public Schools

446 Howard Blvd • Mount Arlington, NJ 07856 • (973) 770-7140 (Phone) • (973) 398-4668 (Fax)

Monica A. Rowland
Superintendent of Schools

Dr. Steven E. McHugh
Business Administrator/Board Secretary

October 22, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Mount Arlington School District (the "District") for the fiscal year ended June 30, 2021, 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 Board of Education (the "Board"). 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 basic financial statements and results of operations 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 and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's 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 auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Mount Arlington School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Mount 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 Pre-K through 8 (The approximately 160 Mount Arlington students in grades 9-12 are sent to the Roxbury Public School District and are properly included in their enrollment numbers. The Mount Arlington Public School District is responsible for paying tuition, transportation and special education costs for these students, and these costs are included in the District's financial statements). The District completed the 2020-2021 fiscal year with an average daily enrollment of 330 students, which is 32 students below the previous year's average daily enrollment.

2) ECONOMIC CONDITIONS AND OUTLOOK: Mount Arlington has many rental properties and housing developments which results in a slightly higher transient population. COVID-19, a global pandemic has devastated the world causing an emergency school closure from the middle of March 2020 to June 2020. Preparing for reopening of schools for the 2020 to 2021 school year presented a major financial burden to school districts nationwide. Despite the existing uncertainty with the pandemic and change in demographics from the rental properties and housing developments, the district continues to make needed building and infrastructure improvements and enhance our educational programs overall while being prudent and responsible with spending.

3) MAJOR INITIATIVES: During the 2019/2020 school year, the district underwent an energy audit courtesy of Donnelly Energy and the New Jersey's Clean Energy program. As a result of this audit the district completed a direct install project for LED lighting replacements throughout the classrooms and exterior of both buildings, and the main office at MAPS. Rooftop HVAC units were also replaced, one at Decker and three at MAPS. The District had plans to complete a larger HVAC and Systems Controls project but was unable to due to equipment supply chain issues.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2021.

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

The Honorable President and Members of
the Board of Education
Borough of Mount Arlington School District
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7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

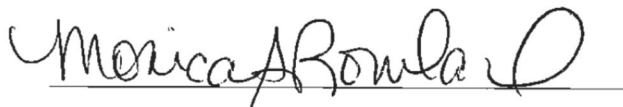
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Morris Essex Insurance Group (the "Group"). The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group is included in Note 10 to the Basic Financial Statements.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mount Arlington Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

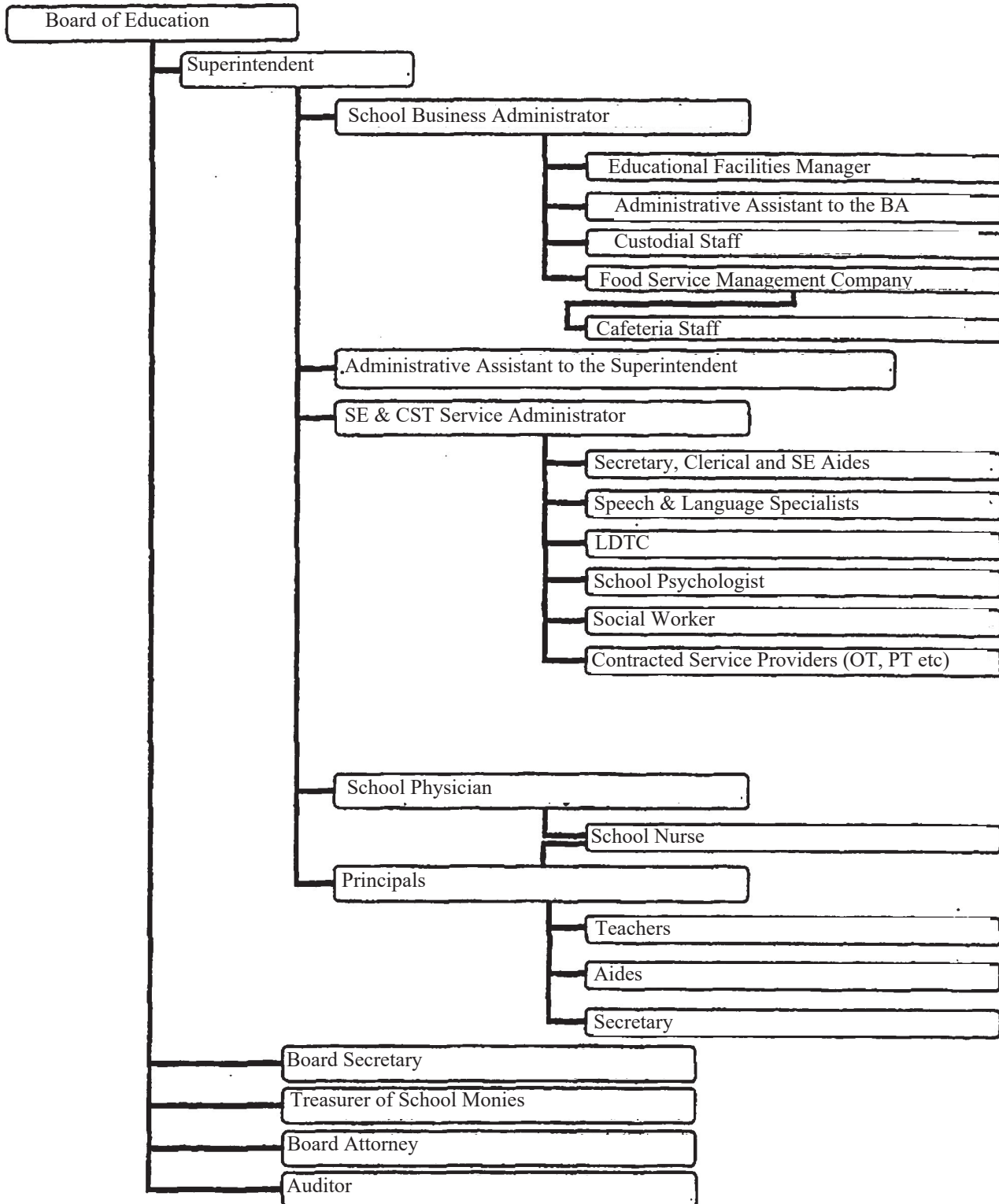


Superintendent



Business Administrator

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
 ORGANIZATION CHART
 JUNE 30, 2021



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sheila Studint (President)	2021
Rachel Byrne (Vice President)	2023
Edwin Botero	2021
Al Decena	2021
Melissa Eckert	2023
Albert Roldan	2022
Karl Svenningsen	2023

<u>Other Officials</u>	<u>Title</u>
Monica A. Rowland	Superintendent of Schools
Dr. Steven E. McHugh, Sr.	School Business Administrator
Sharon Ruiz	Treasurer of Schools Monies

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Porzio, Bromberg, & Newman, P.C.
136 Madison Avenue
Morristown, NJ 07962-1997

Bond Counsel

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, NJ 07059-0958

Official Depository

Fulton Bank of New Jersey
274 New Jersey 10
Succasunna, NJ 07876

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

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 Board of Education of the Borough of Mount Arlington School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, 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.

Auditors' 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 District'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 District'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 Board of Education of the Borough of Mount Arlington School District in the County of Morris, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
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The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District’s 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.

Mount Arlington, New Jersey
October 22, 2021

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Borough of Mount Arlington School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

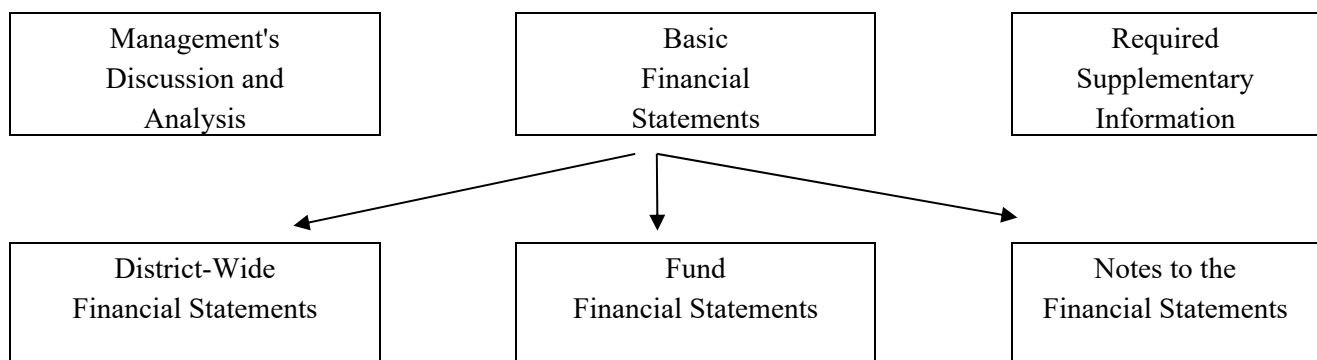
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Borough of Mount Arlington School District's Financial Report**



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2 *Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 12.36%. Net position from governmental activities increased \$747,785 and net position from business-type activities increased by \$25,954. Net investment in capital assets decreased \$150,224, restricted net position increased \$509,419 and unrestricted net position increased \$414,544.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020*	2020/2021	2019/2020	2020/2021	2019/2020*	2020/2021
Current and Other Assets	\$ 4,228,592	\$ 3,297,436	\$ 86,077	\$ 56,357	\$ 4,314,669	\$ 3,353,793	
Capital Assets, Net	6,328,979	6,647,769	7,386	8,820	6,336,365	6,656,589	
Total Assets	<u>10,557,571</u>	<u>9,945,205</u>	<u>93,463</u>	<u>65,177</u>	<u>10,651,034</u>	<u>10,010,382</u>	6.40%
Deferred Outflows of Resources	327,642	503,776			327,642	503,776	-34.96%
Other Liabilities	262,958	142,290	13,159	10,827	276,117	153,117	
Long-Term Liabilities	2,844,135	3,405,031			2,844,135	3,405,031	
Total Liabilities	<u>3,107,093</u>	<u>3,547,321</u>	<u>13,159</u>	<u>10,827</u>	<u>3,120,252</u>	<u>3,558,148</u>	-12.31%
Deferred Inflows of Resources	823,368	694,693			823,368	694,693	18.52%
Net Position:							
Net Investment in Capital Assets	4,928,979	5,077,769	7,386	8,820	4,936,365	5,086,589	
Restricted	3,275,316	2,765,897			3,275,316	2,765,897	
Unrestricted/(Deficit)	<u>(1,249,543)</u>	<u>(1,636,699)</u>	<u>72,918</u>	<u>45,530</u>	<u>(1,176,625)</u>	<u>(1,591,169)</u>	
Total Net Position	<u>\$ 6,954,752</u>	<u>\$ 6,206,967</u>	<u>\$ 80,304</u>	<u>\$ 54,350</u>	<u>\$ 7,035,056</u>	<u>\$ 6,261,317</u>	12.36%

* as Restated

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Revenue:							
Program Revenue:							
Charges for Services	\$ 16,456	\$ 36,793	\$ 3,719	\$ 68,371	\$ 20,175	\$ 105,164	
Grants and Contributions:							
Operating	2,853,391	\$ 2,656,469	119,334	64,895	2,972,725	2,721,364	
General Revenue:							
Property Taxes	11,562,024	11,024,137			11,562,024	11,024,137	
Federal and State Aid Not Restricted	50,912	50,903			50,912	50,903	
Other	195,622	217,364	22	210	195,644	217,574	
Total Revenue	<u>14,678,405</u>	<u>13,985,666</u>	<u>123,075</u>	<u>133,476</u>	<u>14,801,480</u>	<u>14,119,142</u>	4.83%
Expenses:							
Instruction	5,604,611	5,745,921			5,604,611	5,745,921	
Pupil and Instruction Services	5,494,171	5,363,980			5,494,171	5,363,980	
Administrative Services	934,490	894,955			934,490	894,955	
Maintenance and Operations	814,754	872,705			814,754	872,705	
Transportation	720,379	680,311			720,379	680,311	
Other	362,215	322,955	97,121	137,789	459,336	460,744	
Total Expenses	<u>13,930,620</u>	<u>13,880,827</u>	<u>97,121</u>	<u>137,789</u>	<u>14,027,741</u>	<u>14,018,616</u>	0.07%
Increase/(Decrease) in Net Position	<u>\$ 747,785</u>	<u>\$ 104,839</u>	<u>\$ 25,954</u>	<u>\$ (4,313)</u>	<u>\$ 773,739</u>	<u>\$ 100,526</u>	669.69%

Governmental Activities

While the financial position of the District increased as the District maintained existing programs and the provision of a multitude of special programs/services for disabled pupils which continue to place a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Because State aid has either remained relatively flat or been reduced over the past few years, the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 5,604,611	\$ 5,745,921	\$ 3,082,592	\$ 3,365,155
Pupil and Instruction Services	5,494,171	5,363,980	5,480,965	5,363,980
Administrative and Business	934,490	894,955	817,151	794,507
Maintenance and Operations	814,754	872,705	814,754	872,705
Transportation	720,379	680,311	503,096	468,263
Other	362,215	322,955	362,215	322,955
	\$ 13,930,620	\$ 13,880,827	\$ 11,060,773	\$ 11,187,565

Business-Type Activities

Net position from the District's business-type activities increased by \$25,954 primarily due to a decrease in food purchases and salaries of cafeteria employees combined with additional federal funding received. (Refer to Figure A-4).

