

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**of the**

**North Arlington Board of Education**

**North Arlington, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

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

# NORTH ARLINGTON SCHOOL DISTRICT

## TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>		
	Letter of Transmittal	1 - 4
	Organizational Chart	5
	Roster of Officials	6
	Consultants, Independent Auditors and Advisors	7
<b>FINANCIAL SECTION</b>		
	Independent Auditor's Report	8 - 10
<b>Required Supplementary Information - Part I</b>		
	Management's Discussion and Analysis	11 - 18
<b>Basic Financial Statements</b>		
A	<b>Government-Wide Financial Statements:</b>	
A-1	Statement of Net Position	19
A-2	Statement of Activities	20
B	<b>Fund Financial Statements:</b>	
	Governmental Funds:	
B-1	Balance Sheet/Reconciliation of the Balance Sheet to the Statement of Net Position	21 - 22
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	23
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
	Proprietary Fund:	
B-4	Statement of Net Position	25
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6	Statement of Cash Flows	27
	<b>Notes To Basic Financial Statements</b>	28 - 62

# NORTH ARLINGTON SCHOOL DISTRICT

## TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page(s)</u>
<b>FINANCIAL SECTION (Continued)</b>		
<b>Required Supplementary Information - Part II</b>		
C	<b>Budgetary Comparison Schedules:</b>	
C-1	Budgetary Comparison Schedule - General Fund	63 - 67
C-2	Budgetary Comparison Schedule - Special Revenue Fund	68
<b>Notes to Required Supplementary Information - Part II</b>		
C-3	Budget to GAAP Reconciliation	69
<b>Required Supplementary Information - Part III</b>		
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	70
L-2	Schedule of District Contributions - PERS	71
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	72
L-4	Schedule of changes in the State Proportionate Share of OPEB Liability Attributable to the District and Related Ratios	73
<b>Notes to Required Supplementary Information - Part III</b>		
74		
<b>Other Supplementary Information</b>		
E	<b>Special Revenue Fund:</b>	
E-1	Combining Schedules of Program Revenues and Expenditures - Budgetary Basis	75 - 80
E-2	Schedule of Preschool Education Aid Expenditures - Preschool - All Programs - Budgetary Basis	81
F	<b>Capital Projects Fund:</b>	
F-1	Summary Schedule of Project Expenditures	82
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	83
F-2a-c	Schedules of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	84 - 86

# NORTH ARLINGTON SCHOOL DISTRICT

## TABLE OF CONTENTS

Exhibit No.		Page(s)
<b>FINANCIAL SECTION (Continued)</b>		
G	<b>Proprietary Funds:</b>	
	<b>Enterprise Fund:</b>	
G-1	Statement of Net Position	87
G-2	Statement of Revenues, Expenses, and Changes in Net Position	88
G-3	Statement of Cash Flows	89
I	<b>Long-Term Debt:</b>	
I-1	Schedule of Serial Bonds	90
I-2	Schedule of Obligations Under Capital Leases	91
I-3	Budgetary Comparison Schedule - Debt Service Fund	92
<b>STATISTICAL SECTION (Unaudited)</b>		
	<b>Financial Trends:</b>	
J-1	Net Position by Component	93
J-2	Changes in Net Position	94 - 95
J-3	Fund Balances - Governmental Funds	96
J-4	Changes in Fund Balance - Governmental Funds	97
J-5	General Fund Other Local Revenue by Source	98
	<b>Revenue Capacity:</b>	
J-6	Assessed Value and Estimated Actual Value of Taxable Property	99
J-7	Direct and Overlapping Property Tax Rates	100
J-8	Principal Property Taxpayers	101
J-9	Property Tax Levies and Collections	102
	<b>Debt Capacity:</b>	
J-10	Ratios of Outstanding Debt by Type	103
J-11	Ratio of General Bonded Debt Outstanding	104
J-12	Direct and Overlapping Governmental Activities Debt	105
J-13	Legal Debt Margin Information	106

# NORTH ARLINGTON SCHOOL DISTRICT

## TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page(s)</u>
<b>STATISTICAL SECTION (Unaudited) (Continued)</b>		
<b>Demographic and Economic Information:</b>		
J-14	Demographic and Economic Statistics	107
J-15	Principal Employer	108
<b>Operating Information:</b>		
J-16	Full-Time Equivalent District Employees by Function/Program	109
J-17	Operating Statistics	110
J-18	School Building Information	111
J-19	Schedule of Required Maintenance Expenditures by School Facility	112
J-20	Insurance Schedule	113
<b>SINGLE AUDIT SECTION</b>		
K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114 - 115
K-2	Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	116 - 117
K-3	Schedule of Expenditures of Federal Awards, Schedule A	118
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	119
K-5	Notes to the Schedules of Awards and Financial Assistance	120 - 121
K-6	Schedule of Findings and Questioned Costs Section I - Summary of Auditor's Results Section II - Financial Statement Findings Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	122 - 123 124 125
K-7	Summary Schedule of Prior Audit Findings	126

**NORTH ARLINGTON SCHOOL DISTRICT**

**TABLE OF CONTENTS**

<u>Exhibit No.</u>		<u>Page(s)</u>
<b>SINGLE AUDIT SECTION</b>		
K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114 - 115
K-2	Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	116 - 117
K-3	Schedule of Expenditures of Federal Awards, Schedule A	118
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	119
K-5	Notes to the Schedules of Awards and Financial Assistance	120 - 121
K-6	Schedule of Findings and Questioned Costs Section I - Summary of Auditor's Results Section II - Financial Statement Findings Section III - Federal Awards and State Financial Assisitance Findigs and Questioned Costs	122 - 123 124 125
K-7	Summary Schedule of Prior Audit Findings	126

# **INTRODUCTORY SECTION**

# NORTH ARLINGTON Board of Education

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



---

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

February 22, 2022

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

Dear Board Members:

The annual comprehensive financial report of the North Arlington School District (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 North Arlington School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, consultants, auditors and advisors. We have included in the transmittal letter a financial ratio and statistical overview of the entity based on entity-wide financial reporting. The financial section includes under Governmental Accounting Standard Board Statement No. 34, the Report of Independent Auditor's, the Management Discussion and Analysis as presented on pages 11 through 18, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. Pursuant to N.J.S.A. 18A:23-1, the District is required to undergo an annual audit of accounts and financial transactions by a public school accountant. The annual audit presented in the annual comprehensive financial report is in accordance with N.J.S.A. 18A:23-1. The District is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit section of this report.

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

---

Pride ♦ Loyalty ♦ Desire



The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education services for handicapped youngsters. The District completed the 2020-2021 fiscal year with an average daily enrollment of 1,903 students, which is 3.71% more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2020-2021	1,903	3.71%
2019-2020	1,835	0.11%
2018-2019	1,833	3.27%
2017-2018	1,775	0.80%
2016-2017	1,761	-0.17%

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

Over the course of the past six years, our overall student population, including out of district students, has grown approximately 200 students bringing our overall student population close to 2,000. Approximately 21% of our current student population qualifies for free and reduced lunch. Under the U.S. Department of Agriculture (USDA) National School Lunch Seamless Summer Option (SSO), free school meals were made available to all students through the 2020-2021 school year. Our student population is diverse and is reflected as follows: White 52%, Hispanic 40%, Black 2.7%, Asian 4.3%, and Other 1%. As per the 2020-2021 *Budget Calculations Report of District Status Above or At or Below Expected Local Levy*, the North Arlington Public School District is operating approximately \$852,949 dollars below adequacy.

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

**3.) MAJOR INITIATIVES:** For the 2020-2021 school year, we continued to work on several modifications to our district-wide curriculum, which already encompasses student learning objectives aligned to the New Jersey Student Learning Standards (NJSLS) and include interdisciplinary connections. As per New Jersey Statutes 18A:35-4.35 and 18A:35-4.36, the history of persons with disabilities and LGBT individuals must be included within the curriculum for our middle school and high school students for the 2020-2021 school year. In accordance with New Jersey Statute 18A:35-4.36a, beginning in the 2021-2022 school year, each school district shall incorporate instruction on diversity and inclusion in an appropriate place in the curriculum of students in grades kindergarten through 12 as part of the district's implementation of the NJSLS. As per the New Jersey Department of Education (NJDOE), the 2020 Comprehensive Health and Physical Education NJSLS will be implemented by September of 2022. Additionally, all unit maps contain modifications and accommodations for the Gifted and Talented, English Language Learner, Special Education, and At-risk populations. These areas will continue to be refined to offer specific modifications and accommodations to our students.

North Arlington High School's Early College Program entered its fourth year. During the 2020-2021 school year, 12 students graduated with a high school diploma and an associate degree from Bergen County Community College (BCC) – 38 overall. Another partnership with BCC called the Early Career Program has completed its third year. This program allows students the opportunity to receive several certificates and internship opportunities, preparing them for a career immediately after high school. Additionally, we began the process of implementing a Career and Technical Education (CTE) program for students at North Arlington High School. Initial areas of focus include making the following courses available to students in the upcoming school year: Intro to Construction Technology and Carpentry and Entrepreneurship.

Overall, chronic absenteeism has consistently remained low in all schools. Students in grades PreK-12 maintain district-based email addresses to improve communication, and our district continues to oversee our new website, [www.navikings.org](http://www.navikings.org), along with our very own app to increase communication with parents and the community. We are also working towards the implementation of several Twitter accounts to further promote the accomplishments of our students.

As a result of COVID19-related school closures, our certificated staff and paraprofessionals continued trainings on educational platforms, especially Google Classroom, and remote instructional strategies. These platforms and instructional strategies were utilized throughout the course of the school year, in compliance with Governor Murphy's Executive Order regarding remote instruction options. In addition to ordering appropriate personal protective equipment (PPE), we acquired enough Chromebooks through various grant opportunities so that all children have their own devices as noted within our upcoming 2021-2022 Emergency Virtual or Remote Instruction Plan based on protocols and guidance established by the NJDOE.

In order to address learning loss and foster learning acceleration, while state assessments were postponed, the district utilized Linkit! assessment data for ELA and Math to identify areas of focus based on specific standards. This data was used to provide a Summer Learning Academy to students in the month of July.

Finally, the North Arlington Board of Education proudly opened Veterans Middle School, formerly Queen of Peace High School, and Susan B. Anthony Elementary School, formerly North Arlington Middle School. These two schools will help us to address our growing student population and large class sizes. Additionally, this purchase allowed us to restructure our "Neighborhood Schools" to provide safer walking routes to our students.

**4.) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

As part of the District's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5.) BUDGETARY CONTROLS:** In addition to internal controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the Borough. The budgets are submitted to the County Office of the Commissioner of Education for approval. Budgets, except for the special revenue fund which is prepared using a nonbudgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item units are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. The District must approve all budget amendments.

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

**6.) DEBT ADMINISTRATION:** At June 30, 2021, the District has outstanding debt of \$2,198,000 in general obligation bonds issued in September 2013. The proceeds of this bond issue were used to (a) currently refund and redeem the \$1,150,000 School District Bond Anticipation Notes, Series 2013, of the Board dated May 30, 2013 and maturing December 4, 2013, which were issued to temporarily finance a portion of the costs of the construction of an athletic field complex to include, without limitation, a 6 lane track, a multipurpose athletic field, and storage, restroom and concession stand buildings, including acquiring the State of New Jersey's riparian rights that run under and through the improvements to the field, any necessary improvements, upgrades, appurtenances, equipment, and site work in connection therewith the Project and (b) to permanently finance the remainder of the costs of the Project.

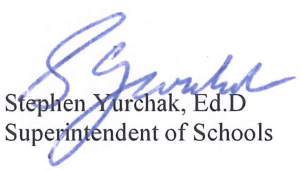
**7.) CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in "notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

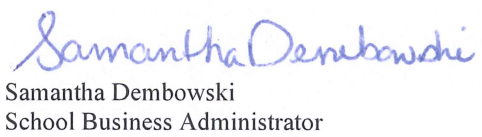
**8.) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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

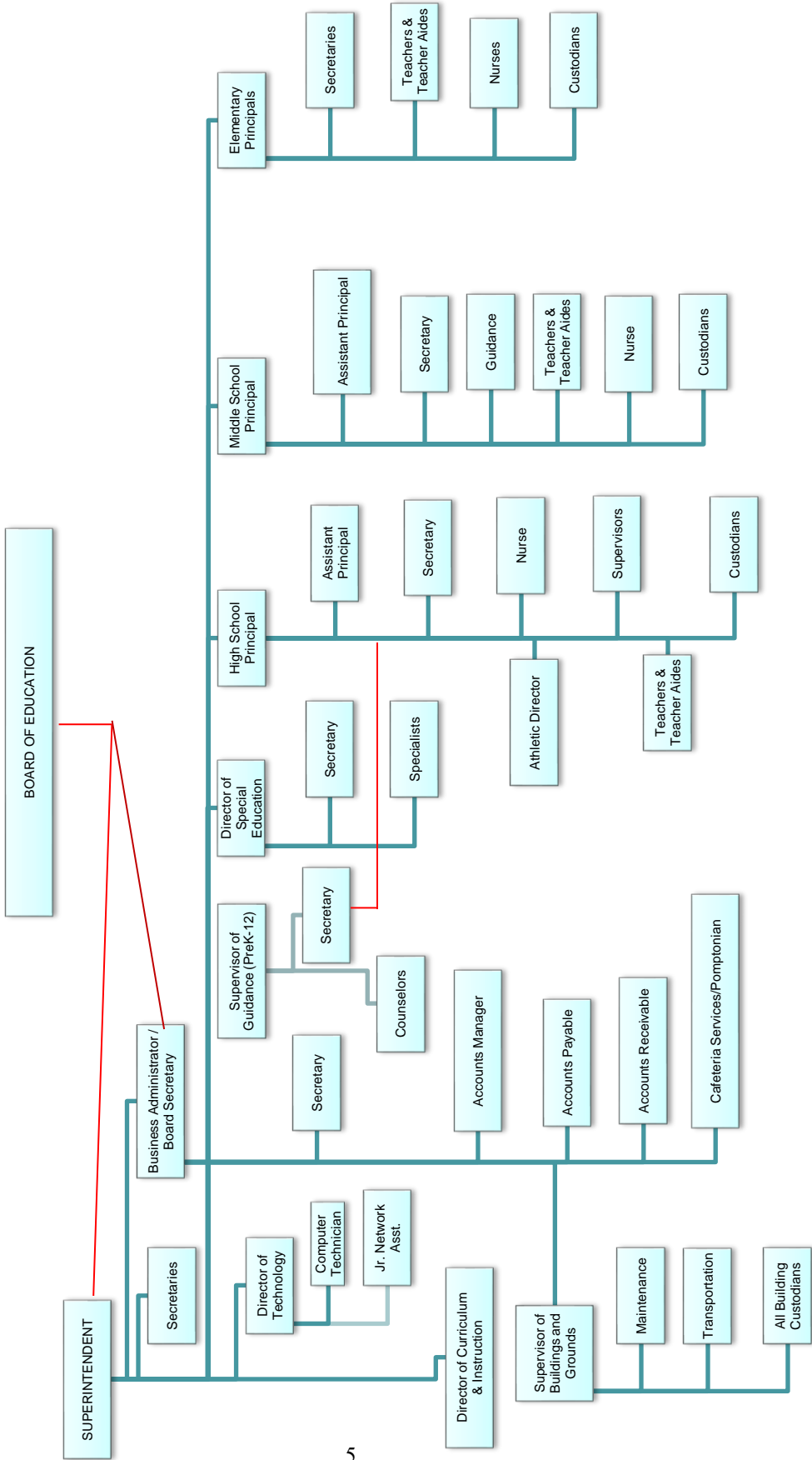
**10.) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the North Arlington Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. Also, we would like to acknowledge the school administrative team and central office administrators for performing their duties in a fiscally sound and conservative manner. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

  
Stephen Yurchak, Ed.D  
Superintendent of Schools

  
Samantha Dembowski  
School Business Administrator

# NORTH ARLINGTON PUBLIC SCHOOLS Organization Chart 2020-21



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2021**

**Members of the Board of Education**

**Term Expires**

Robert Dorsett, President	December 2023
Heather Gilgallon, Vice President	December 2022
George McDermott	December 2024
Edward Smith	December 2023
Michelle Higgins	December 2022

**Other Officials**

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

**NORTH ARLINGTON SCHOOL DISTRICT  
Consultants, Independent Auditors and Advisors  
June 30, 2021**

**Architects**

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

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

**Audit Firm**

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

**Attorney**

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

**Official Depository**

TD Bank  
Ridge Road  
North Arlington, NJ 07031

## **FINANCIAL SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

---

---

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the North Arlington School District (the "District"), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 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.

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Emphasis of Matter***

### *Change in Accounting Principle*

As discussed in Note 1 to the basic financial statements, in 2021, the District adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities (an Amendment of GASB Statement No. 34). 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, budgetary comparison information, and pension and post-retirement medical benefits information on pages 11 through 18, pages 63 through 69, and pages 70 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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



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

Bayonne, New Jersey  
February 22, 2022

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The discussion and analysis of the North Arlington School District's financial performance provides an overall review of the North Arlington School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the North Arlington School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the North Arlington School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal years 2021 and 2020 are as follows, respectively:

- In total, net positions are \$26,376,804 and \$21,716,170. Net positions of governmental activities are \$26,214,433 and \$21,588,933. Net positions of the business-type activity, which represents food service, are \$162,371 and \$127,237. This reflects an increase in net positions in the amount of \$4,660,634 and \$2,329,752
- Total general revenues accounted for \$37,706,399 and \$35,272,331 while the local tax contribution to General Revenue amounted to \$28,323,526 for 2021 and \$26,807,666 for 2020. Operating Grants and Contributions are \$5,744,845 and \$2,674,675 and Federal and State Aid not restricted are \$9,032,022 and \$8,135,438.
- The North Arlington School District continues to experience stability in student enrollment. Average Daily enrollment for the year ending June 30, 2021 was 1,903.

**Using the Basic Financial Statements**

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

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

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

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

While this report contains the large number of funds used by the North Arlington School District to provide programs and activities, the view of the North Arlington School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

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

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The perspective of the statement of net position is of the north Arlington School District as a whole. Table 1 provides a summary of the North Arlington School District's net position for the fiscal years 2021 and 2020, respectively.

Total assets equal \$38,626,704 and \$35,369,538. Total assets for Governmental Activities are \$38,412,736 and \$35,234,315. Total assets for Business Type Activities are \$213,968 and \$135,223.

**Table 1  
Net Position**

	Governmental Activities		Business Type Activity		Total	
	2021	2020*	2021	2020*	2021	2020*
<b>ASSETS</b>						
Current and Other Assets	\$ 19,432,089	\$ 15,996,329	\$ 174,228	\$ 104,651	\$ 19,606,317	\$ 16,100,980
Capital Assets, Net	18,980,647	19,237,986	39,740	30,572	19,020,387	19,268,558
Total Assets	38,412,736	35,234,315	213,968	135,223	38,626,704	35,369,538
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	937,746	1,330,583	-	-	937,746	1,330,583
<b>LIABILITIES</b>						
Current and Other Liabilities	2,667,074	3,556,553	51,597	7,986	2,718,671	3,564,539
Long-Term Liabilities	2,639,436	2,860,832	-	-	2,639,436	2,860,832
Net Pension Liability	4,947,507	6,096,019	-	-	4,947,507	6,096,019
Total Liabilities	10,254,017	12,513,404	51,597	7,986	10,305,614	12,521,390
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	2,882,032	2,462,561	-	-	2,882,032	2,462,561
<b>NET POSITION</b>						
Net Investment in Capital Assets	16,638,005	16,484,297	39,740	30,572	16,677,745	16,514,869
Restricted	11,267,023	10,006,068	-	-	11,267,023	10,006,068
Unrestricted	(1,690,595)	(4,901,432)	122,631	96,665	(1,567,964)	(4,804,767)
Total Net Position	\$ 26,214,433	\$ 21,588,933	\$ 162,371	\$ 127,237	\$ 26,376,804	\$ 21,716,170

\* As restated

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Table 2 reflects the change in net position for fiscal years 2021 and 2020, respectively.

	<b>Table 2</b>					
	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business Type Activity</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 164,047	\$ 197,932	\$ 549	\$ 242,923	\$ 164,596	\$ 440,855
Operating Grants	5,580,798	2,476,743	428,715	194,897	6,009,513	2,671,640
Capital Grants	102,357	-	-	-	102,357	-
Total Program Revenues	<u>5,847,202</u>	<u>2,674,675</u>	<u>429,264</u>	<u>437,820</u>	<u>6,276,466</u>	<u>3,112,495</u>
General Revenues:						
Property Taxes	28,323,526	26,807,666	-	-	28,323,526	26,807,666
Grants and Entitlements	9,032,022	8,135,438	-	-	9,032,022	8,135,438
Interest	34,177	115,173	-	-	34,177	115,173
Miscellaneous	316,674	214,054	-	-	316,674	214,054
Total General Revenues	<u>37,706,399</u>	<u>35,272,331</u>	<u>-</u>	<u>-</u>	<u>37,706,399</u>	<u>35,272,331</u>
Total Revenues	<u>43,553,601</u>	<u>37,947,006</u>	<u>429,264</u>	<u>437,820</u>	<u>43,982,865</u>	<u>38,384,826</u>
<b>EXPENSES</b>						
Instruction	21,996,477	19,082,660	-	-	21,996,477	19,082,660
Support Services:						
Pupils and Instructional Staff	7,312,902	6,912,519	-	-	7,312,902	6,912,519
General and Business						
Administrative Services	4,454,520	4,311,549	-	-	4,454,520	4,311,549
Plant Operations and Maintenance	3,733,036	3,316,804	-	-	3,733,036	3,316,804
Pupil Transportation	1,157,150	1,099,031	-	-	1,157,150	1,099,031
Charter Schools	190,675	177,007	-	-	190,675	177,007
Interest on Long-Term Liabilities	83,341	93,870	-	-	83,341	93,870
Food Service	-	-	394,130	475,563	394,130	475,563
Total Expenses	<u>38,928,101</u>	<u>34,993,440</u>	<u>394,130</u>	<u>475,563</u>	<u>39,322,231</u>	<u>35,469,003</u>
Change in Net Position	4,625,500	2,953,566	35,134	(37,743)	4,660,634	2,915,823
Net Position, July 1	21,588,933	18,635,367	127,237	164,980	21,716,170	18,800,347
Net Position, June 30	<u>\$ 26,214,433</u>	<u>\$ 21,588,933</u>	<u>\$ 162,371</u>	<u>\$ 127,237</u>	<u>\$ 26,376,804</u>	<u>\$ 21,716,170</u>

\* As restated

The total increase in net position for the fiscal years 2021 and 2020 for Governmental Activities is \$4,625,500 and \$2,953,566 . The total increase/(decrease) in net position for the Business-Type Activity is \$35,134 and (\$37,743). The total increase in net position is \$4,660,634 and \$2,915,823 .

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Governmental Activities**

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

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

	<b><u>Total Cost of Services</u></b>		<b><u>Percent of Total</u></b>	
	<b><u>2021</u></b>	<b><u>2020*</u></b>	<b><u>2021</u></b>	<b><u>2020*</u></b>
Instruction	\$ 21,996,477	\$ 19,082,660	56.51%	54.53%
Support Services:				
Pupils and Instructional Staff	7,312,902	6,912,519	18.79%	19.75%
General and Business				
Administrative Services	4,454,520	4,311,549	11.44%	12.32%
Plant Operations and Maintenance	3,733,036	3,316,804	9.59%	9.48%
Pupil Transportation	1,157,150	1,099,031	2.97%	3.14%
Charter Schools	190,675	177,007	0.49%	0.51%
Interest on Long-Term Liabilities	83,341	93,870	0.21%	0.27%
<b>Total Expenditures</b>	<b><u>\$ 38,928,101</u></b>	<b><u>\$ 34,993,440</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

\* As restated

Total expenses for governmental activities for fiscal years 2021 and 2020 were \$38,928,101 and \$34,993,440.