Financial Analysis of the District's Funds

To maintain a stable financial position, the District must continue to practice sound fiscal management, including but not limited to cost containment practices, seeking out all available efficiencies and a continual evaluation of all offered services and programs.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Sites (Land)	\$ 611,500	\$ 611,500			\$ 611,500	\$ 611,500	
Site Improvements	183,863	202,885			183,863	202,885	
Buildings and Building Improvements	5,435,109	5,716,336			5,435,109	5,716,336	
Machinery and Equipment	98,507	117,048	\$ 7,386	\$ 8,820	105,893	125,868	
Total Capital Assets (Net of Depreciation)	\$ 6,328,979	\$ 6,647,769	\$ 7,386	\$ 8,820	\$ 6,336,365	\$ 6,656,589	-4.81%

The District's overall capital assets decreased due to current year depreciation expense. More detailed information is included in Note 5 of the Notes to the Financial Statements.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2020/2021
	2020/2021	2019/2020	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,400,000	\$ 1,570,000	
Net Pension Liability	1,258,961	1,639,901	
Compensated Absences Payable	185,174	195,130	
	\$ 2,844,135	\$ 3,405,031	-16.47%

- The District's net pension liability decreased \$380,940.
- At year-end, the District had \$1,400,000 in general obligation bonds – a reduction of \$170,000 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)
- The District's compensated absences payable decreased \$9,956.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Factors Bearing on the District's Future Revenue/Expense Changes

Based on the new funding formula, we anticipate seeing a small increase in the amount of state aid received over the next five years. The apartment complex/pilot project of approximately 300 units is now fully occupied. Another revenue change is from the Borough of Mount Arlington who has agreed to provide funds to the schools for the costs to educate the additional students that have been received because of the Woodmont housing complex.

We have experienced a steady increase in unilateral placements and an increase in the Special Education student population overall. Additionally, we are experiencing a dramatic increase in our ELL population which required us to hire a certified ELL teacher. These increases have had a significant impact to our operating expenditures as well as strained our staffing model and our availability of instructional space. Increasing state regulations, state-mandated submissions and reporting requirements, along with teacher evaluations will have a negative impact on the ability of the existing administration to comply with all state directives while maintaining the day-to-day operations of the schools.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 446 Howard Boulevard, Mount Arlington, New Jersey 07856.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,902,559	\$ 64,600	\$ 1,967,159
Internal Balances	(5,345)	5,345	
Receivables from Federal Government	31,139	13,308	44,447
Receivables from State Government	149,406	620	150,026
Other Accounts Receivable	4,070		4,070
Inventory		2,204	2,204
Restricted Cash and Cash Equivalents	2,146,763		2,146,763
Capital Assets, Net:			
Sites (Land)	611,500		611,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,717,479	7,386	5,724,865
Total Assets	<u>10,557,571</u>	<u>93,463</u>	<u>10,651,034</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	327,642		327,642
Total Deferred Outflows of Resources	<u>327,642</u>		<u>327,642</u>
LIABILITIES			
Accrued Interest Payable	22,367		22,367
Accounts Payable	221,421	9,413	230,834
Unearned Revenue	19,170	3,746	22,916
Noncurrent Liabilities:			
Due Beyond One Year	2,844,135		2,844,135
Total Liabilities	<u>3,107,093</u>	<u>13,159</u>	<u>3,120,252</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	823,368		823,368
Total Deferred Inflows of Resources	<u>823,368</u>		<u>823,368</u>
NET POSITION			
Net Investment in Capital Assets	4,928,979	7,386	4,936,365
Restricted for:			
Capital Projects	1,578,853		1,578,853
Maintenance Reserve	418,887		418,887
Tuition Reserve	100,000		100,000
Excess Surplus	1,128,553		1,128,553
Unemployment Compensation	14,027		14,027
Student Activities	26,985		26,985
Scholarships	8,011		8,011
Unrestricted/(Deficit)	(1,249,543)	72,918	(1,176,625)
Total Net Position	<u>\$ 6,954,752</u>	<u>\$ 80,304</u>	<u>\$ 7,035,056</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,285,075	\$ 3,250	\$ 1,494,743		\$ (2,787,082)	\$	\$ (2,787,082)
Special Education	1,291,898		1,015,154		(276,744)		(276,744)
Other Special Instruction	75				(75)		(75)
School Sponsored Instruction	27,563		8,872		(18,691)		(18,691)
Support services:							
Tuition	4,044,092				(4,044,092)		(4,044,092)
Student & Instruction Related Services	1,450,079	13,206			(1,436,873)		(1,436,873)
General Administrative Services	340,114				(340,114)		(340,114)
School Administrative Services	341,783		117,339		(224,444)		(224,444)
Central Services	252,593				(252,593)		(252,593)
Plant Operations and Maintenance	814,754				(814,754)		(814,754)
Pupil Transportation	720,379		217,283		(503,096)		(503,096)
Unallocated Depreciation	288,653				(288,653)		(288,653)
Capital Outlay	230				(230)		(230)
Interest on Long-Term Debt	59,500				(59,500)		(59,500)
Charter Schools	13,832				(13,832)		(13,832)
Total Governmental Activities	13,930,620	16,456	2,853,391		(11,060,773)		(11,060,773)
Business-Type Activities:							
Food Service	97,121	3,719	119,334			\$ 25,932	25,932
Total Business-Type Activities	97,121	3,719	119,334			25,932	25,932
Total Primary Government	\$ 14,027,741	\$ 20,175	\$ 2,972,725	\$ -0-	(11,060,773)	25,932	(11,034,841)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expenses)/Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 11,329,224		\$ 11,329,224
Taxes Levied for Debt Service	232,800		232,800
Federal and State Aid Not Restricted	50,912		50,912
Investment Earnings	1,380	\$ 22	1,402
Other Local Governments	150,000		150,000
Miscellaneous Income	44,242		44,242
Total General Revenues	11,808,558	22	11,808,580
Change in Net Position	747,785	25,954	773,739
Net Position - Beginning (as Restated)	6,206,967	54,350	6,261,317
Net Position - Ending	\$ 6,954,752	\$ 80,304	\$ 7,035,056

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,902,559			\$ 1,902,559
Interfund Receivable	2,877			2,877
Receivables from Federal Government		\$ 31,139		31,139
Receivables from State Government	149,406			149,406
Other Accounts Receivable	4,070			4,070
Restricted Cash and Cash Equivalents	2,111,767	34,996		2,146,763
Total Assets	\$ 4,170,679	\$ 66,135	\$ -0-	\$ 4,236,814
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 5,345	\$ 2,877		\$ 8,222
Accounts Payable - Vendors	127,329	9,092		136,421
Unearned Revenue		19,170		19,170
Total Liabilities	132,674	31,139		163,813
Fund Balances:				
Restricted:				
Capital Reserve Account	1,578,853			1,578,853
Maintenance Reserve	418,887			418,887
Unemployment Compensation	14,027			14,027
Student Activities		26,985		26,985
Scholarships		8,011		8,011
Tuition Reserve - 2021-2022	50,000			50,000
Tuition Reserve - 2022-2023	50,000			50,000
Excess Surplus - 2021-2022	549,630			549,630
Excess Surplus - 2022-2023	578,923			578,923
Assigned:				
Year End Encumbrances	146,071			146,071
For Subsequent Year's Expenditures	250,728			250,728
Unassigned	400,886			400,886
Total Fund Balances	4,038,005	34,996		4,073,001
Total Liabilities and Fund Balances	\$ 4,170,679	\$ 66,135	\$ -0-	\$ 4,236,814

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Fund Balance from Above	\$ 4,073,001
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	6,328,979
Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(22,367)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as a liability in the Funds.	(1,585,174)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,258,961)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	242,642
Deferred Inflows	<u>(823,368)</u>
Net Position of Governmental Activities	<u>\$ 6,954,752</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 11,329,224		\$ 232,800	\$ 11,562,024
Other Local Governments	150,000			150,000
Tuition from Individuals	3,250			3,250
Interest Earned on Capital Reserve Funds	1,380			1,380
Restricted Miscellaneous	1,151	\$ 13,463		14,614
Unrestricted Miscellaneous	42,834			42,834
Total - Local Sources	11,527,839	13,463	232,800	11,774,102
State Sources	2,188,712			2,188,712
Federal Sources		254,013		254,013
Total Revenues	13,716,551	267,476	232,800	14,216,827
EXPENDITURES				
Current:				
Regular Instruction	2,280,966	139,774		2,420,740
Special Education Instruction	754,572			754,572
Other Special Instruction	75			75
School Sponsored Instruction	15,530			15,530
Support Services and Undistributed Costs:				
Tuition				
Student & Instruction Related Services	3,929,596	114,496		4,044,092
General Administrative Services	1,179,004	13,344		1,192,348
School Administrative Services	293,910			293,910
Central Services	189,232			189,232
Plant Operations and Maintenance	202,326			202,326
	727,317			727,317

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES				
Current:				
Pupil Transportation	\$ 713,409			\$ 713,409
Unallocated Benefits	2,608,681			2,608,681
Transfer to Charter Schools	13,832			13,832
Capital Outlay	230			230
Debt Service:				
Principal			\$ 170,000	170,000
Interest and Other Charges			62,800	62,800
Total Expenditures	<u>12,908,680</u>	<u>\$ 267,614</u>	<u>232,800</u>	<u>13,409,094</u>
Net Change in Fund Balances	807,871	(138)		807,733
Fund Balance - July 1 (as Restated)	<u>3,230,134</u>	<u>35,134</u>		<u>3,265,268</u>
Fund Balance - June 30	<u>\$ 4,038,005</u>	<u>\$ 34,996</u>	<u>\$ -0-</u>	<u>\$ 4,073,001</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT 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, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 807,733
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 differs from capital outlays in the period.	(318,790)
Depreciation Expense	
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 (+).	9,956
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	3,300
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)	170,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Changes in Net Pension Liability	\$ 380,940
Changes in Deferred Outflows	(176,679)
Changes in Deferred Inflows	<u>(128,675)</u>
Change in Net Position of Governmental Activities (A-2)	<u>75,586</u>
	<u>\$ 747,785</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 64,600
Intergovernmental Receivable:	
Federal	13,308
State	620
Interfund Receivable - General Fund	5,345
Inventory	2,204
	86,077
Total Current Assets	86,077
Non-Current Assets:	
Capital Assets	96,580
Less: Accumulated Depreciation	(89,194)
	7,386
Total Non-Current Assets	7,386
Total Assets	93,463
LIABILITIES:	
Accounts Payable	9,413
Unearned Revenue - Prepaid Sales	3,567
Unearned Revenue - Donated Commodities	179
	13,159
Total Liabilities	13,159
NET POSITION:	
Investment in Capital Assets	7,386
Unrestricted	72,918
	80,304
Total Net Position	\$ 80,304