The Governmental Activities in the above table demonstrates that for fiscal years 2021 and 2020, of \$38,928,101 and \$34,993,440 the District expended, \$21,996,477 and \$19,082,660 are for Instruction. Additionally, Pupil and Instructional Staff activities are \$7,312,902 and \$6,912,519. Combined resources from Instruction and Pupil and Instructional Staff total \$29,309,379 and \$25,995,179. Together the aforementioned categories account for 75.30% and 74.28% of Governmental Activities for the fiscal years 2021 and 2020.



**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Business-Type Activity**

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

	<u>Total Cost of Services</u>		<u>Percent of Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>				
Charges for Services	\$ 549	\$ 242,923	0.13%	55.48%
Operating Grants	428,715	194,897	99.87%	44.52%
Total Revenue	429,264	437,820	100.00%	100.00%
<b>EXPENSES</b>				
Food Service	394,130	475,563	100.00%	100.00%
Total Expense	394,130	475,563	100.00%	100.00%
Net Gain/ (Loss)	35,134	(37,743)		
Change in Net Position	<u>\$ 35,134</u>	<u>\$ (37,743)</u>		

The business-type activity of the North Arlington School District is the food service operation. This program had revenues for the fiscal years 2021 and 2020 of \$429,264 and \$437,820 and expenses of \$394,130 and \$475,563, respectively. Operating grants revenue increased by \$233,818 while charges for services revenue decreased (\$242,374) mainly due to the District being enrolled in the National School Lunch Seamless Summer Option (SSO), which provided free meals to all students in the 2020-2021 year. Total expenses decreased (\$81,433) mainly due to Covid-19. The District had a \$35,134 operating gain in fiscal year 2021.

**Sources of Revenue**

The local tax revenue increased \$1,515,860 in 2021 from 2020. For all governmental activities state revenues support 34.16%. The community, as a whole, is 65.03% of the support and other revenue accounts for 0.81% of the total cost of programs for North Arlington School District students.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Local Tax</u> <u>Levy</u>	<u>Other Local</u> <u>Revenue</u>	<u>Operating</u> <u>Grants</u>	<u>Capital</u> <u>Grants</u>	<u>Federal &amp;</u> <u>State Aid</u> <u>Not Restricted</u>	<u>Total*</u>
2021	\$ 28,323,526	\$ 350,851	\$ 5,744,845	\$ 102,357	\$ 9,032,022	\$ 43,553,601
2020*	26,807,666	329,227	2,674,675	-	8,135,438	37,947,006

\*As restated

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

The North Arlington School District's governmental funds are accounted for using standards established by the Governmental Accounting Standards Board Statement No. 34. Total governmental funds had revenues and other financing sources of \$42,555,243 and expenditures and other financing uses of \$38,928,101. The positive fund balance for the year reflects that the North Arlington School District was able to meet current costs.

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**General Fund Budgeting Highlights**

The North Arlington School District's budget is prepared according to New Jersey statutes. During the 2020-2021 school year, all schools in the District operated within the boundaries of state budget guidelines.

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

During the course of fiscal year 2021, the North Arlington School District amended its General Fund budget as needed. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for program management.

For the General Fund, final budgeted revenues and other financing sources in the amount of \$31,848,209 were (\$448,646) less than the original budgeted revenues and other financing sources. The difference is due to a decrease in state aid due to the COVID-19 Pandemic.

General Fund revenues and other financing sources were greater than expenditures and other financing uses. Funds from these and other sources add to excess surplus by approximately \$9,173,253. At June 30, 2021 there was \$4,877,207 excess surplus designated for subsequent year's budget. The North Arlington School District will allocate the excess surplus remaining of \$4,296,046 in the 2022-2023 District School Budget. The allocation and projection of surplus are in compliance with New Jersey Department of Education Budgetary Guidelines. The excess surplus reflects a \$368,766 final state aid payment for June 30, 2021, however this amount is not reflected in the District Intergovernmental Receivable Account.

**Capital Assets and Depreciation**

**Capital Assets**

At the end of fiscal years 2021 and 2020, the North Arlington School District had \$18,980,647 and \$19,237,986, respectively invested in capital assets (net of depreciation), for governmental activities. More information on capital assets and depreciation is represented in Note 5 to the basic financial statements.

**Table 5**  
**Capital Assets and Depreciation**

	<b>Balance at June 30, 2020</b>	<b>Additions</b>	<b>Balance at June 30, 2021</b>
Governmental Activities:			
Non-Depreciable	\$ 648,206	\$ -	\$ 648,206
Depreciable	41,566,222	925,391	42,491,613
Total at Historical Cost	42,214,428	925,391	43,139,819
Less Accumulated Depreciation	(22,976,442)	(1,182,730)	(24,159,172)
Capital Assets, Net	\$ 19,237,986	\$ (257,339)	\$ 18,980,647
Business-Type Activity:			
Depreciable	\$ 315,438	\$ 19,512	\$ 334,950
Less Accumulated Depreciation	(284,866)	(10,344)	(295,210)
Capital Assets, Net	\$ 30,572	\$ 9,168	\$ 39,740

**NORTH ARLINGTON SCHOOL DISTRICT  
BERGEN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Capital Assets and Depreciation (Continued)**

Depreciation expense was charged to Governmental Activities as follows:

Instruction	\$ 617,771
Support Services	<u>564,959</u>
Total Depreciation Expense	<u><u>\$ 1,182,730</u></u>

**Long-Term Liabilities**

At June 30, 2021 and 2020, the North Arlington School District had \$7,907,157 and \$9,427,286 in long term debt payable from governmental fund resources and no long-term debt payable from proprietary fund resources. More detailed information about long-term debt is represented in Note 7 to the basic financial statements.

**Table 6  
Changes in Long-Term Debt**

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities:				
Bonds Payable	\$ 2,638,000	\$ -	\$ 440,000	\$ 2,198,000
Capital Lease Obligations	115,689	68,624	39,671	144,642
Compensated Absences	577,578	78,312	38,882	617,008
sub-total	<u>3,331,267</u>	<u>146,936</u>	<u>518,553</u>	<u>2,959,650</u>
Net Pension Liability	<u>6,096,019</u>	<u>1,733,520</u>	<u>2,882,032</u>	<u>4,947,507</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 9,427,286</u></u>	<u><u>\$ 1,880,456</u></u>	<u><u>\$ 3,400,585</u></u>	<u><u>\$ 7,907,157</u></u>

**Current Issues**

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

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

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

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

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,916,627	\$ 12,394	\$ 11,929,021
Other accounts receivable	11,617	-	11,617
Receivables, net	762,885	149,721	912,606
Inventory	-	12,113	12,113
Restricted assets:			
Cash and cash equivalents	2,778,702	-	2,778,702
Capital reserve account - cash	4,000,000	-	4,000,000
Capital assets, net:			
Depreciable	18,332,441	39,740	18,372,181
Non-depreciable	648,206	-	648,206
Total Assets	<u>38,412,736</u>	<u>213,968</u>	<u>38,626,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	<u>937,746</u>	<u>-</u>	<u>937,746</u>
<b>LIABILITIES</b>			
Accounts payable	1,800,707	51,597	1,852,304
Payable to state government	41,014	-	41,014
Payable to federal government	53,900	-	53,900
Payroll deductions and withholdings payable	191,005	-	191,005
Unearned revenue	260,234	-	260,234
Noncurrent liabilities:			
Due within one year	320,214	-	320,214
Due beyond one year	2,639,436	-	2,639,436
Net pension liability	4,947,507	-	4,947,507
Total Liabilities	<u>10,254,017</u>	<u>51,597</u>	<u>10,305,614</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>2,882,032</u>	<u>-</u>	<u>2,882,032</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,638,005	39,740	16,677,745
Restricted for:			
Capital projects	1,449,631	-	1,449,631
Other purposes	9,817,392	-	9,817,392
Unrestricted	(1,690,595)	122,631	(1,567,964)
Total net position	<u>\$ 26,214,433</u>	<u>\$ 162,371</u>	<u>\$ 26,376,804</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Activities**  
**for the Fiscal Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 15,496,228	-	\$ 2,327,357	\$ -	\$ (13,168,871)	\$ -	\$ (13,168,871)
Special education	4,760,291	-	428,330	-	(4,331,961)	-	(4,331,961)
Other special instruction	975,631	-	85,561	-	(890,070)	-	(890,070)
Vocational	-	-	-	-	-	-	-
Other instruction	764,327	-	74,091	-	(690,236)	-	(690,236)
<b>Support services:</b>							
Tuition	2,569,489	-	374,686	-	(2,194,803)	-	(2,194,803)
Student & instruction related services	4,743,413	164,047	1,251,802	-	(3,327,564)	-	(3,327,564)
School administrative services	1,989,661	-	228,279	-	(1,761,382)	-	(1,761,382)
General and business administrative services	2,464,859	-	152,267	-	(2,312,592)	-	(2,312,592)
Plant operations and maintenance	3,733,036	-	447,909	102,357	(3,182,770)	-	(3,182,770)
Pupil transportation	1,157,150	-	168,737	-	(988,413)	-	(988,413)
Food service	-	-	-	-	-	-	-
Special schools	-	-	-	-	-	-	-
Charter schools	190,675	-	29,072	-	(161,603)	-	(161,603)
Interest on long-term liabilities	83,341	-	12,707	-	(70,634)	-	(70,634)
Total governmental activities	<u>38,928,101</u>	<u>164,047</u>	<u>5,580,798</u>	<u>102,357</u>	<u>(33,080,899)</u>	<u>-</u>	<u>(33,080,899)</u>
<b>Business-type activities:</b>							
Food service	394,130	549	428,715	-	-	35,134	35,134
Total business-type activities	<u>394,130</u>	<u>549</u>	<u>428,715</u>	<u>-</u>	<u>-</u>	<u>35,134</u>	<u>35,134</u>
<b>Total primary government</b>	<u>\$ 39,322,231</u>	<u>\$ 164,596</u>	<u>\$ 6,009,513</u>	<u>\$ 102,357</u>	<u>(33,080,899)</u>	<u>35,134</u>	<u>(33,045,765)</u>
<b>General revenues:</b>							
Property taxes, levied for general purpose, net					27,805,889	-	27,805,889
Property taxes, levied for debt service					517,637	-	517,637
State aid not restricted					9,032,022	-	9,032,022
Investment earnings					34,177	-	34,177
Miscellaneous income					316,674	-	316,674
Total general revenues					<u>37,706,399</u>	<u>-</u>	<u>37,706,399</u>
<b>Change in net position</b>					4,625,500	35,134	4,660,634
<b>Net position, July 1 (as restated)</b>					21,588,933	127,237	21,716,170
<b>Net position, June 30</b>					<u>\$ 26,214,433</u>	<u>\$ 162,371</u>	<u>\$ 26,376,804</u>

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

**FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUNDS**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,916,627	\$ -	\$ -	\$ -	\$ 11,916,627
Other accounts receivable	11,617	-	-	-	11,617
Interfund receivable	167,818	121,527	-	74	289,419
Intergovernmental receivable:					
Federal	-	34,587	-	-	34,587
State	728,298	-	-	-	728,298
Restricted assets:					
Cash and cash equivalents	4,293,025	778,837	1,449,631	257,209	6,778,702
Total assets	<u>\$ 17,117,385</u>	<u>\$ 934,951</u>	<u>\$ 1,449,631</u>	<u>\$ 257,283</u>	<u>\$ 19,759,250</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund payable	\$ 159,343	\$ 167,818	\$ -	\$ -	\$ 327,161
Accounts payable	1,283,396	138,222	-	-	1,421,618
Payable to state government	-	41,014	-	-	41,014
Payable to federal government	-	53,900	-	-	53,900
Payroll deductions and withholdings payable	191,005	-	-	-	191,005
Unearned revenue	-	260,234	-	-	260,234
Total liabilities	<u>1,633,744</u>	<u>661,188</u>	<u>-</u>	<u>-</u>	<u>2,294,932</u>
Fund Balances:					
Restricted for:					
Excess surplus - prior year - designated for subsequent year's expenditures	4,877,207	-	-	-	4,877,207
Excess surplus - current year	4,296,046	-	-	-	4,296,046
Capital reserve	4,000,000	-	-	-	4,000,000
Capital projects fund	-	-	1,449,631	-	1,449,631
Scholarships	-	36,909	-	-	36,909
Student activities	-	349,947	-	-	349,947
Debt service	-	-	-	257,283	257,283
Assigned fund balance:					
Year-end encumbrances	843,732	-	-	-	843,732
Unassigned fund balance	1,466,656	(113,093)	-	-	1,353,563
Total fund balances	<u>15,483,641</u>	<u>273,763</u>	<u>1,449,631</u>	<u>257,283</u>	<u>17,464,318</u>
Total liabilities and fund balances	<u>\$ 17,117,385</u>	<u>\$ 934,951</u>	<u>\$ 1,449,631</u>	<u>\$ 257,283</u>	<u>\$ 19,759,250</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