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,719
Total Operating Revenue	3,719
Operating Expenses:	
Cost of Sales - Reimbursable Programs	53,940
Salaries, Benefits & Payroll Taxes	30,660
Supplies, Insurance & Other Costs	1,907
Management Fee	9,180
Depreciation Expense	1,434
Total Operating Expenses	97,121
Operating Loss	(93,402)
Non-Operating Revenue:	
Local Sources:	
Interest Income	22
State Sources:	
Seamless Summer Option	3,939
Federal Sources:	
Food Distribution Program	7,666
Seamless Summer Option	107,729
Total Non-Operating Revenue	119,356
Change in Net Position	25,954
Net Position - Beginning of Year	54,350
Net Position - End of Year	\$ 80,304

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,828
Payments to Food Service Vendor	(82,049)
Net Cash (Used for) Operating Activities	(79,221)
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,362
Federal Subsidy Reimbursements	98,874
Net Cash Provided by Noncapital Financing Activities	102,236
Cash Flows from Investing Activities:	
Interest on Investments	22
Net Cash Provided by Investing Activities	22
Net Increase in Cash and Cash Equivalents	23,037
Cash and Cash Equivalents, July 1	41,563
Cash and Cash Equivalents, June 30	\$ 64,600
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (93,402)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,434
Food Distribution Program	7,666
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	2,749
Increase/(Decrease) in Accounts Payable	3,644
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(891)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(421)
Net Cash (Used for) Operating Activities	\$ (79,221)

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$7,245 and used \$7,666 of those commodities during the fiscal year.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Mount Arlington School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (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,

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and 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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets 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 accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of 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, except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,717,487	\$ 267,476
Difference - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(64,445)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	63,509	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 13,716,551	\$ 267,476
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,908,680	\$ 267,614
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 12,908,680	\$ 267,614

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amount in deposits and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments (Cont'd):

New Jersey school districts are limited as to type 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 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.

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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables:

Short-term 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.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District allows employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, however accrued salaries and wages have been paid o as of June 30, 2021.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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 district-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.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$4,038,005 General Fund fund balance at June 30, 2021, \$146,071 is assigned for encumbrances; \$1,578,853 is restricted in the capital reserve account; \$418,887 has been restricted in the maintenance reserve account; \$14,027 is restricted for unemployment compensation; \$100,000 is restricted in the tuition reserve account (\$50,000 for fiscal year ending June 30, 2022 and \$50,000 for the fiscal year ending June 30, 2023); \$549,630 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2022; current year excess surplus in the amount of \$578,923 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$250,728 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022; and \$400,886 is unassigned fund balance, which is \$64,445 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: Of the \$34,966 Special Revenue Fund fund balance at June 30, 2021, \$26,985 is restricted for student activities and \$8,011 is restricted for scholarships.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

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-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 restrict 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 District had excess surplus as defined above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$64,445, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,249,543 in governmental activities, which is primarily a result of unassigned and assigned fund balance offset by accrued interest payable, compensated absences payable, net pension liability, and deferred inflows and outflows in pensions.

The deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2021 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. 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 restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, tuition reserve, excess surplus, student activities, scholarships, and unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

V. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board 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.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk- The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

During the period ended June 30, 2021, the District did not hold any investments.

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,967,159	\$ 2,146,763	\$4,113,922

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$4,113,922 and the bank balance was \$4,710,866.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$2,500 on October 12, 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 restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020		\$ 1,226,100
Interest Earned	\$ 1,380	
Transferred by Board Resolution June 6, 2021	<u>351,373</u>	
		<u>352,753</u>
Ending Balance, June 30, 2021		<u>\$ 1,578,853</u>

The June 30, 2021 capital reserve account balance does not exceed the total LRFP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 611,500			\$ 611,500
Total Capital Assets Not Being Depreciated	<u>611,500</u>			<u>611,500</u>
Capital Assets Being Depreciated:				
Site Improvements	467,938			467,938
Buildings and Building Improvements	9,779,759			9,779,759
Machinery and Equipment	609,955			609,955
Total Capital Assets Being Depreciated	<u>10,857,652</u>			<u>10,857,652</u>
Governmental Activities Capital Assets	<u>11,469,152</u>			<u>11,469,152</u>
Less Accumulated Depreciation for:				
Site Improvements	(265,053)	\$ (19,022)		(284,075)
Buildings and Building Improvements	(4,063,423)	(281,227)		(4,344,650)
Machinery and Equipment	(492,907)	(18,541)		(511,448)
	<u>(4,821,383)</u>	<u>(318,790)</u>		<u>(5,140,173)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,647,769</u>	<u>\$ (318,790)</u>	<u>\$ -0-</u>	<u>\$ 6,328,979</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 96,580			\$ 96,580
Less Accumulated Depreciation	(87,760)	\$ (1,434)		(89,194)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,820	\$ (1,434)	\$ -0-	\$ 7,386

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 15,920
General Administrative Services	9,406
Plant Operations and Maintenance	4,811
Unallocated	288,653
	\$ 318,790

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$32,538 to capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 1,570,000		\$ 170,000	\$ 1,400,000
Net Pension Liability	1,639,901		380,940	1,258,961
Compensated Absences Payable	195,130	\$ 9,956	19,912	185,174
	\$ 3,405,031	\$ 9,956	\$ 570,852	\$ 2,844,135

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2021 is \$180,000 and the long-term portion is \$1,220,000. The Debt Service Fund will be used to liquidate bonds payable.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

Purpose	Final Maturity	Interest Rate	Amount
Refunding Bonds	1/15/2028	4.00%	\$ 1,400,000

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 180,000	\$ 56,000	\$ 236,000
2023	185,000	48,800	233,800
2024	190,000	41,400	231,400
2025	200,000	33,800	233,800
2026	210,000	25,800	235,800
2027-2028	435,000	26,200	461,200
	\$ 1,400,000	\$ 232,000	\$ 1,632,000

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District did not have any Capital Leases Payable as of June 30, 2021.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of compensated absences payable and the long-term liability balance of compensated absences is \$185,174. The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$1,258,961. See Note 9 for further information on the PERS.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$50,000 was established by the Borough of Mount Arlington School District by board resolution on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020		\$ 250,000
Board Resolution Withdrawal June 16, 2021	\$ (29,740)	
Transferred by Board Resolution June 6, 2021	198,627	
		168,887
Ending Balance, July 30, 2021		\$ 250,000

NOTE 9. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
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 1/55th 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 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$84,901 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2020.

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

At June 30, 2021, the District reported a liability of \$1,258,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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 members, actuarially determined. At June 30, 2020, the District's proportion was 0.0077%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$8,866. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of</u> <u>Deferral</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2016	5.57	\$ 40,841	
	2017	5.48		\$ (119,171)
	2018	5.63		(116,915)
	2019	5.21		(92,847)
	2020	5.16		(198,206)
				<u>40,841</u>
Difference Between Expected and Actual Experience	2016	5.57	1,240	
	2017	5.48	3,544	
	2018	5.63		(4,452)
	2019	5.21	7,097	
	2020	5.16	11,043	
				<u>22,924</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(15,408)	
	2018	5.00	(14,288)	
	2019	5.00	3,458	
	2020	5.00	69,269	
				<u>43,031</u>
Changes in Proportion	2016	5.57		(25,920)
	2017	5.48	16,660	
	2018	5.63		(15,190)
	2019	5.21	119,186	
	2020	5.16		(250,667)
				<u>135,846</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	85,000	
			<u>\$ 327,642</u>	<u>\$ (823,368)</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (157,977)
2022	(144,027)
2023	(82,308)
2024	(33,284)
2025	(7,199)
	\$ (424,795)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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 a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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 collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,581,311	\$ 1,258,961	\$ 980,283

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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 TPAF:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
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 1/55th 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 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 members retires prior to the retirement age for his/her respective tier. 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$865,550 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,245,008.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$20,021,276. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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 members, actuarially determined. At June 30, 2020, the District's proportion was 0.03040%, which was an increase of 0.00091% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>20,021,276</u>
Total	<u>\$ 20,021,276</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,245,008 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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 a 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table on the next page:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 23,517,334	\$ 20,021,276	\$ 17,118,387

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$14,013 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$18,900 for the fiscal year ended June 30, 2021.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. 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 disasters. The District obtains its health care coverage through the Oxford Health Plan.

Property and Liability Insurance

The Borough of Mount Arlington School District is a member of the Morris Essex Insurance Group (the “Group”). The Group provides general liability, property, automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The audit report for the year ended June 30, 2021 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2020 is as follows:

	<u>Morris-Essex Insurance Group</u>
Total Assets	<u>\$ 11,802,954</u>
Net Position	<u>\$ 8,479,975</u>
Total Revenue	<u>\$ 4,013,691</u>
Total Expenses	<u>\$ 2,294,520</u>
Change in Net Position	<u>\$ 694,089</u>
Member Dividends	<u>\$ 1,025,082</u>

Financial statements for the Group are available at the Executive Director’s Office:

Burton Agency
44 Bergen Street
P.O. Box 270
Westwood, NJ 07675
(201) 664-0310

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years.

Fiscal Year	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2020-2021		\$ 10,974	\$ 9,823	\$ 14,027
2019-2020	\$ 2	13,953	17,614	12,876
2018-2019	3	5,008	5,334	16,535

NOTE 11 DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Lincoln Life

AXA Equitable

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of June 30, 2021 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,877	\$ 5,345
Special Revenue Fund		2,877
Proprietary Fund - Food Service Fund	5,345	
	<u>\$ 8,222</u>	<u>\$ 8,222</u>

The \$2,877 of interfund receivable in the General Fund represents the negative cash balance in the Special Revenue Fund as of June 30, 2021. The \$5,345, due to the Food Service Fund is due to state and federal subsidy reimbursements that have been received but not transferred to the Food Service Fund.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$2,600,000 School Bonds dated September 14, 2005 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Total Governmental Funds
\$ 146,071	\$ 146,071
<u>\$ 146,071</u>	<u>\$ 146,071</u>

NOTE 14. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges.

A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

NOTE 15. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 16. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

As of June 30, 2021 the District has \$100,000 in the tuition reserve for which \$50,000 and \$50,000 will be used to pay for tuition adjustments for the fiscal year ending June 30, 2022 and 2023, respectively.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2021 consisted of the following:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Vendors	\$ 19,552	\$ 9,092		\$ 28,644	\$ 9,413
Payroll Deductions and Withholdings	107,777			107,777	
State of New Jersey			\$ 85,000	85,000	
	<u>\$ 127,329</u>	<u>\$ 9,092</u>	<u>\$ 85,000</u>	<u>\$ 221,421</u>	<u>\$ 9,413</u>

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), 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 or board of school estimate 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.