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

<b>Total fund balances - governmental funds (from B-1)</b>		\$ 17,464,318
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$43,139,819 and the accumulated depreciation is \$24,159,172		18,980,647
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred pension outflows	\$ 937,746	
Deferred pension inflows	<u>(2,882,032)</u>	(1,944,286)
Additional accounts payable for pension contribution offset by deferred outflow for pension liabilities		(379,089)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Bonds payable	(2,198,000)	
Capital lease liability	(144,642)	
Compensated absences liability	(617,008)	
Net pension liability	<u>(4,947,507)</u>	<u>(7,907,157)</u>
Net position of governmental activities		<u>\$ 26,214,433</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2021**

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 27,805,889	\$ -	\$ -	\$ 517,637	\$ 28,323,526
Interest earned	34,177	-	-	-	34,177
Miscellaneous	316,674	-	-	-	316,674
Federal sources	150,179	1,169,925	-	-	1,320,104
State sources	9,488,876	346,462	-	-	9,835,338
Private sources	-	164,047	-	-	164,047
Total revenues	<u>37,795,795</u>	<u>1,680,434</u>	<u>-</u>	<u>517,637</u>	<u>39,993,866</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	8,687,280	1,002,797	-	-	9,690,077
Special education instruction	2,809,256	-	-	-	2,809,256
Other special instruction	561,164	-	-	-	561,164
Other instruction	485,938	-	-	-	485,938
Support services and undistributed costs:					
Tuition	2,457,421	-	-	-	2,457,421
Student & instruction related services	2,516,633	868,088	-	-	3,384,721
School administrative services	1,497,197	-	-	-	1,497,197
Other administrative services	998,663	-	-	-	998,663
Operation and maintenance of plant services	2,943,693	-	-	-	2,943,693
Student transportation	1,106,681	-	-	-	1,106,681
Employee benefits	8,198,017	-	-	-	8,198,017
Capital outlay	710,541	102,357	186,560	-	999,458
Debt Service					
Principal	-	-	-	440,000	440,000
Interest	-	-	-	77,316	77,316
Charter school	190,675	-	-	-	190,675
Total expenditures	<u>33,163,159</u>	<u>1,973,242</u>	<u>186,560</u>	<u>517,316</u>	<u>35,840,277</u>
Excess (deficiency) of revenues over expenditures	<u>4,632,636</u>	<u>(292,808)</u>	<u>(186,560)</u>	<u>321</u>	<u>4,153,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease (Non-budgeted)	68,624	-	-	-	68,624
Local contribution to special revenue fund preschool education aid-inclusion	(121,527)	121,527	-	-	-
Transfer to Debt Service	-	-	(256,887)	256,887	-
Contribution to capital projects fund	(441,354)	-	441,354	-	-
Total other financing sources (uses)	<u>(494,257)</u>	<u>121,527</u>	<u>184,467</u>	<u>256,887</u>	<u>68,624</u>
Net changes in fund balance	4,138,379	(171,281)	(2,093)	257,208	4,222,213
Fund balances, July 1 (as restated)	11,345,262	445,044	1,451,724	75	13,242,105
Fund balances, June 30	<u>\$ 15,483,641</u>	<u>\$ 273,763</u>	<u>\$ 1,449,631</u>	<u>\$ 257,283</u>	<u>\$ 17,464,318</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2021**

**Total net change in fund balances - governmental funds (from B-2)** \$ 4,222,213

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

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

Depreciation expense	\$ (1,182,730)	
Capital outlays	<u>925,391</u>	(257,339)

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

Issuance of capital leases	(68,624)	
Repayment of bond principal	440,000	
Payment of capital leases	<u>39,671</u>	411,047

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 (+).

Compensated absences accrued	(78,312)	
Compensated absences paid	38,882	
Additional PERS pension expense recognized	289,009	
Additional on-behalf TPAF pension expense	(1,212,895)	
Additional on-behalf TPAF pension contribution	1,212,895	
Additional on-behalf OPEB expense	(2,346,840)	
Additional on-behalf OPEB contribution	<u>2,346,840</u>	<u>249,579</u>

**Change in net position of governmental activities** **\$ 4,625,500**

**PROPRIETARY FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<u><b>Business-type Activity - Enterprise Fund Food Service</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 12,394
Accounts receivable	111,979
Interfund receivable	37,742
Inventory	12,113
Total current assets	<u>174,228</u>
Noncurrent assets:	
Equipment	334,950
Less: accumulated depreciation	<u>(295,210)</u>
Total noncurrent assets	<u>39,740</u>
Total assets	<u>213,968</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	51,597
<b>NET POSITION</b>	
Investment in capital assets	39,740
Unrestricted	<u>122,631</u>
Total net position	<u><u>\$ 162,371</u></u>

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

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<u>Business-type Activity - Enterprise Fund Food Service</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Special functions	\$ 549
<b>OPERATING EXPENSES</b>	
Cost of sales - reimbursable programs	184,988
Salaries and wages	84,012
Employee benefits	26,784
Supplies and materials	9,692
Insurance - Other	14,392
Uniforms	893
Miscellaneous	28,120
Management fees	34,905
Depreciation Expense	10,344
Total operating expenses	<u>394,130</u>
Operating (loss)	<u>(393,581)</u>
<b>NONOPERATING REVENUES</b>	
State sources:	
State school lunch program	12,120
Federal sources:	
Food distribution program	27,423
School breakfast program	148,407
National school lunch program	236,058
National no kid hungry program	4,707
Total nonoperating revenues	<u>428,715</u>
Change in net position	35,134
Net position, July 1	<u>127,237</u>
Net position, June 30	<u>\$ 162,371</u>

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



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<u><b>Business-type Activity - Enterprise Fund Food Service</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 549
Payments to employees	(84,012)
Payments for employee benefits	(26,784)
Payments to suppliers	(206,828)
Net cash (used for) operating activities	<u>(317,075)</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	9,718
Federal sources	284,445
Operating subsidies and transfers	(37,742)
Net cash provided by non-capital financing activities	<u>256,421</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of assets	<u>(19,512)</u>
Net decrease in cash and cash equivalents	(80,166)
Balance, July 1	92,560
Balance, June 30	<u>\$ 12,394</u>
 <b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>	
Operating (loss)	<u>\$ (393,581)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	10,344
Food distribution program	27,423
Decrease in inventories	(4,872)
Increase in accounts payable	43,611
Total adjustments	<u>76,506</u>
Net cash (used for) operating activities	<u>\$ (317,075)</u>
 <b>NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING</b>	
Food distribution program	<u>\$ 27,423</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

**A. Reporting Entity:**

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

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

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

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

Component units are legally separate organizations for which the District is financially accountable. Based on the foregoing criteria, the District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards. Furthermore, the District is not includable in any other reporting entity as a component unit.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers, students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among school districts in the State of New Jersey.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when the District receives cash.

The District has reported the following major funds:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**PROPRIETARY FUND**

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

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

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

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

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

The estimated useful lives are as follows:

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

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

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

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**D. Measurement Focus and Basis of Accounting (Continued):**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, tuition, and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

**E. Budgets/Budgetary Control:**

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

Effective December 2004, line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services, and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval.

Due to the inclusion of the non-budgeted on-behalf payment made by the State of New Jersey as District expenditures, the District shows an over-expenditure in the General Fund. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the accounting for the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	2020 - 2021
Total Revenues (Budgetary Basis)	\$ 1,793,527
Adjustments:	
Adjust for State Aid Payment Not Recognized for GAAP Purpose until the Subsequent Year	(113,093)
Total Revenues (GAAP) Basis	\$ 1,680,434
Total Expenditures (Budgetary Basis)	\$ 1,851,715
Adjustments:	
Net Transfers (inflows) from General Fund	121,527
Total Expenditures (GAAP Basis)	\$ 1,973,242

**F. Encumbrances:**

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

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

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**H. Interfund Receivables/Payables:**

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

**I. Payables:**

*Tuition Payable* - Tuition charges for the fiscal years 2020 - 2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined and certified by the State Department of Education.

**J. Inventories:**

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

Inventories in the Proprietary Funds, exclusive of the federal commodities, are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased. Inventory in the Food Service Fund at June 30, 2021, consisted of \$12,113.

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

**K. Restricted Assets:**

Restricted assets include cash for capital reserve, grant programs, private scholarships, student activities, and capital projects.

**L. Capital Assets:**

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

**Government-wide Statements**

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

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

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



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Fund Financial Statements

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

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

**M. Unearned Revenue:**

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

**N. Compensated Absences:**

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

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

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

The liability for these compensated absences recorded as liabilities in the governmental activities in the government-wide financial statements amounted to \$617,008, at June 30, 2021, representing the District's commitment to fund such costs from future operations. The current portion of this liability is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only to the amount actually due at year end as a result of employee resignations and retirements. The general fund typically has been used in prior years to liquidate the liability for compensated absences.

**O. Long-Term Obligations:**

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**P. Pensions**

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

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

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

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

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

**R. Equity Classifications:**

**Government-wide Statements**

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

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

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

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

**Governmental Fund Statements**

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Governmental Fund Statements (Continued)

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

Excess Surplus - This restriction was created to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022-2023 original budget certified for taxes.

Excess Surplus – Prior Year - Designated for Subsequent Year's Budget - This restriction was created to represent the June 30, 2020 audited excess surplus that will be appropriated in the 2021-2022 original budget certified for taxes.

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

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

Scholarships – Represents fund balance restricted specifically for scholarships fully funded by private contributions solely for such purpose.

Student Activities – Represents fund balance restricted specifically for student activities funded by fees and dues collected solely for such purposes.

Debt Service – Represents fund balance restricted specifically for payment of principal and interest on bonds.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the 2021-2022 original budget certified for taxes.

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

**Fund Balance Policies**

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used. Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Fund Balance Policies (continued)

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

**S. Operating and Nonoperating Revenue:**

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

**T. Expenditures/Expenses:**

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

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

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

Proprietary Fund - By Operating and Nonoperating

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

**U. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension benefits for members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased \$4,867,412 to adjust to the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

**V. Use of Estimates**

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**W. Tax Abatements**

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

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

**X. GASB Pronouncements**

**Recently Adopted Accounting Pronouncements**

Beginning with the year ended June 30, 2021, the District has implemented GASB Statement No. 84. *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. As a result of the implementation of this Statement, the New Jersey Department of Education has made the following determinations as to the reporting of certain funds which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	<u>Prior to Implementation</u>	<u>After Implementation</u>
Private Purpose Scholarship	Fiduciary Fund	Special Revenue Fund
Student Activity	Fiduciary Fund	Special Revenue Fund
Payroll Agency	Fiduciary Fund	General Fund

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**X. GASB Pronouncements**

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

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

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

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

**NOTE 2. DEPOSITS AND INVESTMENTS**

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under Federal Deposit Insurance Corporation (“FDIC”), Securities Investor Protection Corporation (“SIPC”) or the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

**Deposits**

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Deposits (Continued)**

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

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

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2021, the book value of the District’s deposits was \$18,707,723 and bank balances of the District’s cash and deposits amounted to \$19,632,545.