The Borough recognized revenue in the amount of \$551,254 from this annual service charge or payment in lieu of taxes which is recorded as revenue in the Current Fund. The taxes which would have been paid on this property for 2020 without the abatement would have been \$282,450 of which \$89,145 would have been for the local municipal tax and minimum library tax. During 2021, the School District received \$150,000 from the Borough from the PILOT as revenue recognized.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey 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 retire 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: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement 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 years or more 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

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

At June 30, 2018, the plan membership consisted of the following:

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

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:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement 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. Post-retirement 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.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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 is reflected. The assumed post-65 medical trend rate 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 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%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 12,861,354
Changes for Year:	
Service Cost	526,329
Interest on the Total OPEB Liability	511,501
Changes of Assumptions	172,416
Difference in Expected and Actual Experiences	(2,163,423)
Gross Benefit Payments by the State	(354,972)
Contributions from Members	10,522
Net Changes	(1,297,627)
Balance at June 30, 2019	\$ 11,563,727

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 13,661,331	\$ 11,563,727	\$ 9,897,505

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 9,527,996	\$ 11,563,727	\$ 14,258,617

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$358,531 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

	<u>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 1,346,252
	2018	9.51		1,157,959
	2019	9.29	<u>\$ 153,858</u>	
			<u>153,858</u>	<u>2,504,211</u>
Differences between Expected and Actual Experience	2018	9.51		1,094,631
	2019	9.29		<u>1,810,903</u>
				<u>2,905,534</u>
Changes in Proportion	N/A	N/A	<u>323,474</u>	<u>98,306</u>
			<u>\$ 477,332</u>	<u>\$ 5,508,051</u>

N/A- Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (705,679)
2021	(705,679)
2022	(705,679)
2023	(705,679)
2024	(705,679)
Thereafter	<u>(1,727,492)</u>
	<u>\$ (5,255,887)</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

NOTE 21. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 6,158,957	\$ 48,010	\$ 6,206,967
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 3,217,258	\$ 12,876	\$ 3,230,134
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 35,134	\$ 35,134
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 12,876	\$ (12,876)	\$ -0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 10,009	\$ (10,009)	\$ -0-

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0083773906%	0.0093836240%	0.0081084149%	0.0081084149%	0.0083913612%	0.0091012137%	0.0077201914%
District's proportionate share of the net pension liability	\$ 1,568,477	\$ 2,106,436	\$ 2,401,480	\$ 1,953,375	\$ 1,623,833	\$ 1,639,901	\$ 1,258,961
District's covered employee payroll	\$ 567,642	\$ 570,668	\$ 553,391	\$ 592,617	\$ 635,745	\$ 529,046	\$ 523,344
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	276.31%	369.12%	433.96%	329.62%	255.42%	309.97%	240.56%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 69,062	\$ 80,674	\$ 72,606	\$ 79,334	\$ 82,653	\$ 89,151	\$ 84,901
Contributions in relation to the contractually required contribution	<u>(69,062)</u>	<u>(80,674)</u>	<u>(72,606)</u>	<u>(79,334)</u>	<u>(82,653)</u>	<u>(89,151)</u>	<u>(84,901)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 567,642	\$ 570,668	\$ 553,391	\$ 592,617	\$ 635,745	\$ 529,046	\$ 523,344
Contributions as a percentage of covered employee payroll	12.17%	14.14%	13.12%	13.39%	13.00%	16.85%	16.22%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0301625284%	0.0304561326%	0.0309057303%	0.0305192044%	0.0295626153%	0.0294929531%	0.0304049236%
	\$ 16,120,890	\$ 19,249,576	\$ 24,312,415	\$ 20,577,148	\$ 18,807,092	\$ 18,100,104	\$ 20,021,276
State's proportionate share of the net pension liability attributable to the District	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630	\$ 3,216,790	\$ 3,508,291	\$ 3,361,962
District's covered employee payroll	516.05%	636.53%	800.77%	642.31%	584.65%	515.92%	595.52%
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%
Plan fiduciary net position as a percentage of the total pension liability							

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 867,455	\$ 1,175,360	\$ 1,826,740	\$ 1,425,481	\$ 1,096,388	\$ 1,067,592	\$ 1,245,008
Contributions in relation to the contractually required contribution	<u>(164,657)</u>	<u>(247,443)</u>	<u>(331,278)</u>	<u>(435,353)</u>	<u>(580,055)</u>	<u>(666,897)</u>	<u>(865,550)</u>
Contribution deficiency/(excess)	<u>\$ 702,798</u>	<u>\$ 927,917</u>	<u>\$ 1,495,462</u>	<u>\$ 990,128</u>	<u>\$ 516,333</u>	<u>\$ 400,695</u>	<u>\$ 379,458</u>
District's covered employee payroll	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630	\$ 3,216,790	\$ 3,508,291	\$ 3,361,962
Contributions as a percentage of covered employee payroll	27.77%	38.87%	60.17%	44.50%	34.08%	30.43%	25.75%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB
LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Years Ending		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 709,095	\$ 585,721	\$ 526,329
Interest Cost	463,965	537,912	511,501
Changes in Assumptions	(1,975,109)	(1,475,905)	172,416
Difference in Expected and Actual Experiences		(1,058,644)	(2,163,423)
Member Contributions	12,456	11,886	10,522
Gross Benefit Payments	(338,266)	(343,908)	(354,972)
Net Change in Total OPEB Liability	(1,127,859)	(1,742,938)	(1,297,627)
Total OPEB Liability - Beginning	15,732,151	14,604,292	12,861,354
Total OPEB Liability - Ending	<u>\$ 14,604,292</u>	<u>\$ 12,861,354</u>	<u>\$ 11,563,727</u>
District's Covered Employee Payroll *	\$ 3,577,521	\$ 3,628,738	\$ 3,839,375
Total OPEB Liability as a Percentage of Covered Employee Payroll	408%	354%	301%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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. Post-retirement 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.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 11,329,224		\$ 11,329,224	\$ 11,329,224	
Other Local Governments	150,000		150,000	150,000	
Tuition from Individuals			3,250	3,250	
Interest Earned on Capital Reserve Funds				1,380	\$ 1,380
Restricted Miscellaneous				1,151	1,151
Unrestricted Miscellaneous	20,000		16,750	42,834	26,084
Total - Local Sources	<u>11,499,224</u>		<u>11,499,224</u>	<u>11,527,839</u>	<u>28,615</u>
State Sources:					
Categorical Special Education Aid	415,991	\$ (29,740)	386,251	386,251	
Categorical Security Aid	50,873		50,873	50,873	
Categorical Transportation Aid	212,050		212,050	212,050	
Extraordinary Special Education Costs Aid	200,000		200,000	132,798	(67,202)
Nonpublic School Transportation Costs				5,087	5,087
On-Behalf TPAF Pension Contribution (Non-Budgeted)				865,550	865,550
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				276,411	276,411
On-Behalf TPAF Long Term Disability Insurance (Non-Budgeted)				596	596
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				16,468	16,468
Reimbursed TPAF Social Security (Non-Budgeted)				243,564	243,564
Total State Sources	<u>878,914</u>	<u>(29,740)</u>	<u>849,174</u>	<u>2,189,648</u>	<u>1,340,474</u>
TOTAL REVENUES	<u>12,378,138</u>	<u>(29,740)</u>	<u>12,348,398</u>	<u>13,717,487</u>	<u>1,369,089</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 130,349	\$ 880	\$ 131,229	\$ 131,229	
Grades 1-5 - Salaries of Teachers	1,113,761	74,496	1,188,257	1,179,342	\$ 8,915
Grades 6-8 - Salaries of Teachers	991,459	(75,187)	916,272	860,927	55,345
Regular Programs - Home Instruction:					
Purchased Professional - Educational Services	10,000	(6,161)	3,839		3,839
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	94,560	(40,455)	54,105	16,312	37,793
Purchased Professional - Educational Services	290		290		290
Purchased Technical Services		38,293	38,293		38,293
Other Purchased Services (400-500 series)	62,390		62,390	41,912	20,478
General Supplies	53,113	42,338	95,451	51,035	44,416
Textbooks	10,000	(9,997)	3		3
Other Objects	600	(99)	501	209	292
Total Regular Programs - Instruction	<u>2,466,522</u>	<u>24,108</u>	<u>2,490,630</u>	<u>2,280,966</u>	<u>209,664</u>
Special Education - Instruction					
Multiple Disabilities:					
Salaries of Teachers	59,825	(59,825)			
Purchased Professional Educational Services		59,825	59,825	44,890	14,935
Purchased Technical Services	2,400		2,400		2,400
Total Multiple Disabilities	<u>62,225</u>		<u>62,225</u>	<u>44,890</u>	<u>17,335</u>
Resource Room/Resource Center:					
Salaries of Teachers	350,995	7,086	358,081	358,081	
Other Salaries for Instruction	15,890	14,280	30,170	27,009	3,161
Purchased Professional - Educational Services	44,424	(15,496)	28,928	26,776	2,152
General Supplies	1,370	138	1,508	1,486	22
Total Resource Room/Resource Center	<u>412,679</u>	<u>6,008</u>	<u>418,687</u>	<u>413,352</u>	<u>5,335</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 93,352		\$ 93,352	\$ 89,829	\$ 3,523
Total Autism	93,352		93,352	89,829	3,523
Preschool Disabilities - Full-time:					
Salaries of Teachers	172,784	\$ (100)	172,684	165,344	7,340
Other Salaries for Instruction	106,455		106,455	39,860	66,595
General Supplies	200	1,162	1,362	1,297	65
Total Preschool Disabilities - Full-time	279,439	1,062	280,501	206,501	74,000
Total Special Education Instruction	847,695	7,070	854,765	754,572	100,193
Basic Skills/Remedial - Instruction:					
General Supplies		75	75	75	
Total Basic Skills/Remedial - Instruction		75	75	75	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	26,750		26,750	8,539	18,211
Purchased Services (300-500 series)	1,400		1,400		1,400
Supplies and Materials	400		400		400
Total School-Sponsored Cocurricular Activities - Instruction	28,550		28,550	8,539	20,011

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 40,056		\$ 40,056	5,677	\$ 34,379
Purchased Services (300-500 series)	6,830		6,830	1,251	5,579
Supplies and Materials	3,000	\$ (150)	2,850		2,850
Other Objects	3,825	(2,667)	1,158	63	1,095
Total School-Sponsored Cocurricular Athletics - Instruction	53,711	(2,817)	50,894	6,991	43,903
Total Instruction	3,396,478	28,436	3,424,914	3,051,143	373,771
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	2,761,930		2,761,930	2,599,130	162,800
Tuition to Other LEAs Within the State - Special	608,942	(4,929)	604,013	525,365	78,648
Tuition to CSSD & Regional Day Schools	176,938	(26,327)	150,611	150,611	
Tuition to County Vocational Schools - Regular	190,293		190,293	35,468	154,825
Tuition to Private Schools for the Disabled - Within the State	1,034,659	(113,130)	921,529	614,522	307,007
Tuition - State Facilities	4,500		4,500	4,500	
Total Undistributed Expenditures - Instruction:	4,777,262	(144,386)	4,632,876	3,929,596	703,280
Attendance and Social Work:					
Salaries	27,026		27,026	27,026	
Total Attendance and Social Work	27,026		27,026	27,026	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 121,911		\$ 121,911	\$ 118,388	\$ 3,523
Purchased Professional and Technical Services	5,800	\$ (972)	4,828	4,582	246
Supplies and Materials	3,750	2,295	6,045	2,526	3,519
Other Objects	917	173	1,090	695	395
Total Health Services	132,378	1,496	133,874	126,191	7,683
Other Support Services - Students - Related Services:					
Salaries	209,591		209,591	193,815	15,776
Purchased Professional - Educational Services	150,000	66,199	216,199	184,135	32,064
Supplies and Materials	3,955	31	3,986	3,557	429
Total Other Support Services - Students - Related Services	363,546	66,230	429,776	381,507	48,269
Other Support Services - Students - Extraordinary Services:					
Salaries	138,450		138,450	132,682	5,768
Total Other Support Services - Students - Extraordinary Services	138,450		138,450	132,682	5,768
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	67,003		67,003	67,003	
Salaries of Secretarial and Clerical Assistants	44,746		44,746	44,746	
Other Object	550		550	109	441
Total Other Support Services - Students - Guidance	112,299		112,299	111,858	441

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	\$ 198,123		\$ 198,123	\$ 184,540	\$ 13,583
Salaries of Secretarial and Clerical Assistants	36,296		36,296	36,188	108
Other Purchased Professional and Technical Services	35,500	\$ (511)	34,989	27,082	7,907
Supplies and Materials	2,475	1,170	3,645	3,645	
Other Objects	325	(128)	197	150	47
Total Other Support Services - Students - Child Study Teams	272,719	531	273,250	251,605	21,645
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	30,577		30,577	29,677	900
Salaries of Other Professional Staff	8,000		8,000	8,000	
Total Improvement of Instructional Services	38,577		38,577	37,677	900
Educational Media Services/School Library:					
Salaries	29,117	1,171	30,288	30,288	
Salaries of Technology Coordinators	75,278		75,278	75,278	
Supplies and Materials	2,215	(2,140)	75	75	
Other Objects	2,500	2,290	4,790	4,752	38
Total Educational Media Services/School Library	109,110	1,321	110,431	110,393	38
Instructional Staff Training Services:					
Other Purchased Professional and Technical Services	7,500		7,500		7,500
Other Purchased Services	5,000		5,000	65	4,935
Other Objects	1,000		1,000		1,000
Total Instructional Staff Training Services	13,500		13,500	65	13,435

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 173,004	\$ 100	\$ 173,104	\$ 169,889	\$ 3,215
Legal Services	23,000	1,080	24,080	24,080	
Audit Fees	27,500	1,000	28,500	28,500	
Other Purchased Professional Services	13,593	(3,710)	9,883	8,026	1,857
Communications/Telephone	35,300	5,057	40,357	40,018	339
BOE Other Purchased Services	2,834	1,411	4,245	4,242	3
Miscellaneous Purchased Services (400-500 series)	18,050	(4,937)	13,113	8,150	4,963
General Supplies	2,300		2,300	14	2,286
Miscellaneous Expenditures	8,144		8,144	5,577	2,567
BOE Membership Dues and Fees	6,000		6,000	5,414	586
Total Support Services - General Administration	309,725	1	309,726	293,910	15,816
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	153,106	(1,825)	151,281	139,529	11,752
Salaries of Secretarial and Clerical Assistants	50,644		50,644	48,484	2,160
Other Purchased Services (400-500 series)	500		500	500	
Supplies and Materials	500		500	374	126
Other Objects	1,000		1,000	845	155
Total Support Services - School Administration	205,750	(1,825)	203,925	189,232	14,693
Central Services:					
Salaries	172,979	11,996	184,975	184,827	148
Other Purchased Services	149		149	149	
Purchased Technical Services	22,775	(8,171)	14,604	14,597	7
Miscellaneous Purchased Services	1,000		1,000	1,000	
Supplies and Materials	2,200		2,200	1,587	613
Miscellaneous Expenditures	3,315	(2,000)	1,315	1,315	
Total Central Services	202,418	1,825	204,243	202,326	1,917

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 42,226	\$ 3,571	\$ 45,797	\$ 45,797	
Cleaning, Repair and Maintenance Services	148,196	3,515	151,711	105,014	\$ 46,697
General Supplies	5,000		5,000	847	4,153
Total Required Maintenance of School Facilities	195,422	7,086	202,508	151,658	50,850
Custodial Services:					
Salaries	239,659	1,586	241,245	227,700	13,545
Purchased Professional and Technical Services	11,732		11,732	8,575	3,157
Cleaning, Repair and Maintenance Services	23,609	(8,025)	15,584	12,543	3,041
Other Purchased Property Services	43,000	1,425	44,425	41,849	2,576
Insurance	85,817	11,852	97,669	97,669	
General Supplies	31,809	(8,672)	23,137	12,883	10,254
Energy (Electricity)	90,000	(6,279)	83,721	54,144	29,577
Energy (Natural Gas)	83,000	(5,782)	77,218	61,209	16,009
Other Objects	5,300	283	5,583	5,362	221
Total Custodial Services	613,926	(13,612)	600,314	521,934	78,380
Care and Upkeep of Grounds:					
Salaries	25,880	3,500	29,380	29,129	251
Cleaning, Repair and Maintenance Services	17,260		17,260	16,611	649
General Supplies	1,500		1,500		1,500
Total Care and Upkeep of Grounds	44,640	3,500	48,140	45,740	2,400

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Security					
Purchased Technical Services	\$ 3,000	\$ 1,388	\$ 4,388	4,388	
Cleaning, Repair and Maintenance Services	5,130	2,554	7,684	3,597	\$ 4,087
General Supplies	1,500	(915)	585		585
Total Security	9,630	3,027	12,657	7,985	4,672
Student Transportation Services:					
Salaries for Pupil Transportation - Between Home and School - Regular	25,381	251	25,632	25,632	
Contracted Services:					
Between Home and School - Vendors	450		450		450
Other Than Between Home and School - Vendors	2,500		2,500		2,500
Special Education Students - Joint Agreements	382,345	(38,155)	344,190	331,145	13,045
Between Home and School - Joint Agreements	338,000	(5,350)	332,650	278,421	54,229
Regular Students - ESC's and CTSA's	30,389	43,505	73,894	63,258	10,636
Aid in Lieu - Nonpublic Schools	25,325	(251)	25,074	14,953	10,121
Total Student Transportation Services	804,390		804,390	713,409	90,981
Unallocated Benefits:					
Social Security Contributions	92,820	20,000	112,820	110,468	2,352
Other Retirement Contributions - PERS	91,800	(5,810)	85,990	84,901	1,089
Other Retirement Contributions - Regular	18,000	5,000	23,000	14,013	8,987
Unemployment Compensation	1,000		1,000		1,000
Workmen's Compensation	60,000		60,000	55,069	4,931
Health Benefits	1,156,411	(9,090)	1,147,321	906,788	240,533
Tuition Reimbursement	36,500		36,500	34,853	1,647
Other Employee Benefits	23,750	(10,100)	13,650		13,650
Total Unallocated Benefits	1,480,281		1,480,281	1,206,092	274,189

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
On-Behalf Contributions:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				\$ 865,550	\$ (865,550)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				276,411	(276,411)
On-Behalf TPAF Long Term Disability Insurance (Non-Budgeted)				596	(596)
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				16,468	(16,468)
Reimbursed TPAF Social Security (Non-Budgeted)				243,564	(243,564)
Total On-Behalf Contributions				1,402,589	(1,402,589)
Total Personal Services - Employee Benefits	\$ 1,480,281		\$ 1,480,281	2,608,681	(1,128,400)
Total Undistributed Expenses	9,851,049	\$ (74,806)	9,776,243	9,843,475	(67,232)
TOTAL GENERAL CURRENT EXPENSE	13,247,527	(46,370)	13,201,157	12,894,618	306,539
Transfer of Funds to Charter Schools		13,832	13,832	13,832	
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Technology Equipment		32,538	32,538		32,538
Total Equipment		32,538	32,538		32,538
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	230		230	230	
Total Facilities Acquisition and Construction Services	230		230	230	
TOTAL CAPITAL OUTLAY	230	32,538	32,768	230	32,538
TOTAL EXPENDITURES	13,247,757		13,247,757	12,908,680	339,077

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (869,619)	\$ (29,740)	\$ (899,359)	\$ 808,807	\$ 1,708,166
Fund Balance, July 1 (as Restated)	<u>3,293,643</u>		<u>3,293,643</u>	<u>3,293,643</u>	
Fund Balance, June 30	<u>\$ 2,424,024</u>	<u>\$ (29,740)</u>	<u>\$ 2,394,284</u>	<u>\$ 4,102,450</u>	<u>\$ 1,708,166</u>
Recapitulation:					
Capital Reserve				\$ 1,578,853	
Maintenance Reserve				418,887	
Unemployment Compensation				14,027	
Tuition Reserve - 2022-2023				50,000	
Tuition Reserve - 2021-2022				50,000	
Excess Surplus - 2022-2023				578,923	
Excess Surplus - 2021-2022				549,630	
Assigned:					
Encumbrances				146,071	
Designated for Subsequent Year's Expenditures				250,728	
Unassigned				<u>465,331</u>	
				<u>4,102,450</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(64,445)</u>	
Last Two State Aid Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,038,005</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 125,000	\$ 32,633	\$ 32,633	\$ 13,463	\$ (19,170)
Federal Sources		137,393	262,393	254,013	(8,380)
Total Revenues	<u>\$ 125,000</u>	<u>\$ 170,026</u>	<u>\$ 295,026</u>	<u>\$ 267,476</u>	<u>\$ (27,550)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 20,000	\$ 1,990	\$ 21,990	\$ 21,200	\$ 790
Tuition	90,000	24,496	114,496	114,496	
General Supplies		100,417	100,417	81,139	19,278
Total Instruction	<u>110,000</u>	<u>126,903</u>	<u>236,903</u>	<u>216,835</u>	<u>20,068</u>
Support Services:					
Personal Services - Employee Benefits		19,565	19,565	16,931	2,634
Purchased Professional/Technical Services	15,000	6,964	21,964	17,452	4,512
Supplies and Materials		3,250	3,250	3,052	198
Student Activities		11,344	11,344	11,344	
Scholarship		2,000	2,000	2,000	
Total Support Services	<u>15,000</u>	<u>43,123</u>	<u>58,123</u>	<u>50,779</u>	<u>7,344</u>
Total Expenditures	<u>\$ 125,000</u>	<u>\$ 170,026</u>	<u>\$ 295,026</u>	<u>\$ 267,614</u>	<u>\$ 27,412</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (138)</u>	<u>\$ (138)</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 13,717,487	\$ 267,476
Difference - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(64,445)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	63,509	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 13,716,551	\$ 267,476
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,908,680	\$ 267,614
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 12,908,680	\$ 267,614

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets 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 accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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 generally accepted accounting principles, with the exception of 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 except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act				IDEA Part B	
	Title I	Title II Part A	Title IV	Basic	Preschool	
REVENUE:						
Local Sources						
Federal Sources	\$ 46,065	\$ 5,304	\$ 11,753	\$ 110,343		\$ 4,153
Total Revenue	<u>46,065</u>	<u>5,304</u>	<u>11,753</u>	<u>110,343</u>		<u>4,153</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	21,200					
Tuition	95		4,392	110,343		4,153
General Supplies						
Total Instruction	<u>21,295</u>		<u>4,392</u>	<u>110,343</u>		<u>4,153</u>
Support Services:						
Personal Services - Employee Benefits	16,931					
Purchased Professional/ Technical Services	7,839	5,304	4,309			
Supplies and Materials			3,052			
Student Activities						
Scholarship						
Total Support Services	<u>24,770</u>	<u>5,304</u>	<u>7,361</u>			
Total Expenditures	<u>\$ 46,065</u>	<u>\$ 5,304</u>	<u>\$ 11,753</u>	<u>\$ 110,343</u>		<u>\$ 4,153</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	COVID 19 - Digital Divide	COVID 19 - CARES Emergency Relief Grant	COVID 19 - Coronavirus Relief Fund (CRF)	Local Grants	Student Activities
REVENUE:					
Local Sources	\$ 19,686	\$ 30,854	\$ 25,855	\$ 257	\$ 13,204
Federal Sources					
Total Revenue	<u>19,686</u>	<u>30,854</u>	<u>25,855</u>	<u>257</u>	<u>13,204</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Tuition	19,686	30,854	25,855	257	
General Supplies					
Total Instruction	<u>19,686</u>	<u>30,854</u>	<u>25,855</u>	<u>257</u>	
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional/Technical Services					
Supplies and Materials					
Student Activities					11,344
Scholarship					
Total Support Services					<u>11,344</u>
Total Expenditures	<u>\$ 19,686</u>	<u>\$ 30,854</u>	<u>\$ 25,855</u>	<u>\$ 257</u>	<u>\$ 11,344</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Scholarship	Totals
REVENUE:		
Local Sources	2	\$ 13,463
Federal Sources		254,013
Total Revenue	2	267,476
EXPENDITURES:		
Instruction:		
Salaries of Teachers		21,200
Tuition		114,496
General Supplies		81,139
Total Instruction		216,835
Support Services:		
Personal Services - Employee Benefits		16,931
Purchased Professional/Technical Services		17,452
Supplies and Materials		3,052
Student Activities		11,344
Scholarship	2,000	2,000
Total Support Services	2,000	50,779
Total Expenditures	2,000	\$ 267,614

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 64,600
Intergovernmental Receivable:	
Federal	13,308
State	620
Interfund Receivable - General Fund	5,345
Inventory	2,204

Total Current Assets	<u>86,077</u>
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Non-Current Assets:

Capital Assets	96,580
Less: Accumulated Depreciation	<u>(89,194)</u>

Total Non-Current Assets	<u>7,386</u>
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Total Assets	<u>93,463</u>
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LIABILITIES:

Accounts Payable	9,413
Unearned Revenue - Prepaid Sales	3,567
Unearned Revenue - Donated Commodities	<u>179</u>

Total Liabilities	<u>13,159</u>
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NET POSITION:

Investment in Capital Assets	7,386
Unrestricted	<u>72,918</u>

Total Net Position	<u><u>\$ 80,304</u></u>
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BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 3,719
Total Operating Revenue	<u>3,719</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	53,940
Salaries, Benefits & Payroll Taxes	30,660
Supplies, Insurance & Other Costs	1,907
Management Fee	9,180
Depreciation Expense	<u>1,434</u>
Total Operating Expenses	<u>97,121</u>
Operating Loss	<u>(93,402)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Income	22
State Sources:	
Seamless Summer Option	3,939
Federal Sources:	
Food Distribution Program	7,666
Seamless Summer Option	<u>107,729</u>
Total Non-Operating Revenue	<u>119,356</u>
Change in Net Position	25,954
Net Position - Beginning of Year	<u>54,350</u>
Net Position - End of Year	<u><u>\$ 80,304</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,828
Payments to Food Service Vendor	(82,049)
	(79,221)
Net Cash (Used for) Operating Activities	
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,362
Federal Subsidy Reimbursements	98,874
	102,236
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Investing Activities:	
Interest on Investments	22
	22
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	
	23,037
Cash and Cash Equivalents, July 1	
	41,563
Cash and Cash Equivalents, June 30	
	\$ 64,600
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (93,402)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,434
Food Distribution Program	7,666
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	2,749
Increase/(Decrease) in Accounts Payable	3,644
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(891)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(421)
	(79,221)
Net Cash (Used for) Operating Activities	
	\$ (79,221)

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$7,245 and used \$7,666 of those commodities during the fiscal year.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2020	Matured	Balance June 30, 2021
			Date	Amount				
Refunding Bonds	09/14/05	\$ 3,260,000	1/15/2022	\$ 180,000	4.000%			
			1/15/2023	185,000	4.000%			
			1/15/2024	190,000	4.000%			
			1/15/2025	200,000	4.000%			
			1/15/2026	210,000	4.000%			
			1/15/2027	215,000	4.000%			
			1/15/2028	220,000	4.000%			
						\$ 1,570,000	\$ 170,000	\$ 1,400,000
						<u>\$ 1,570,000</u>	<u>\$ 170,000</u>	<u>\$ 1,400,000</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 232,800		\$ 232,800	\$ 232,800	
Total Revenues	232,800		232,800	232,800	
EXPENDITURES:					
Regular Debt Service:					
Interest	62,800		62,800	62,800	
Redemption of Principal	170,000		170,000	170,000	
Total Regular Debt Service	232,800		232,800	232,800	
Total Expenditures	232,800		232,800	232,800	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,190,115	\$ 2,425,170	\$ 2,924,264	\$ 3,611,901	\$ 3,799,984	\$ 4,070,389	\$ 4,536,369	\$ 4,486,100	\$ 5,077,769	\$ 4,928,979
Restricted	1,577,761	2,460,749	1,792,806	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316
Unrestricted/(Deficit)	477,145	243,179	(264,411)	(839,382)	(719,554)	(630,135)	(1,013,833)	(544,061)	(1,636,699)	(1,249,543)
Total governmental activities net position	\$ 4,245,021	\$ 5,129,098	\$ 4,452,659	\$ 4,664,697	\$ 5,385,597	\$ 5,998,127	\$ 6,166,039	\$ 6,054,118	\$ 6,206,967	\$ 6,954,752
Business-type Activities:										
Investment in Capital Assets	\$ 23,553	\$ 19,378	\$ 20,478	\$ 15,987	\$ 13,384	\$ 10,781	\$ 8,178	\$ 10,253	\$ 8,820	\$ 7,386
Unrestricted	37,915	37,847	34,613	37,259	38,537	26,765	36,785	48,410	45,530	72,918
Total business-type activities net position	\$ 61,468	\$ 57,225	\$ 55,091	\$ 53,246	\$ 51,921	\$ 37,546	\$ 44,963	\$ 58,663	\$ 54,350	\$ 80,304
District-wide:										
Net Investment in Capital Assets	\$ 2,213,668	\$ 2,444,548	\$ 2,944,742	\$ 3,627,888	\$ 3,813,368	\$ 4,081,170	\$ 4,544,547	\$ 4,496,353	\$ 5,086,589	\$ 4,936,365
Restricted	1,577,761	2,460,749	1,792,806	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316
Unrestricted/(Deficit)	515,060	281,026	(229,798)	(802,123)	(681,015)	(603,370)	(977,048)	(495,651)	(1,591,169)	(1,176,625)
Total District Net Position	\$ 4,306,489	\$ 5,186,323	\$ 4,507,750	\$ 4,717,943	\$ 5,437,518	\$ 6,035,673	\$ 6,211,002	\$ 6,112,781	\$ 6,261,317	\$ 7,035,056

* as Restated

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,680,990	\$ 3,001,062	\$ 3,127,551	\$ 3,708,862	\$ 3,926,699	\$ 4,505,342	\$ 4,819,145	\$ 4,428,175	\$ 4,144,767	\$ 4,285,075
Special Education	660,316	742,111	689,550	891,387	982,122	1,189,732	1,357,508	1,356,955	1,488,759	1,291,898
Other Special Instruction	156,166	31,846	35,390	51,575	74,419	89,471	26,899	72	277	75
School Sponsored Instruction	9,325	17,958	107,622	104,470	109,371	131,214	148,393	135,465	112,118	27,563
Support Services:										
Tuition	3,010,648	3,029,931	3,069,283	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,079,325	4,044,092
Student & Instruction Related Services	1,038,707	1,040,564	1,094,672	1,248,399	1,139,183	1,258,706	1,336,810	1,457,721	1,284,655	1,450,079
General Administrative Services	354,269	359,353	297,909	319,315	320,743	357,010	331,226	322,243	323,416	340,114
School Administrative Services	211,121	189,053	213,480	246,605	290,653	182,029	335,958	386,069	335,442	341,783
Central Services	157,106	183,459	198,757	206,505	222,618	210,617	221,107	232,077	236,097	252,593
Plant Operations and Maintenance	642,281	661,216	661,037	716,039	715,012	858,359	835,882	1,117,615	872,705	814,754
Pupil Transportation	503,858	466,672	564,266	465,746	470,149	490,019	518,530	601,438	680,311	720,379
Unallocated Depreciation	128,231	138,979	93,949	278,359	200,695	241,797	241,797	256,441	256,441	288,653
Capital Outlay	39,797	107,967	37,860	230	230	230	12,431	230	230	230
Interest on Long-Term Debt	109,432	105,389	100,835	96,142	90,467	85,217	79,050	69,841	66,284	59,500
Charter Schools	50,909	24,930	38,415	51,762	40,342	42,772	29,325	25,994	66,284	13,832
Total Governmental Activities Expenses	9,753,156	10,100,490	10,330,576	11,895,353	12,065,918	12,897,973	13,963,637	14,314,643	13,880,827	13,930,620
Business-type Activities:										
Food Service	146,972	127,284	118,756	133,598	144,867	169,352	162,071	171,364	137,789	97,121
Total Business-type Activities Expenses	146,972	127,284	118,756	133,598	144,867	169,352	162,071	171,364	137,789	97,121
Total District Expenses	9,900,128	10,227,774	10,449,332	12,028,951	12,210,785	13,067,325	14,125,708	14,486,007	14,018,616	14,027,741
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	1,145,954	1,378,670	1,295,596	2,212,445	2,537,058	3,242,679	3,499,827	3,042,296	36,793	16,456
Operating Grants and Contributions	1,800			117,781	176,672				2,656,469	2,853,391
Total Governmental Activities Program Revenues	1,147,754	1,378,670	1,295,596	2,330,226	2,713,730	3,242,679	3,499,827	3,042,296	2,693,262	2,869,847

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type Activities:										
Charges for Services:										
Food Service	\$ 106,463	\$ 89,901	\$ 86,475	\$ 89,042	\$ 93,790	\$ 98,441	\$ 109,254	\$ 113,760	\$ 68,371	\$ 3,719
Operating Grants and Contributions	34,749	33,133	29,999	42,594	49,709	56,457	59,984	67,241	64,895	119,334
Total Business-type Activities Revenues	141,212	123,034	116,474	131,636	143,499	154,898	169,238	181,001	133,266	123,053
Total District Program Revenues	1,288,966	1,501,704	1,412,070	2,461,862	2,857,229	3,397,577	3,669,065	3,223,297	2,826,528	2,992,900
Net (Expense)/Revenue										
Governmental Activities	(8,605,402)	(8,721,820)	(9,034,980)	(9,565,127)	(9,352,188)	(9,655,294)	(10,463,810)	(11,272,347)	(11,187,565)	(11,060,773)
Business-type Activities	(5,760)	(4,250)	(2,282)	(1,962)	(1,368)	(14,454)	7,167	9,637	(4,523)	25,932
Total District-wide Net (Expense)/Revenue	(8,611,162)	(8,726,070)	(9,037,262)	(9,567,089)	(9,353,556)	(9,669,748)	(10,456,643)	(11,262,710)	(11,192,088)	(11,034,841)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	8,921,309	9,099,735	9,281,730	9,467,364	9,738,377	9,933,144	10,227,375	10,578,174	10,789,737	11,329,224
Taxes Levied for Debt Service	236,294	232,231	233,013	233,463	238,400	232,600	231,800	235,799	234,400	232,800
Unrestricted Grants and Contributions	207,123	170,798	190,541	58,384	59,947	64,155	64,986	52,283	50,903	50,912
Tuition Charges							44,293	8,786		
Investment Earnings	8,906	3,028	6,029	948	958	2,402	51,212	98,234	49,866	1,380
Other Local Governments	28,389	100,105	79,482	17,006	35,406	35,523	12,056	150,000	150,000	150,000
Miscellaneous Income	(14,139)							37,150	17,498	44,242
Transfers										
Total Governmental Activities	9,387,882	9,605,897	9,790,795	9,777,165	10,073,088	10,267,824	10,631,722	11,160,426	11,292,404	11,808,558
Business-type Activities:										
Investment Earnings Transfer	14,139	7	148	117	43	79	250	555	210	22
Capital Asset Adjustment										
Total Business-type Activities	14,139	7	148	117	43	79	250	555	210	22
Total District-wide	9,402,021	9,605,904	9,790,943	9,777,282	10,073,131	10,267,903	10,631,972	11,164,490	11,292,614	11,808,580
Change in Net Position										
Governmental Activities	782,480	884,077	755,815	212,038	720,900	612,530	167,912	(111,921)	104,839	747,785
Business-type Activities	8,379	(4,243)	(2,134)	(1,845)	(1,325)	(14,375)	7,417	13,701	(4,313)	25,954
Total District	\$ 790,859	\$ 879,834	\$ 753,681	\$ 210,193	\$ 719,575	\$ 598,155	\$ 175,329	\$ (98,220)	\$ 100,526	\$ 773,739

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 1,571,644	\$ 1,615,711	\$ 1,792,806	\$ 1,892,177	\$ 2,305,166	\$ 2,557,872	\$ 2,643,502	\$ 2,112,079	\$ 2,730,763	\$ 3,240,320
Assigned	221,117	513,878	447,770	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799
Unassigned	341,831	321,698	351,629	375,228	330,947	369,164	411,266	409,331	271,909	400,886
Total General Fund	\$ 2,134,592	\$ 2,451,287	\$ 2,592,205	\$ 2,690,183	\$ 3,178,952	\$ 3,682,887	\$ 3,484,689	\$ 3,655,440	\$ 3,230,134	\$ 4,038,005
All Other Governmental Funds:										
Restricted		\$ 303,249		\$ 1	\$ 1	\$ 1	\$ 1		\$ 35,134	\$ 34,996
Committed		27,911	\$ 427,947		57,106					
Unassigned/(Deficit)				(119,566)						
Total All Other Governmental Funds	\$ - 0 -	\$ 331,160	\$ 427,947	\$ (119,565)	\$ 57,107	\$ 1	\$ 1	\$ - 0 -	\$ 35,134	\$ 34,996
Total All Governmental Funds:										
Restricted	\$ 1,571,644	\$ 1,918,960	\$ 1,792,806	\$ 1,892,178	\$ 2,305,167	\$ 2,557,873	\$ 2,643,503	\$ 2,112,079	\$ 2,765,897	\$ 3,275,316
Committed		27,911	427,947		57,106					
Assigned	221,117	513,878	447,770	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799
Unassigned	341,831	321,698	351,629	255,662	330,947	369,164	411,266	409,331	271,909	400,886
Total All Governmental Funds	\$ 2,134,592	\$ 2,782,447	\$ 3,020,152	\$ 2,570,618	\$ 3,236,059	\$ 3,682,888	\$ 3,484,690	\$ 3,655,440	\$ 3,265,268	\$ 4,073,001