As of June 30, 2021, the District’s deposits which are displayed on the balance sheets and statements of net position as “cash and cash equivalents” are summarized as follows:

Insured - FDIC		\$	255,910
Insured - GUDPA			18,451,813
			18,707,723
			18,707,723
Reconciliation to Government-wide Statement of			
Net Position:			
Unrestricted Cash		\$	11,929,021
Restricted Cash			6,778,702
			18,707,723
			18,707,723

**Investments**

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**NOTE 3. DEPOSIT AND INVESTMENT RISK**

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

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

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

At June 30, 2021 the District's investments were not exposed to custodial credit risk, interest rate risk or foreign currency risk.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are committed to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2020		\$	2,452,071
Deposits:			
Approved by Board Resolution			1,547,929
Total Deposits			1,547,929
Ending balance, June 30, 2021		\$	4,000,000

**NOTE 5. RECEIVABLES FROM OTHER GOVERNMENTS**

Receivables from other governments as reported on the general fund balance sheet amounting to \$728,298 are from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$34,587 are from federal sources.



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6. CAPITAL ASSETS AND DEPRECIATION**

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

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

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

The following is a summarization of the governmental activities in capital assets for the year fiscal year ended June 30, 2021:

	Balance at July 1, 2020	Additions	Balance at June 30, 2021
Governmental Activities:			
Non-Depreciable:			
Land	\$ 648,206	\$ -	\$ 648,206
Depreciable:			
Buildings and Improvements	39,741,284	807,702	40,548,986
Land Improvements	174,800	-	174,800
Machinery & Equipment	1,650,138	117,689	1,767,827
Total at Historical Cost	41,566,222	925,391	42,491,613
Less: Accumulated Depreciation:			
Buildings and Improvements	(22,361,257)	(1,066,248)	(23,427,505)
Land Improvements	(174,800)	-	(174,800)
Machinery & Equipment	(440,385)	(116,482)	(556,867)
Total Accumulated Depreciation	(22,976,442)	(1,182,730) *	(24,159,172)
Depreciable Capital Assets, Net	18,589,780	(257,339)	18,332,441
Governmental Activities - Capital Assets, Net	\$ 19,237,986	\$ (257,339)	\$ 18,980,647

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

\* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2021 as follows:

Instruction:		
Regular	\$	441,906
Special Education		128,113
Other Special Education		25,591
Other Instruction		22,161
Total Instruction		<u>617,771</u>
Support Services:		
Tuition		112,068
Student & Instruction Related Services		154,357
School Administrative Services		68,278
General & Business Administrative Services		45,543
Operation & Maintenance of Plant		134,244
Pupil Transportation		50,469
Total Support Services		<u>564,959</u>
Total Depreciation Expense	\$	<u>1,182,730</u>

The following is a summarization of the business-type activities in capital assets for the year fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Balance at June 30, 2021</u>
Business-type Activity:			
Depreciable:			
Machinery & Equipment	\$ 315,438	\$ 19,512	\$ 334,950
Less: Accumulated Depreciation:			
Machinery & Equipment	<u>(284,866)</u>	<u>(10,344)</u>	<u>(295,210)</u>
Business-type Activity - Capital Assets, Net	<u>\$ 30,572</u>	<u>\$ 9,168</u>	<u>\$ 39,740</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 7. LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended June 30, 2021, the following changes occurred in governmental activities long-term liabilities:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Bonds Payable	\$ 2,638,000	\$ -	\$ 440,000	\$ 2,198,000	\$ 275,000	\$ 1,923,000
Capital Lease Obligations	115,689	68,624	39,671	144,642	45,214	99,428
Compensated Absences	577,578	78,312	38,882	617,008	-	617,008
Sub-total	3,331,267	146,936	518,553	2,959,650	320,214	2,639,436
Net Pension Liability	6,096,019	1,733,520	2,882,032	4,947,507	-	4,947,507
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 9,427,286</u>	<u>\$ 1,880,456</u>	<u>\$ 3,400,585</u>	<u>\$ 7,907,157</u>	<u>\$ 320,214</u>	<u>\$ 7,586,943</u>

**A. Bonds Payable:**

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

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

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

Year Ending June 30,	School Bonds Series 2013	
	Principal	Interest
2022	\$ 275,000	\$ 63,187
2023	275,000	54,937
2024	275,000	46,688
2025	275,000	38,438
2026	275,000	30,016
2027	275,000	21,422
2028	275,000	12,828
2029	273,000	4,266
	<u>\$ 2,198,000</u>	<u>\$ 271,782</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**B. Capital Leases Payable**

The District is currently leasing copiers for various schools.

The following is a schedule of the future minimum lease payments under the capital leases and the present value of the remaining net minimum lease payments as of June 30, 2021:

	Year Ending June 30,		
	2022	\$	50,880
	2023		41,350
	2024		38,280
	2025		23,120
	2026		3,885
Total Minimum Lease Payments			157,515
Less: Amount Representing Interest			12,873
Present Value of Net Minimum Lease Payments		\$	144,642

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

**Description of Plans and Benefits Provided**

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

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

The following represents the membership tiers for PERS and TPAF:

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** - established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain District employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$65.99 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Employer and Employee Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

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

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF non-employer contributions are made annually by the State of New Jersey to the pension system on behalf of the District. PERS employer contributions are made annually by the District to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2021, 2020 and 2019 the District paid the required contributions to PERS of \$331,894, \$329,086, and \$344,911, respectively.

During the years ended June 30, 2021, 2020 and 2019 the District paid the required contributions to DCRP of \$15,205, \$18,355 and \$19,070, respectively.

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

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$893,677 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the Government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021 the District reported in the statement of net position (accrual basis) a liability of \$4,947,507 for its proportionate share of the PERS 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's PERS proportion was 0.0303%, which was a decrease of 0.0035% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$59,522 for PERS. The pension contribution made by the District during the current 2020-2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the current fiscal yearend. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and accrual experience	\$ 90,086	\$ 17,497
Changes in assumptions	160,503	2,071,568
Net differences between projected and actual investment earnings on pension plan investments	169,110	-
Changes in proportion	138,958	792,967
District contributions subsequent to measurement date	379,089	-
Total	\$ 937,746	\$ 2,882,032

\$379,089 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2022	\$ (864,041)
June 30, 2023	(787,743)
June 30, 2024	(450,175)
June 30, 2025	(182,043)
June 30, 2026	(39,372)
	\$ (2,323,375)



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

Actuarial Assumptions

The collective 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	2.00 – 6.00%
	Based on years of service
Thereafter	3.00 – 7.00%
	Based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market 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 Mitigation 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 non-employer contributing entity will be based on 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.

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

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of PERS net pension liability	\$ 6,277,060	\$ 4,947,507	\$ 3,891,261

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2020. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

*Pension Plan fiduciary net position*

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

*Payable to the pension plan*

At June 30, 2021 the District reported accounts payable to the PERS of \$379,089 for the required actuarially determined contribution to PERS for the year ended June 30, 2022.

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

GASB Statement No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

At June 30, 2021 the State's net pension liability for TPAF associated with the District was \$68,136,047. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2020. 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. At June 30, 2020 the State's proportionate share of the TPAF net pension liability associated with the District was 0.1035%, which was a decrease of 0.0013% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$4,236,990 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB Statement No. 85

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

*Actuarial Assumptions*

The total TPAF pension liability for the June 30, 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 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.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market 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 Mitigation Strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability for TPAF 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 contributions 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 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 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.

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

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

	<b>At 1% Decrease (4.40%)</b>	<b>At Current Discount Rate (5.40%)</b>	<b>At 1% Increase (6.40%)</b>
States proportionate share of the TPAF net pension liability attributable to the District	\$ 80,033,767	\$ 68,136,047	\$ 58,256,988

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2020. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

*Pension Plan Fiduciary Net Position*

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

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

**Plan Description and Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

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

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Total	366,108

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2021, 2020, and 2019 were \$947,704, \$857,060, and \$954,109, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

For the fiscal year ended June 30, 2021, the District recognized in the Government-wide statement of activities (accrual basis) OPEB expense of \$3,294,544. This amount has been included in the District’s Government-wide statement of activities (accrual basis) as a revenue and expenditure in accordance with GASB No. 85.

At June 30, 2021 the State’s proportionate share of the OPEB liability attributable to the District is \$62,803,282. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 2020, the State’s share of the OPEB liability attributable to the District was 0.0926% which was a decrease of 0.0030% from its proportion measured as of June 30, 2019 of 0.0896%.

*Actuarial Assumptions*

The OPEB liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.50%

	TPAF/ABP	PERS
Salary Increases:	1.55 – 4.45%	2.00 – 6.00%
Through 2026	based on service years	based on service years
Thereafter	1.55 – 4.45%	3.00 – 7.00%
	based on service years	based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020.



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

*Actuarial Assumptions (Continued)*

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2014, and July 1, 2018, and July 1, 2013 – June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 90% and 10% in PPO and HMO, respectively.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

*Discount Rate*

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Change in the Total OPEB Liability*

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2019 measurement date	\$ 37,387,558
Changes reconized for the fiscal year:	
Service cost	1,795,398
Interest on the total OPEB liability	1,353,009
Changes in assumptions	11,472,001
Difference between expected and actual experience	11,855,529
Gross benefit payments	(1,093,353)
Contributions from the member	33,140
Net changes	<u>25,415,724</u>
Balance, June 30, 2020 measurement date	<u>\$ 62,803,282</u>

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2021, calculated using the discount rate 2.21%, as well as the State's proportionate share of the OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<b>At 1% Decrease (1.21%)</b>	<b>At Current Discount Rate (2.21%)</b>	<b>At 1% Increase (3.21%)</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 75,712,598	\$ 62,803,282	\$ 52,709,440

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

The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2021, calculated using the previously disclosed healthcare trend rate as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate is 1% point lower or 1% point higher than the current rate:

	<b>1 % Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 50,696,927	\$ 62,803,282	\$ 77,219,260

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

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

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2021:

	Interfund Receivable	Interfund Payable
Governmental Funds		
General	\$ 167,818	\$ 159,343
Special Revenue	121,527	167,818
Debt Service	74	-
Enterprise	37,742	-
Total	\$ 327,161	\$ 327,161

The above balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The District expects to liquidate all interfund balances within one year.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

The general fund transferred a \$121,527 contribution to preschool education aid in the special revenue fund and a \$441,354 contribution to the capital projects fund during the fiscal year ended June 30, 2021. Also, The capital projects fund transferred a \$256,887 contribution to the debt service fund.

**NOTE 11. CONTINGENT LIABILITIES**

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

**COVID-19 Pandemic and State of Emergency**

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

**NOTE 12. RISK MANAGEMENT**

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

**A. Property and Liability Insurance:**

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

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

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

**NOTE 13. DEFERRED COMPENSATION**

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 14. FUND BALANCE APPROPRIATED**

**Fund Statements:**

General Fund - Of the \$15,483,641 General Fund fund balance at June 30, 2021, \$9,173,253 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$4,877,207 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$4,000,000 is committed for capital reserve; \$843,732 is committed for year-end encumbrances; and \$1,466,656 is unassigned.

Special Revenue Fund – Of the \$273,763 Special Revenue Fund fund balance at June 30, 2021, \$36,909 is restricted for scholarships: \$349,947 is restricted for student activities: and (\$113,093) is unassigned.

Capital Projects Fund – The \$1,449,631 Capital Projects Fund fund balance at June 30, 2021, is restricted for capital projects.

Debt Service Fund – The \$257,283 Debt Service Fund fund balance at June 30, 2021 is restricted.

The total Governmental Funds fund balance is \$17,464,318.

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

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Fund Balance/Net Position	\$ 17,464,318	\$ 162,371	\$ 17,626,689
Add: Capital Assets, Net of			
Accumulated Depreciation	18,980,647	-	18,980,647
Deferred Outflows of Resources	937,746	-	937,746
Less: Accounts Payable for Pension	(379,089)	-	(379,089)
Long-Term Liabilities	(2,959,650)	-	(2,959,650)
Net Pension Liability	(4,947,507)	-	(4,947,507)
Deferred Inflows of Resources	<u>(2,882,032)</u>	<u>-</u>	<u>(2,882,032)</u>
Total Net Position	<u>\$ 26,214,433</u>	<u>\$ 162,371</u>	<u>\$ 26,376,804</u>

**NOTE 15. DEFICIT FUND BALANCES**

The District has a deficit unassigned fund balance of (\$113,093) in the Special Revenue Fund as of June 30, 2021 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 the last two state aid payments 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 state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund deficit balance does not alone indicate that the district is facing financial difficulties.