* as Restated

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	For Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 9,157,603	\$ 9,331,966	\$ 9,514,743	\$ 9,700,827	\$ 9,976,777	\$ 10,165,744	\$ 10,459,175	\$ 10,813,973	\$ 11,024,137	\$ 11,562,024
Tuition Charges							44,293	8,786	36,793	3,250
Interest Earnings	3,473	3,028	6,029	948	958	2,402	7,682	25,177	49,866	1,380
Miscellaneous	33,822	107,830	88,552	19,581	41,214	40,500	56,386	110,207	17,498	57,448
Other Sources								150,000	150,000	150,000
State Sources	1,173,323	1,335,185	1,306,296	1,534,795	1,683,742	1,645,719	1,738,238	2,023,664	2,051,214	2,188,712
Federal Sources	181,554	206,558	170,771	148,442	156,210	160,676	152,401	153,799	148,772	254,013
Total Revenues	10,549,775	10,984,567	11,086,391	11,404,593	11,858,901	12,015,041	12,458,175	13,285,606	13,478,280	14,216,827
Expenditures										
Instruction:										
Regular Instruction	1,922,910	2,066,742	2,297,870	2,171,983	2,127,790	2,148,358	2,260,339	2,371,048	2,408,127	2,420,740
Special Education Instruction	465,620	509,134	481,046	523,612	552,087	610,295	674,543	747,091	811,810	754,572
Other Instruction	108,483	16,477	27,919	37,522	39,184	43,211	12,260	72	277	75
School Sponsored Instruction	6,496	18,465	75,210	60,237	60,756	63,191	72,092	76,494	67,771	15,530
Support Services:										
Tuition	3,010,648	3,029,931	3,069,283	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,188,299	4,044,092
Student & Instruction Related Services	818,502	828,711	876,015	1,009,145	896,226	983,581	1,045,488	1,001,166	1,027,685	1,192,348
General Administrative Services	299,658	307,757	253,530	270,740	269,352	297,104	279,932	281,261	273,301	293,910
School Administrative Services	148,874	130,159	149,593	153,263	160,935	136,061	168,787	176,025	182,324	189,232
Central Services	126,504	150,622	159,501	163,540	175,367	165,980	172,233	191,380	186,854	202,326
Plant Operations and Maintenance	578,578	595,048	589,716	651,266	629,589	756,645	734,788	844,291	766,167	727,317
Pupil Transportation	500,360	462,966	559,703	460,759	464,854	490,019	518,530	597,490	675,197	713,409
Unallocated Benefits	1,415,874	1,569,065	1,566,216	1,656,084	1,750,544	1,923,232	2,164,199	2,367,512	2,384,137	2,608,681
Charter Schools	50,909	24,930	38,415	51,762	40,342	42,772	29,325	25,994		13,832
Capital Outlay	571,332	394,474	471,656	900,795	304,819	419,705	622,481	254,925	710,113	230
Debt Service:										
Principal	125,000	125,000	130,000	135,000	145,000	145,000	150,000	160,000	165,000	170,000
Interest and Other Charges	111,294	107,231	103,013	98,462	93,400	87,600	81,800	75,800	69,400	62,800
Total Expenditures	10,261,042	10,336,712	10,848,686	11,854,127	11,193,460	11,568,212	12,656,373	13,114,856	13,916,462	13,409,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	288,733	647,855	237,705	(449,534)	665,441	446,829	(198,198)	170,750	(438,182)	807,733

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	For Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses)										
Transfers In	\$ 542,722	\$ 346,000	\$ 433,194	\$ 40,000	\$	\$ 57,106				
Transfers Out	(556,861)	(346,000)	(433,194)	(40,000)		(57,106)				
Total Other Financing Sources (Uses)	(14,139)									
Net Change in Fund Balances	\$ 274,594	\$ 647,855	\$ 237,705	\$ (449,534)	\$ 665,441	\$ 446,829	\$ (198,198)	\$ 170,750	\$ (438,182)	\$ 807,733
Debt Service as a Percentage of Noncapital Expenditures	2.44%	2.34%	2.25%	2.13%	2.19%	2.09%	1.93%	1.83%	1.77%	1.74%

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Prior Year Refunds	Other Local Governments	Other	Total
2012		\$ 8,906	\$ 11,813		\$ 16,576	\$ 37,295
2013	\$ 3,428	7,159	87,669		4,877	103,133
2014		6,029	77,433		2,049	85,511
2015		6,317	17		11,620	17,954
2016		6,388			29,976	36,364
2017		16,016	4,785		17,124	37,925
2018	44,293	51,212	5,639		6,417	107,561
2019	8,786	98,234	26,137	\$ 150,000	11,013	294,170
2020	36,793	49,866	15,956	150,000	1,542	254,157
2021	3,250	1,380	1,265	150,000	42,720	198,615

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 12,513,500	\$ 584,535,500	\$ 6,600	\$ 64,167,500	\$ 234,200	\$ 20,700,000	\$ 682,157,300	\$ 26,302,000	\$ 682,157,300	1.330	\$ 834,313,587
2012	12,418,800	582,055,600	6,600	63,866,600	234,200	20,700,000	679,281,800	26,302,000	679,281,800	1.361	757,281,828
2013	10,764,400	585,902,700	6,600	63,866,600	234,200	20,700,000	681,474,500	25,649,400	681,474,500	1.383	760,593,072
2014	9,834,500	589,915,700	6,500	63,866,600	234,200	20,700,000	684,557,500	25,110,900	684,557,500	1.404	754,562,774
2015	9,050,700	597,336,100	6,500	62,998,700	234,200	20,700,000	690,326,200	25,110,900	690,326,200	1.425	754,562,774
2016	8,615,000	598,737,300	6,500	63,553,700	234,200	20,700,000	691,846,700	26,318,600	691,846,700	1.456	755,909,710
2017	19,452,000	603,740,800	6,300	63,559,700	234,200	20,700,000	707,693,000	62,729,600	707,693,000	1.457	782,394,403
2018	17,360,200	613,631,900	6,300	63,559,700	234,200	20,700,000	715,492,300	63,480,000	715,492,300	1.487	790,492,834
2019	13,883,400	632,927,500		63,559,700	234,200	20,700,000	731,304,800	64,149,700	731,304,800	1.493	842,788,988
2020	14,412,400	632,512,400		64,134,100	234,200	20,700,000	731,993,100	64,089,500	731,993,100	1.543	861,348,774

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100 of assessed value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Borough of Mount Arlington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Mount Arlington	Morris County	
2011	\$ 1.296	\$ 0.034	\$ 1.330	\$ 0.770	\$ 0.290	\$ 2.390
2012	1.327	0.034	1.361	0.794	0.288	2.443
2013	1.349	0.034	1.383	0.814	0.282	2.479
2014	1.370	0.034	1.404	0.834	0.282	2.520
2015	1.391	0.034	1.425	0.845	0.279	2.549
2016	1.423	0.033	1.456	0.845	0.279	2.580
2017	1.425	0.032	1.457	0.818	0.287	2.562
2018	1.455	0.032	1.487	0.854	0.287	2.628
2019	1.461	0.032	1.493	0.840	0.301	2.634
2020	1.512	0.031	1.543	0.840	0.307	2.690

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2020		2011			
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mt. Arlington Investors 400 LLC	\$ 13,406,300	1	1.83%	Mt. Arlington Corporate Center	\$ 27,264,400	1	3.92%
Mt. Arlington Investors 200 LLC	8,947,900	2	1.22%	Kara at Mount Arlington, LLC	11,612,500	2	1.67%
Carriage Club Realty LLC/ET ALS	8,500,000	3	1.16%	Carriage Club Investors, LLC	8,500,000	3	1.22%
SNH NS Properties Trust C/O PTC	6,200,000	4	0.85%	SNH NS Properties Trust	7,945,000	4	1.14%
Valley Road Development Urban Renewal	5,250,000	5	0.72%	Individual Taxpayer #1	7,022,200	5	1.01%
Valley Road Dev Urban Renewal, LLC	5,250,000	6	0.72%	Mount Arlington Ventures, LP	5,350,000	6	0.77%
Orchards at Mt. Arlington LLC	5,198,100	7	0.71%	Mount Arlington Plaze, LLC	5,198,100	7	0.75%
Mat. Arlington Investors 100 LLC	4,910,200	8	0.67%	Mount Arlington Apartment Associates	5,022,000	8	0.72%
Mt. Arlington Corporate Center	4,850,000	9	0.66%	Shore Hills Apartments	4,000,000	9	0.58%
Mt. Arlington Ventures LP	4,300,000	10	0.59%	Mount Arlington Apartment Associates	2,389,900	10	0.34%
Total	\$ 66,812,500		9.14%	Total	\$ 84,304,100		12.12%

Source: Municipal Tax Assessor.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 9,157,603	\$ 9,157,603	100.00%	-0-
2013	9,331,966	9,331,966	100.00%	-0-
2014	9,514,743	9,514,743	100.00%	-0-
2015	9,700,827	9,700,827	100.00%	-0-
2016	9,976,777	9,976,777	100.00%	-0-
2017	10,165,744	10,165,744	100.00%	-0-
2018	10,459,175	10,459,175	100.00%	-0-
2019	10,813,974	10,813,974	100.00%	-0-
2020	11,024,137	11,024,137	100.00%	-0-
2021	11,562,024	11,562,024	100.00%	-0-

a - 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.

Source: Borough of Mount Arlington School District records, including the Certificate and Report of School Taxes (A4F form).

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Total District		
2012	\$ 2,725,000	-0-	\$ 2,725,000	0.67%	\$ 531.40
2013	2,600,000	-0-	2,600,000	0.63%	505.64
2014	2,470,000	-0-	2,470,000	0.56%	474.18
2015	2,335,000	-0-	2,335,000	0.51%	446.38
2016	2,190,000	-0-	2,190,000	0.44%	404.96
2017	2,045,000	-0-	2,045,000	0.38%	352.40
2018	1,895,000	-0-	1,895,000	0.33%	323.16
2019	1,735,000	-0-	1,735,000	0.29%	296.68
2020	1,570,000	-0-	1,570,000	0.27%	269.48
2021	1,400,000	-0-	1,400,000	0.24%	240.30

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 2,725,000	\$ -0-	\$ 2,725,000	0.399%	\$ 531.40
2013	2,600,000	-0-	2,600,000	0.383%	505.64
2014	2,470,000	-0-	2,470,000	0.362%	474.18
2015	2,335,000	-0-	2,335,000	0.341%	446.38
2016	2,190,000	-0-	2,190,000	0.317%	404.96
2017	2,045,000	-0-	2,045,000	0.296%	352.40
2018	1,895,000	-0-	1,895,000	0.268%	323.16
2019	1,735,000	-0-	1,735,000	0.242%	296.68
2020	1,570,000	-0-	1,570,000	0.215%	269.48
2021	1,400,000	-0-	1,400,000	0.191%	240.30

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Mount Arlington	\$ 2,795,780	100.00%	\$ 2,795,780
Morris County General Obligation Debt	250,902,245	0.89%	<u>2,228,562</u>
Subtotal, Overlapping Debt			5,024,342
Borough of Mount Arlington School District Direct Debt			<u>1,570,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,594,342</u></u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Mount Arlington. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis		
2020	\$ 860,763,288	
2019	859,751,705	
2018	823,825,331	
	<u>\$2,544,340,324</u>	
Average Equalized Valuation of Taxable Property	\$ 848,113,441	
Debt Limit (3% of average equalization value) ^a	25,443,403	
Net Bonded School Debt as of June 30, 2021	<u>1,400,000</u>	
Legal Debt Margin	<u>\$ 24,043,403</u>	