Pursuant to P.L. 2003, c. 97 any negative unreserved, undesignated fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's fund balance in the GAAP funds statements of \$17,464,318 is more than the last two state aid payments.

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance for year ended June 30, 2021 is \$9,173,253.

**NOTE 17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

**Implementation of New Accounting Pronouncement**

The District restated the financial statements for the year ended June 30, 2020 to reflect a prior period adjustment due to the implementation of GASB Statement No. 84. Net position at June 30, 2020 has been adjusted as follows:

	Government- wide Statements	Governmental Fund Statements				
	Governmental Activities	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Net position, June 30, 2020	\$ 21,143,889	\$ 11,345,262	\$ -	\$ 1,451,724	\$ 75	\$ 12,797,061
Prior Period adjustments:						
Scholarships	25,733	-	25,733	-	-	25,733
Student activities	419,311	-	419,311	-	-	419,311
Net position, June 30, 2020 (as restated)	<u>\$ 21,588,933</u>	<u>\$ 11,345,262</u>	<u>\$ 445,044</u>	<u>\$ 1,451,724</u>	<u>\$ 75</u>	<u>\$ 13,242,105</u>

**NOTE 18. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 through February 22, 2022, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items, other than those already included in Note 11, contingent liabilities, have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 27,805,889	\$ -	\$ 27,805,889	\$ 27,805,889	\$ -
Interest earned	-	-	-	34,177	34,177
Miscellaneous	25,020	-	25,020	316,674	291,654
Total - local sources	<u>27,830,909</u>	<u>-</u>	<u>27,830,909</u>	<u>28,156,740</u>	<u>325,831</u>
Federal sources:					
FEMA	-	-	-	103,881	103,881
Special Education Medicare Reimbursement Initiative	52,199	-	52,199	46,298	(5,901)
Total - federal sources	<u>52,199</u>	<u>-</u>	<u>52,199</u>	<u>150,179</u>	<u>97,980</u>
State sources:					
Equalization aid	2,429,922	(448,646)	1,981,276	1,981,276	-
Transportation aid	184,243	-	184,243	184,243	-
Special education aid	1,574,641	-	1,574,641	1,574,641	-
Security categorical aid	224,941	-	224,941	224,941	-
Extraordinary aid	-	-	-	683,822	683,822
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	3,024,095	3,024,095
Post-retirement medical contributions	-	-	-	947,704	947,704
Long term disability insurance premium	-	-	-	1,936	1,936
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	893,677	893,677
Total - state sources	<u>4,413,747</u>	<u>(448,646)</u>	<u>3,965,101</u>	<u>9,516,335</u>	<u>5,551,234</u>
Total revenues	<u>32,296,855</u>	<u>(448,646)</u>	<u>31,848,209</u>	<u>37,823,254</u>	<u>5,975,045</u>
<b>EXPENDITURES -</b>					
<b>CURRENT EXPENSE</b>					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	510,350	(17,500)	492,850	480,689	12,161
Grades 1-5	2,923,800	46,500	2,970,300	2,634,924	335,376
Grades 6-8	1,822,125	(21,500)	1,800,625	1,648,873	151,752
Grades 9-12	2,983,575	(7,500)	2,976,075	2,746,041	230,034
Total regular programs - instruction	<u>8,239,850</u>	<u>-</u>	<u>8,239,850</u>	<u>7,510,527</u>	<u>729,323</u>
Regular programs - home instruction:					
Salaries of teachers	75,000	-	75,000	67,648	7,352
Purchased professional - educational services	25,000	-	25,000	2,597	22,403
Total regular programs - home instruction	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>70,245</u>	<u>29,755</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	354,105	-	354,105	147,065	207,040
Purchased professional - technical services	471,507	(53,010)	418,497	248,190	170,307
Other purchased services (400-500 series)	25,000	-	25,000	21,843	3,157
Travel	2,000	-	2,000	20	1,980
General supplies	695,795	(8,003)	687,792	642,155	45,637
Textbooks	91,110	7,914	99,024	47,235	51,789
Total regular programs - undistributed instruction	<u>1,639,517</u>	<u>(53,099)</u>	<u>1,586,418</u>	<u>1,106,508</u>	<u>479,910</u>
Total regular programs	<u>9,979,367</u>	<u>(53,099)</u>	<u>9,926,268</u>	<u>8,687,280</u>	<u>1,238,988</u>
Special education:					
Multiple disabilities:					
Salaries of teachers	442,450	20,000	462,450	387,962	74,488
Other salaries for instruction	1,102,942	-	1,102,942	931,915	171,027
General supplies	9,183	1,625	10,808	5,723	5,085
Textbooks	3,000	(1,625)	1,375	1,375	-
Total multiple disabilities	<u>1,557,575</u>	<u>20,000</u>	<u>1,577,575</u>	<u>1,326,975</u>	<u>250,600</u>