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 25,272,883	\$ 23,970,944	\$ 23,087,634	\$ 22,658,156	\$ 22,757,769	\$ 22,757,769	\$ 22,987,186	\$ 23,690,772	\$ 24,646,951	\$ 25,443,403
Total Net Debt Applicable to Limit	<u>2,725,000</u>	<u>2,600,000</u>	<u>2,470,000</u>	<u>2,335,000</u>	<u>2,190,000</u>	<u>2,045,000</u>	<u>1,895,000</u>	<u>1,735,000</u>	<u>1,570,000</u>	<u>1,400,000</u>
Legal Debt Margin	<u>\$ 22,547,883</u>	<u>\$ 21,370,944</u>	<u>\$ 25,272,883</u>	<u>\$ 20,323,156</u>	<u>\$ 20,567,769</u>	<u>\$ 20,712,769</u>	<u>\$ 21,092,186</u>	<u>\$ 21,955,772</u>	<u>\$ 23,076,951</u>	<u>\$ 24,043,403</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.78%	10.85%	10.70%	10.31%	9.62%	8.99%	8.24%	7.32%	6.37%	5.50%

^a A Limit set by NJSIA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	5,128	\$ 409,086,200	\$ 79,775	6.80%
2013	5,142	415,550,730	80,815	7.10%
2014	5,209	439,004,102	84,278	5.70%
2015	5,231	462,080,385	88,335	5.00%
2016	5,408	492,928,384	91,148	4.30%
2017	5,803	543,352,299	93,633	3.60%
2018	5,864	573,610,616	97,819	3.60%
2019	5,848	594,425,808	101,646	2.90%
2020	5,826	592,189,596	101,646 **	8.90%
2021	5,826 *	592,189,596 ***	101,646 **	N/A

* - Latest population available (2020) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

***- Latest available population data (2020) and latest Morris County per capita personal income (2020) was used for calculation purposes

N/A - Not Available

Source:

a - Population information provided by the US Department of Census - Population Division.

b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020		2011		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Picatunny Arsenal		6,440	Atlantic Health System	6,300	N/A
Atlantic Health System		6,350	US Army Armament Research & Development Novartis	3,575	N/A
Novartis		4,607	St. Clare's Health System	3,575	N/A
Bayer Healthcare, LLC		2,800	County of Morris	2,342	N/A
Automatic Data Processing, Inc.		2,242	ADP	2,126	N/A
Wyndham Worldwide		1,907	United Parcel Service	2,019	N/A
Accenture		1,883	AT&T	1,941	N/A
Honeywell		1,868	Honeywell	1,500	N/A
Allergan		1,700	Wyndham Worldwide	1,500	N/A
St. Clare's Health System		1,544		1,395	N/A
Total		31,341		26,273	N/A
Total County Labor Force		252,984		N/A	

Source: Morris County Economic Development Corporation

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	26.2	28.2	30.8	29.1	29.6	29.9	29.9	29.0	29.5	29.5
Special Education	19.2	24.2	21.6	21.6	22.2	22.2	24.5	23.2	23.6	24.0
Other Special Instruction										
Support Services:										
Student & Instruction Related Services	2.1	1.0	1.3	3.9	3.9	3.9	3.9	3.5	3.5	3.5
General Administrative Services	1.5	1.3	1.3	1.4	1.6	1.6	1.6	1.6	1.6	1.6
School Administrative Services	2.0	2.0	2.0	1.8	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Plant Operations and Maintenance	5.5	5.3	5.2	5.2	5.2	5.2	5.2	5.0	5.0	5.0
Pupil Transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	58.8	63.8	64.0	64.7	66.3	66.6	68.9	66.1	67.5	67.9

Source: District Personnel Records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage
	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	
2012	553.0	* \$ 9,453,416	\$ 17,095	0.60%	45.4	1:07	1:08	363.0	352.0	-2.68%	96.97%
2013	535.0	* 9,710,007	18,150	6.17%	46.0	1:07	1:08	356.0	339.5	-1.93%	95.37%
2014	486.0	* 10,144,017	20,872	15.00%	43.8	1:07	1:08	342.5	329.6	-3.79%	96.23%
2015	516.0	* 10,719,870	20,775	-0.47%	39.9	1:07	1:08	347.3	332.2	1.41%	95.66%
2016	522.0	* 10,650,241	20,403	-1.79%	39.9	1:07	1:08	346.4	331.4	-0.26%	95.67%
2017	521.0	* 10,915,907	20,952	2.69%	39.9	1:07	1:08	351.5	335.8	1.47%	95.53%
2018	543.0	* 11,802,092	21,735	3.74%	40.1	1:07	1:08	347.7	332.4	-1.08%	95.60%
2019	546.0	* 12,624,131	23,121	6.38%	40.5	1:07	1:08	367.2	348.8	5.61%	94.99%
2020	524.0	* 12,971,949	24,756	7.07%	48.0	1:07	1:08	361.8	350.9	-1.47%	96.99%
2021	510.5	* 13,176,064	25,810	4.26%	48.0	1:07	1:08	330.0	309.3	-8.79%	93.73%

* - Includes High School Enrollment

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).

d - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Note: Enrollment based on annual October District count.

Source: Borough of Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	120	105	105	107	103
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	243	238	238	240	251
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	104	124	111	124	103
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	248	223	249	249	251

Number of Schools at June 30, 2021
Elementary = 1
Middle School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Borough of Mount Arlington School District Facilities Office.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Edith M. Decker School	N/A	\$ 32,356	\$ 33,279	\$ 35,850	\$ 40,332	\$ 52,391
Mount Arlington School	N/A	64,712	57,082	77,150	98,251	89,201
Grand Total		<u>\$ 97,068</u>	<u>\$ 90,361</u>	<u>\$113,000</u>	<u>\$138,583</u>	<u>\$141,592</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Edith M. Decker School	N/A	\$ 56,392	\$ 64,539	\$ 70,125	\$109,408	\$ 82,738
Mount Arlington School	N/A	158,653	152,451	163,624	91,135	68,920
Grand Total		<u>\$215,045</u>	<u>\$216,990</u>	<u>\$233,749</u>	<u>\$200,543</u>	<u>\$151,658</u>

N/A - Not Applicable.

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Mount Arlington Board of Education records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>Morris Essex Insurance Group</u>		
Blanket Building and Contents	\$ 14,249,160	\$ 5,000
Comprehensive General Liability	1,000,000 / 3,000,000	
Umbrella Liability	10,000,000	10,000
Workers' Compensation	5,000,000	
School Board Legal/Employment Practices Liability	1,000,000	10,000/15,000
Business Auto	1,000,000	
Comprehensive		1,000
Collision		1,000
Student Accident - Zurich Insurance Co.	1,000,000	
Excess Liability - Shared- Fireman's Fund	50,000,000	
Excess Liability-Unshared		
Starstone Ins Co and Markel Ins Co	30,000,000	15,000
Cyber Liability	2,000,000 / 4,000,000	
Public Officials Bond -Travelers Insurance Co.:		
Board Secretary/Business Administrator	300,000	
Public Officials Bond -Selective Insurance Co.:		
Treasurer of School Money	300,000	

Source: Mount Arlington Board of Education records.

SINGLE AUDIT SECTION



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Independent Member
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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mount Arlington School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the 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.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
October 22, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
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Independent Member
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Report on Compliance For Each Major State Program
and Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Borough of Mount Arlington School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
October 22, 2021

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Amount Provided to Subrecipients
			From	To				(Accounts Receivable)	Unearned Revenue	
U.S. Department of Treasury										
Passed-through State Department of Treasury:										
Special Revenue Fund:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/2020	12/30/2020	\$ 25,855	\$ 25,855	\$ (25,855)			
Total U.S. Department of Treasury						25,855	(25,855)			
Total Special Revenue Fund						241,405	(254,013)	\$ (31,139)		
Enterprise Fund:										
U.S. Department of Agriculture -										
Passed-through State Department of Agriculture:										
Enterprise Fund										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/2019	6/30/2020	14,349	600	(600)			
Food Distribution Program	10.555	N/A	7/1/2020	6/30/2021	7,245	7,245	(7,066)		\$ 179	
COVID-19 Seamless Summer Option	10.555	N/A	3/18/2020	6/30/2020	15,382	4,453				
COVID-19 Seamless Summer Option	10.555	N/A	7/1/2020	6/30/2021	107,729	94,421	(107,729)	(13,308)		
Total U.S. Department of Agriculture/Child Nutrition Cluster						106,119	(115,395)	(13,308)	179	
Total Enterprise Fund						106,119	(115,395)	(13,308)	179	
TOTAL FEDERAL AWARDS						\$ 347,524	\$ (369,408)	\$ (44,447)	\$ 179	\$ -0-
N/A - Not Available/Applicable										

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020		Balance at June 30, 2021		MEMO		
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:											
General Fund:											
Categorical Special Education Aid	20-495-034-5120-089	7/1/2019	6/30/2020	\$ 372,398	\$ (37,223)	\$	\$ 372,223			\$	372,398
Categorical Security Aid	20-495-034-5120-084	7/1/2019	6/30/2020	50,873	(5,089)		5,089				50,873
Categorical Transportation Aid	20-495-034-5120-014	7/1/2019	6/30/2020	212,050	(21,197)		21,197				212,050
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/2019	6/30/2020	235,384	(235,384)		235,384				235,384
Nonpublic School Transportation Costs	20-495-034-5120-014	7/1/2019	6/30/2020	34	(34)		34				34
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/2019	6/30/2020	251,122	(12,470)		12,470				251,122
Categorical Special Education Aid	21-495-034-5120-089	7/1/2020	6/30/2021	386,251			347,907	\$ (386,251)	\$ (38,344)		386,251
Categorical Security Aid	21-495-034-5120-084	7/1/2020	6/30/2021	50,873			45,823	(50,873)	(5,050)		50,873
Categorical Transportation Aid	21-495-034-5120-014	7/1/2020	6/30/2021	212,050			190,999	(212,050)	(21,051)		212,050
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/2020	6/30/2021	5,087				(5,087)	(5,087)		5,087
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/2020	6/30/2021	132,798			232,043	(132,798)	(132,798)		132,798
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/2020	6/30/2021	243,564				(243,564)	(11,521)		243,564
On-Behalf TPAF Post Retirement Medical Contributions	21-495-034-5094-001	7/1/2020	6/30/2021	276,411			276,411	(276,411)			276,411
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/2020	6/30/2021	865,550			865,550	(865,550)			865,550
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/2020	6/30/2021	16,468			16,468	(16,468)			16,468
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/2020	6/30/2021	596			596	(596)			596
Total General Fund State Aid					(311,397)		2,287,194	(2,189,648)	(213,851)		3,311,509
Total State Department of Education					(311,397)		2,287,194	(2,189,648)	(213,851)		3,311,509
State Department of Agriculture:											
Enterprise Fund:											
COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/2020	6/30/2020	784	(43)		43				784
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/2020	6/30/2021	3,939			3,319	(3,939)	(620)		3,939
Total Enterprise Fund					(43)		3,362	(3,939)	(620)		4,723
Total State Awards Subject to Single Audit Determination					(311,440)		2,290,556	(2,193,587)	(214,471)		3,316,232
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/2020	6/30/2021	276,411						\$ 276,411	
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/2020	6/30/2021	865,550						865,550	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/2020	6/30/2021	16,468						16,468	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/2020	6/30/2021	596						596	
Subtotal - On-Behalf TPAF Pension System Contributions										1,159,025	
Total State Awards Subject to Single Audit Major Program Determination										\$ (1,034,562)	

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Mount Arlington School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of the 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$936) for the general fund. See Note 1D 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 revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,188,712	\$ 2,188,712
Special Revenue Fund	\$ 254,013		254,013
Food Service Enterprise Fund	<u>115,395</u>	<u>3,939</u>	<u>119,334</u>
Total Financial Assistance	<u>\$ 369,408</u>	<u>\$ 2,192,651</u>	<u>\$ 2,562,059</u>

NOTE 5. 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 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Mount Arlington School District had no loan balances outstanding at June 30, 2021.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance..*
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Categorical Special Education Aid	495-034-5120-089	7/1/20 - 6/30/21	\$ 386,251	\$ 386,251
Categorical Security Aid	495-034-5120-084	7/1/20 - 6/30/21	50,873	50,873

- The threshold used for distinguishing between Type A and Type B State programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.