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Resource room/resource center:					
Salaries of teachers	\$ 1,215,275	\$ -	\$ 1,215,275	\$ 1,177,956	\$ 37,319
Other salaries for instruction	138,126	-	138,126	127,420	10,706
General supplies	4,000	-	4,000	3,071	929
Textbooks	2,000	-	2,000	81	1,919
Total resource room/resource center	<u>1,359,401</u>	<u>-</u>	<u>1,359,401</u>	<u>1,308,528</u>	<u>50,873</u>
Preschool disabilities - part - time:					
Salaries of teachers	132,125	(4,292)	127,833	108,986	18,847
Other salaries for instruction	174,586	-	174,586	56,475	118,111
Supplies and materials	4,000	4,292	8,292	8,292	-
Total preschool disabilities - part - time	<u>310,711</u>	<u>-</u>	<u>310,711</u>	<u>173,753</u>	<u>136,958</u>
Total special education - instruction	<u>3,227,687</u>	<u>20,000</u>	<u>3,247,687</u>	<u>2,809,256</u>	<u>438,431</u>
Basic skills/remedial:					
Salaries of teachers	377,625	-	377,625	295,386	82,239
General supplies	1,000	-	1,000	1,000	-
Total basic skills/remedial	<u>378,625</u>	<u>-</u>	<u>378,625</u>	<u>296,386</u>	<u>82,239</u>
Bilingual education:					
Salaries of teachers	274,150	-	274,150	264,650	9,500
General supplies	1,000	-	1,000	128	872
Total bilingual education	<u>275,150</u>	<u>-</u>	<u>275,150</u>	<u>264,778</u>	<u>10,372</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	98,176	5,000	103,176	83,386	19,790
Supplies and materials	5,000	(5,000)	-	-	-
Other Objects	11,800	-	11,800	2,991	8,809
School-sponsored athletics:					
Salaries	328,841	5,692	334,533	285,618	48,915
Purchased services (300-500 series)	167,275	(5,692)	161,583	41,860	119,723
Supplies and materials	94,124	-	94,124	61,292	32,832
Other objects	12,371	-	12,371	10,791	1,580
Community service programs:					
Salaries	26,000	-	26,000	-	26,000
Total other instructional	<u>743,587</u>	<u>-</u>	<u>743,587</u>	<u>485,938</u>	<u>257,649</u>
Total - instruction	<u>14,604,416</u>	<u>(33,099)</u>	<u>14,571,317</u>	<u>12,543,638</u>	<u>2,027,679</u>
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	545,610	97,010	642,620	230,215	412,405
Tuition to county vocational school district - regular	223,800	-	223,800	167,850	55,950
Tuition to county vocational school district - special	207,900	-	207,900	136,089	71,811
Tuition to CSSD & regional day schools	419,282	-	419,282	334,831	84,451
Tuition to private schools for the handicapped-within state	2,211,385	(165,527)	2,045,858	1,588,436	457,422
Total undistributed expenditures - instruction	<u>3,607,977</u>	<u>(68,517)</u>	<u>3,539,460</u>	<u>2,457,421</u>	<u>1,082,039</u>
Attendance and social work services:					
Salaries	20,000	(3,000)	17,000	4,691	12,309
Total attendance and social work services	<u>20,000</u>	<u>(3,000)</u>	<u>17,000</u>	<u>4,691</u>	<u>12,309</u>
Health services:					
Salaries	438,985	15,000	453,985	372,253	81,732
Purchased professional and technical services	96,459	(15,000)	81,459	67,560	13,899
Supplies and materials	19,136	89	19,225	8,864	10,361
Total health services	<u>554,580</u>	<u>89</u>	<u>554,669</u>	<u>448,677</u>	<u>105,992</u>
Other support services - students-related services:					
Salaries	190,043	(2,100)	187,943	175,234	12,709
Purchased professional - educational services	-	2,100	2,100	2,100	-
Supplies and materials	2,566	-	2,566	2,235	331
Total other support services - students-related services	<u>192,609</u>	<u>-</u>	<u>192,609</u>	<u>179,569</u>	<u>13,040</u>
Other support services - students-extra services:					
Purchased professional - educational services	450,000	-	450,000	378,689	71,311
Total other support services - students-extra services	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>378,689</u>	<u>71,311</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other support services - students-regular:					
Salaries of other professional staff	\$ 409,182	\$ (1,054)	\$ 408,128	\$ 368,899	\$ 39,229
Salaries of secretarial and clerical assistants	147,028	1,054	148,082	147,758	324
Purchased professional - educational services	54,261	(5,689)	48,572	42,021	6,551
Other purchased services (400-500 series)	1,500	5,689	7,189	1,335	5,854
Supplies and materials	4,764	-	4,764	3,159	1,605
Total other support services - students-regular	<u>616,735</u>	<u>-</u>	<u>616,735</u>	<u>563,172</u>	<u>53,563</u>
Other support services - students - special services:					
Salaries of other professional staff	439,877	(34,227)	405,650	388,619	17,031
Salaries of secretarial and clerical assistants	47,059	(2,773)	44,286	44,097	189
Supplies and materials	8,286	1,600	9,886	6,761	3,125
Other objects	1,600	(1,600)	-	-	-
Total other support services - students-special services	<u>496,822</u>	<u>(37,000)</u>	<u>459,822</u>	<u>439,477</u>	<u>20,345</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	306,705	-	306,705	299,833	6,872
Other purchased services (400-500 series)	1,000	-	1,000	135	865
Supplies and materials	49,800	-	49,800	30,901	18,899
Other objects	1,840	-	1,840	1,690	150
Total improvement of instructional services	<u>359,345</u>	<u>-</u>	<u>359,345</u>	<u>332,559</u>	<u>26,786</u>
Educational media services/school library:					
Salaries	62,003	-	62,003	14,763	47,240
Salaries of technology coordinators	98,076	-	98,076	93,492	4,584
Purchased professional services - educational	7,000	-	7,000	-	7,000
Supplies and materials	10,500	-	10,500	2,033	8,467
Total educational media services/school library	<u>177,579</u>	<u>-</u>	<u>177,579</u>	<u>110,288</u>	<u>67,291</u>
Instruction staff training services:					
Salaries of other professional staff	19,000	-	19,000	1,075	17,925
Other purchased professional services - educational	94,270	-	94,270	58,436	35,834
General Supplies	500	-	500	-	500
Other objects	800	-	800	-	800
Total instruction staff training services	<u>114,570</u>	<u>-</u>	<u>114,570</u>	<u>59,511</u>	<u>55,059</u>
Support services - general administration:					
Salaries	328,860	-	328,860	325,282	3,578
Legal services	141,000	-	141,000	57,544	83,456
Audit Fees	43,000	-	43,000	-	43,000
Architectural services	50,000	-	50,000	-	50,000
Communications/telephone	142,400	-	142,400	42,080	100,320
Miscellaneous purchased services	19,253	-	19,253	16,253	3,000
Supplies and materials	8,000	-	8,000	5,062	2,938
Judgments against the school district	20,000	-	20,000	-	20,000
Miscellaneous expenditures	27,791	-	27,791	14,576	13,215
Total support services - general administration	<u>780,304</u>	<u>-</u>	<u>780,304</u>	<u>460,797</u>	<u>319,507</u>
Support services - school administration:					
Salaries of principals/assistant principals	1,220,998	301	1,221,299	1,212,379	8,920
Salaries of secretarial and clerical assistants	255,210	(301)	254,909	242,815	12,094
Travel	1,000	-	1,000	-	1,000
General Supplies	30,341	1	30,342	22,830	7,512
Other objects	21,725	-	21,725	19,173	2,552
Total support services - school administration	<u>1,529,274</u>	<u>1</u>	<u>1,529,275</u>	<u>1,497,197</u>	<u>32,078</u>
Central services:					
Salaries	398,136	-	398,136	368,948	29,188
Purchased profession services	60,000	(5,000)	55,000	18,936	36,064
Purchased technical services	31,300	-	31,300	19,700	11,600
Miscellaneous purchased services (300-500 series)	23,022	5,000	28,022	21,670	6,352
Supplies and materials	17,837	-	17,837	8,028	9,809
Miscellaneous expenditures	10,700	-	10,700	2,587	8,113
Total central services:	<u>540,995</u>	<u>-</u>	<u>540,995</u>	<u>439,869</u>	<u>101,126</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Administrative Information Technology:					
Salaries	\$ 97,997	\$ -	\$ 97,997	\$ 97,997	-
Purchased profession services	15,000	-	15,000	-	15,000
Supplies and materials	20,000	-	20,000	-	20,000
Total administrative information technology:	<u>132,997</u>	<u>-</u>	<u>132,997</u>	<u>97,997</u>	<u>35,000</u>
Required maintenance for school facilities:					
Salaries	104,900	-	104,900	104,900	-
Cleaning, repair and maintenance services	995,617	(8,401)	987,216	527,598	459,618
General supplies	78,642	948	79,590	74,256	5,334
Total required maintenance for school facilities	<u>1,179,159</u>	<u>(7,453)</u>	<u>1,171,706</u>	<u>706,754</u>	<u>464,952</u>
Other operating and maintenance of plant services:					
Salaries	1,313,447	30,000	1,343,447	1,305,066	38,381
Purchased professional and technical services	90,000	(30,000)	60,000	-	60,000
Rental of land and buildings other than lease purchase	40,000	-	40,000	34,144	5,856
Other purchased property	172,528	-	172,528	92,879	79,649
Insurance	261,728	-	261,728	246,980	14,748
General supplies	173,454	4,452	177,906	136,696	41,210
Energy	757,267	-	757,267	413,559	343,708
Other objects	9,000	3,000	12,000	7,615	4,385
Total other operating and maintenance of plant services:	<u>2,817,424</u>	<u>7,452</u>	<u>2,824,876</u>	<u>2,236,939</u>	<u>587,937</u>
Security:					
Salaries	120,000	(120,000)	-	-	-
Total security	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Student transportation services:					
Salaries of non-instruction aides	84,848	-	84,848	68,925	15,923
Salaries for pupil transportation - other	110,000	(10,713)	99,287	38,436	60,851
Cleaning, repair and maintenance services	80,000	-	80,000	34,399	45,601
Contracted services - (between home and school) - joint agreement	150,000	32,389	182,389	182,389	-
Contracted services - (Special education students) - joint agreement	775,000	5,324	780,324	780,323	1
General supplies	28,300	(27,000)	1,300	-	1,300
Miscellaneous purchased services	5,000	-	5,000	2,209	2,791
Total student transportation services	<u>1,233,148</u>	<u>-</u>	<u>1,233,148</u>	<u>1,106,681</u>	<u>126,467</u>
Unallocated employee benefits:					
Social Security contribution	902,176	-	902,176	767,506	134,670
Workers' compensation	120,000	-	120,000	97,456	22,544
Unemployment compensation	82,549	-	82,549	70,803	11,746
Health benefits	3,567,824	-	3,567,824	2,355,382	1,212,442
Tuition reimbursement	20,000	-	20,000	19,261	739
Other employee benefits	60,000	-	60,000	20,197	39,803
Total unallocated employee benefits	<u>4,752,549</u>	<u>-</u>	<u>4,752,549</u>	<u>3,330,605</u>	<u>1,421,944</u>
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	3,024,095	(3,024,095)
Post-retirement medical contributions	-	-	-	947,704	(947,704)
Long term disability insurance premium	-	-	-	1,936	(1,936)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	893,677	(893,677)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,867,412</u>	<u>(4,867,412)</u>
Total undistributed expenditures	<u>19,676,067</u>	<u>(228,428)</u>	<u>19,447,639</u>	<u>19,718,305</u>	<u>(270,666)</u>
Total expenditures - current expense	<u>34,280,483</u>	<u>(261,527)</u>	<u>34,018,956</u>	<u>32,261,943</u>	<u>1,757,013</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed expenditures:					
Required maintenance for school facilities	\$ 7,482	\$ 9,437	\$ 16,919	\$ 15,332	\$ 1,587
Total equipment	<u>7,482</u>	<u>9,437</u>	<u>16,919</u>	<u>15,332</u>	<u>1,587</u>
Facilities acquisition and construction services:					
Other professional/technical services	50,000	15,500	65,500	65,500	-
Construction services	769,940	(24,937)	745,003	552,518	192,485
Other objects	8,567	-	8,567	8,567	-
Total facilities acquisition and construction services	<u>828,507</u>	<u>(9,437)</u>	<u>819,070</u>	<u>626,585</u>	<u>192,485</u>
Assets acquired under capital leases (Non-budgeted)	-	-	-	68,624	(68,624)
Total capital outlay	<u>835,989</u>	<u>-</u>	<u>835,989</u>	<u>710,541</u>	<u>125,448</u>
Charter schools	<u>213,690</u>	<u>-</u>	<u>213,690</u>	<u>190,675</u>	<u>23,015</u>
Total expenditures	<u>35,330,162</u>	<u>(261,527)</u>	<u>35,068,635</u>	<u>33,163,159</u>	<u>1,905,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,033,307)</u>	<u>(187,119)</u>	<u>(3,220,426)</u>	<u>4,660,095</u>	<u>7,880,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (Non-budgeted)	-	-	-	68,624	68,624
Capital outlay transfer to capital projects	(750,000)	308,646	(441,354)	(441,354)	-
Operating transfers out - transfer to special revenue- local contribution to preschool - inclusion	-	(121,527)	(121,527)	(121,527)	-
Total other financing sources (uses)	<u>(750,000)</u>	<u>187,119</u>	<u>(562,881)</u>	<u>(494,257)</u>	<u>68,624</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,783,307)</u>	<u>-</u>	<u>(3,783,307)</u>	<u>4,165,838</u>	<u>7,949,145</u>
Fund balances, July 1	<u>11,686,569</u>	<u>-</u>	<u>11,686,569</u>	<u>11,686,569</u>	<u>-</u>
Fund balances, June 30	<u>\$ 7,903,262</u>	<u>\$ -</u>	<u>\$ 7,903,262</u>	<u>\$ 15,852,407</u>	<u>\$ 7,949,145</u>
<b><u>Recapitulation:</u></b>					
Restricted for:					
Excess Surplus - prior year - designated for subsequent year's expenditures				\$ 4,877,207	
Excess Surplus - current year				4,296,046	
Capital reserve				4,000,000	
Assigned to:					
Year-end encumbrances				843,732	
Unassigned				<u>1,835,422</u>	
				15,852,407	
<b><u>Reconciliation to Government Funds (GAAP)</u></b>					
Last State Aid Payment not recognized on GAAP Basis				<u>(368,766)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ 15,483,641</u>	

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**for the Fiscal Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>					
Federal sources	\$ 661,826	\$ 606,449	\$ 1,268,275	\$ 1,169,925	\$ 98,350
State sources	164,600	573,728	738,328	459,555	278,773
Local Sources	-	-	-	164,047	(164,047)
<b>Total revenues</b>	<b>826,426</b>	<b>1,180,177</b>	<b>2,006,603</b>	<b>1,793,527</b>	<b>213,076</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries of teachers	110,000	114,953	224,953	196,854	28,099
Other salaries for instruction	-	24,276	24,276	23,967	309
Purchased prof. & tech. services	123,900	91,083	214,983	173,970	41,013
Other purchased services (400-500 series)	429,772	29,290	459,062	459,062	-
General supplies	22,000	116,864	138,864	138,864	-
Textbooks	8,500	1,580	10,080	10,080	-
Other objects	50	(50)	-	-	-
<b>Total Instruction</b>	<b>694,222</b>	<b>377,996</b>	<b>1,072,218</b>	<b>1,002,797</b>	<b>69,421</b>
Support services:					
Salaries	8,000	1,500	9,500	9,500	-
Salaries of supervisors of instruction	-	9,000	9,000	9,000	-
Salaries of facilitators and math and literacy coaches	-	14,863	14,863	11,444	3,419
Personal services-employee benefits	35,500	(11,540)	23,960	10,060	13,900
Purchased educational services - Contracted Pre-K	-	98,828	98,828	98,827	1
Purchased professional - educational services	68,604	13,943	82,547	62,379	20,168
Other purchased professional services	-	20,001	20,001	495	19,506
Cleaning, repair and maintenance services	-	5,350	5,350	-	5,350
Travel	-	2,000	2,000	-	2,000
Supplies and materials	20,100	495,977	516,077	444,148	71,929
Student activities	419,311	-	419,311	162,010	257,301
Scholarships awarded	25,733	40,000	65,733	60,225	5,508
<b>Total support services</b>	<b>577,248</b>	<b>689,922</b>	<b>1,267,170</b>	<b>868,088</b>	<b>399,082</b>
Facilities acquisition and construction services:					
Instructional equipment	-	12,259	12,259	12,259	-
Noninstructional equipment	-	100,000	100,000	90,098	9,902
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>112,259</b>	<b>112,259</b>	<b>102,357</b>	<b>9,902</b>
<b>Total expenditures</b>	<b>1,271,470</b>	<b>1,180,177</b>	<b>2,451,647</b>	<b>1,973,242</b>	<b>478,405</b>
<b>OTHER FINANCING (USES)</b>					
Operating transfers in - transfer from general fund:					
local contribution - inclusion	-	-	-	121,527	121,527
<b>Total other financing (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,527</b>	<b>121,527</b>
<b>Total outflows</b>	<b>1,271,470</b>	<b>1,180,177</b>	<b>2,451,647</b>	<b>1,851,715</b>	<b>599,932</b>
Excess of revenues over expenditures	(445,044)	-	(445,044)	(58,188)	(386,856)
Fund balance, July 1 (as restated)	445,044	-	445,044	445,044	-
<b>Fund balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 386,856</b>	<b>\$ (386,856)</b>
<b>Recapitulation:</b>					
Restricted for:					
Scholarships				\$ 36,909	
Student activities				349,947	
<b>Fund balance</b>				<b>\$ 386,856</b>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**Note to RSI**  
**for the Fiscal Year Ended June 30, 2021**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 37,823,254	[C-2] \$ 1,793,527
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	341,307	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(368,766)</u>	<u>(113,093)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>37,795,795</u>	[B-2] \$ <u>1,680,434</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 33,163,159	[C-2] \$ 1,851,715
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund	<u>-</u>	<u>121,527</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>33,163,159</u>	[B-2] \$ <u>1,973,242</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**



**PENSION AND OPEB INFORMATION**

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.03268543%	0.03383203%	0.03467568%	0.03360225%	0.03430233%	0.03303007%	0.03159905%
District's proportionate share of the net pension liability	\$ 4,947,507	\$ 6,096,019	\$ 6,827,469	\$ 7,822,068	\$ 10,159,366	\$ 7,414,588	\$ 5,916,206
District's covered-employee payroll	\$ 2,397,854	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	\$ 2,340,849
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.47%	37.89%	32.53%	30.03%	23.47%	31.46%	39.57%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 331,894	\$ 329,088	\$ 344,911	\$ 315,713	\$ 306,352	\$ 283,970	\$ 260,498
Contributions in relation to the contractually required contribution	<u>331,894</u>	<u>329,088</u>	<u>344,911</u>	<u>315,713</u>	<u>306,352</u>	<u>283,970</u>	<u>260,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,397,854	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	2,340,849
Contributions as a percentage of covered-employee payroll	13.84%	14.25%	15.53%	13.44%	12.85%	12.17%	11.13%

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

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
State's proportion of the net pension liability associated with the District	0.1035%	0.1048%	0.1003%	0.1017%	0.1057%	0.1009%	0.1023%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>68,136,047</u>	<u>64,289,620</u>	<u>63,792,495</u>	<u>68,554,220</u>	<u>83,171,272</u>	<u>63,780,669</u>	<u>54,657,425</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 68,136,047</u>	<u>\$ 64,289,620</u>	<u>\$ 63,792,495</u>	<u>\$ 68,554,220</u>	<u>\$ 83,171,272</u>	<u>\$ 63,780,669</u>	<u>\$ 54,657,425</u>
District proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
OPEB liability, July 1	\$ 37,387,558	\$ 42,864,268	\$ 49,249,232	\$ 52,907,997
Changes recognized for the fiscal year:				
Service cost	1,795,398	1,741,490	1,942,624	2,347,259
Interest on the total OPEB liability	1,353,009	1,704,898	1,813,035	1,559,228
Changes in assumptions	11,472,001	557,452	(4,918,889)	(6,466,539)
Difference between expected and actual experience	11,855,529	(8,366,884)	(4,115,173)	-
Gross benefit payments	(1,093,353)	(1,147,687)	(1,146,175)	(1,140,717)
Contributions from the member	33,140	34,021	39,614	42,004
Net changes	<u>25,415,724</u>	<u>(5,476,710)</u>	<u>(6,384,964)</u>	<u>(3,658,765)</u>
OPEB liability, June 30	<u>\$ 62,803,282</u>	<u>\$ 37,387,558</u>	<u>\$ 42,864,268</u>	<u>\$ 49,249,232</u>
District's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	<u>62,803,282</u>	<u>37,387,558</u>	<u>42,864,268</u>	<u>49,249,232</u>
Total OPEB liability	<u>\$ 62,803,282</u>	<u>\$ 37,387,558</u>	<u>\$ 42,864,268</u>	<u>\$ 49,249,232</u>
District's covered employee payroll	\$ 13,972,510	\$ 13,727,255	\$ 13,090,887	\$ 12,400,898
Total OPEB Liability as a percentage of covered employee payroll	0.000%	0.000%	0.000%	0.000%

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

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

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**for the Fiscal Year Ended June 30, 2021**

	<b>Public Employees' Retirement System (PERS)</b>	<b>Teachers Pension and Annuity Fund (TPAF)</b>	<b>State Health Benefit Local Education Retired Employees OPEB Plan</b>
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2020	7.00%	5.40%	2.21%
As of June 30, 2019	6.28%	5.60%	3.50%
Municipal bond rate:			
As of June 30, 2020	2.21%	2.21%	2.21%
As of June 30, 2019	3.50%	3.50%	3.50%
Inflation rate:			
As of June 30, 2020			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
As of June 30, 2019			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
Long-term expected rate of return on pension plan investments:			
As of June 30, 2020	7.00%	7.00%	Not Applicable
As of June 30, 2019	7.00%	7.00%	Not Applicable

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2021**

	Total Brought Forward (Ex. E-1a)	(CRF) Nonpublic Digital Divide	(CRF) Coronavirus Relief Fund	Elementary and Secondary Education Act Title I, Part A
<b>REVENUES</b>				
Federal sources	\$ 354,047	\$ 7,178	\$ 102,811	\$ 144,065
State sources	459,555	-	-	-
Private sources	164,047	-	-	-
<b>Total revenues</b>	<u>977,649</u>	<u>7,178</u>	<u>102,811</u>	<u>144,065</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Salaries of teachers	71,604	-	-	110,250
Other salaries for instruction	23,967	-	-	-
Purchased prof. & tech. services	143,264	-	-	8,888
Other purchased services (400-500 series)	-	-	-	-
General supplies	28,875	7,178	102,811	-
Textbooks	10,080	-	-	-
<b>Total instruction</b>	<u>277,790</u>	<u>7,178</u>	<u>102,811</u>	<u>119,138</u>
<b>Support services:</b>				
Salaries	-	-	-	-
Salaries of supervisors of instruction	9,000	-	-	-
Salaries of facilitators and math and literacy coaches	11,444	-	-	-
Personal services-employee benefits	10,060	-	-	-
Purchased educational services - Contracted Pre-K	98,827	-	-	-
Purchased professional - educational services	16,830	-	-	-
Other purchased professional services	495	-	-	-
Supplies and materials	408,326	-	-	24,927
Scholarships awarded	60,225	-	-	-
Student activities	162,010	-	-	-
<b>Total support services</b>	<u>777,217</u>	<u>-</u>	<u>-</u>	<u>24,927</u>
<b>Facilities acquisition and construction services:</b>				
Instructional equipment	12,259	-	-	-
Noninstructional equipment	90,098	-	-	-
<b>Total facilities acquisition and construction services</b>	<u>102,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,157,364</u>	<u>7,178</u>	<u>102,811</u>	<u>144,065</u>
<b>OTHER FINANCING (USES)</b>				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	121,527	-	-	-
<b>Total other financing (uses)</b>	<u>121,527</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total outflows</b>	<u>1,035,837</u>	<u>7,178</u>	<u>102,811</u>	<u>144,065</u>
Excess of revenues over expenditures and other financing (uses)	(58,188)	-	-	-
Fund Balance, July 1 (as restated)	445,044	-	-	-
<b>Fund balance, June 30</b>	<u>\$ 386,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Elementary and Secondary Education Act						
Title II, Part A	Title III, Part A	Title III, Immigrant	Title IV	I.D.E.A., Basic	I.D.E.A., Preschool	Totals 2021
\$ 36,618	\$ 10,449	\$ 7,571	\$ 12,874	\$ 477,489	\$ 16,823	\$ 1,169,925
-	-	-	-	-	-	459,555
-	-	-	-	-	-	164,047
<u>36,618</u>	<u>10,449</u>	<u>7,571</u>	<u>12,874</u>	<u>477,489</u>	<u>16,823</u>	<u>1,793,527</u>
15,000	-	-	-	-	-	196,854
-	-	-	-	-	-	23,967
21,618	200	-	-	-	-	173,970
-	-	-	-	442,239	16,823	459,062
-	-	-	-	-	-	138,864
-	-	-	-	-	-	10,080
<u>36,618</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>442,239</u>	<u>16,823</u>	<u>1,002,797</u>
-	9,500	-	-	-	-	9,500
-	-	-	-	-	-	9,000
-	-	-	-	-	-	11,444
-	-	-	-	-	-	10,060
-	-	-	-	-	-	98,827
-	-	-	10,299	35,250	-	62,379
-	-	-	-	-	-	495
-	749	7,571	2,575	-	-	444,148
-	-	-	-	-	-	60,225
-	-	-	-	-	-	162,010
<u>-</u>	<u>10,249</u>	<u>7,571</u>	<u>12,874</u>	<u>35,250</u>	<u>-</u>	<u>868,088</u>
-	-	-	-	-	-	12,259
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,098</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,357</u>
<u>36,618</u>	<u>10,449</u>	<u>7,571</u>	<u>12,874</u>	<u>477,489</u>	<u>16,823</u>	<u>1,973,242</u>
-	-	-	-	-	-	121,527
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,527</u>
<u>36,618</u>	<u>10,449</u>	<u>7,571</u>	<u>12,874</u>	<u>477,489</u>	<u>16,823</u>	<u>1,851,715</u>
-	-	-	-	-	-	(58,188)
-	-	-	-	-	-	445,044
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,856</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2021**

	Total Brought Forward (Ex. E-1a)	CARES Emergency Relief	CARES Emergency Relief Digital Divide	CARES Emergency Relief County
<b>REVENUES</b>				
Federal sources	\$ -	\$ 133,038	\$ 178,956	\$ 42,053
State sources	62,141	-	-	-
Private sources	164,047	-	-	-
Total revenues	<u>226,188</u>	<u>133,038</u>	<u>178,956</u>	<u>42,053</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries of teachers	-	26,125	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	33,266	64,185	-	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	28,875	-	-	-
Textbooks	-	-	-	-
Total instruction	<u>62,141</u>	<u>90,310</u>	<u>-</u>	<u>-</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of facilitators and math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Purchased educational services - Contracted Pre-K	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Supplies and materials	-	42,728	178,956	42,053
Scholarships awarded	60,225	-	-	-
Student activities	162,010	-	-	-
Total support services	<u>222,235</u>	<u>42,728</u>	<u>178,956</u>	<u>42,053</u>
<b>Facilities acquisition and construction services:</b>				
Instructional equipment	-	-	-	-
Noninstructional equipment	-	-	-	-
<b>Total facilities acquisition and construction services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>284,376</u>	<u>133,038</u>	<u>178,956</u>	<u>42,053</u>
<b>OTHER FINANCING (USES)</b>				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows	<u>284,376</u>	<u>133,038</u>	<u>178,956</u>	<u>42,053</u>
Excess of revenues over expenditures and other financing (uses)	(58,188)	-	-	-
Fund Balance, July 1 (as restated)	445,044	-	-	-
Fund balance, June 30	<u>\$ 386,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Preschool Education Aid	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Services	Nonpublic Auxiliary Services Ch. 192		Nonpublic Handicapped Services Ch. 193 Examination & Classification	Total Carried Forward
			Compensatory Education	English as a Second Language		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 354,047
324,691	10,080	16,830	31,004	1,243	13,566	459,555
-	-	-	-	-	-	164,047
<u>324,691</u>	<u>10,080</u>	<u>16,830</u>	<u>31,004</u>	<u>1,243</u>	<u>13,566</u>	<u>977,649</u>
45,479	-	-	-	-	-	71,604
23,967	-	-	-	-	-	23,967
-	-	-	31,004	1,243	13,566	143,264
-	-	-	-	-	-	-
-	-	-	-	-	-	28,875
-	10,080	-	-	-	-	10,080
<u>69,446</u>	<u>10,080</u>	<u>-</u>	<u>31,004</u>	<u>1,243</u>	<u>13,566</u>	<u>277,790</u>
-	-	-	-	-	-	-
9,000	-	-	-	-	-	9,000
11,444	-	-	-	-	-	11,444
10,060	-	-	-	-	-	10,060
98,827	-	-	-	-	-	98,827
-	-	16,830	-	-	-	16,830
495	-	-	-	-	-	495
144,589	-	-	-	-	-	408,326
-	-	-	-	-	-	60,225
-	-	-	-	-	-	162,010
<u>274,415</u>	<u>-</u>	<u>16,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>777,217</u>
12,259	-	-	-	-	-	12,259
90,098	-	-	-	-	-	90,098
<u>102,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,357</u>
446,218	10,080	16,830	31,004	1,243	13,566	1,157,364
121,527	-	-	-	-	-	121,527
<u>121,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,527</u>
324,691	10,080	16,830	31,004	1,243	13,566	1,035,837
-	-	-	-	-	-	(58,188)
-	-	-	-	-	-	445,044
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,856</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2021**

	Nonpublic Handicapped Services Ch. 193		N.J. Nonpublic Security Aid	Scholarship Activities
	Corrective Speech	Supplemental Instruction		
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	20,233	13,033	28,875	-
Private sources	-	-	-	71,401
Total revenues	<u>20,233</u>	<u>13,033</u>	<u>28,875</u>	<u>71,401</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	20,233	13,033	-	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	-	28,875	-
Textbooks	-	-	-	-
Total instruction	<u>20,233</u>	<u>13,033</u>	<u>28,875</u>	<u>-</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of facilitators and math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Purchased educational services - Contracted Pre-K	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Supplies and materials	-	-	-	-
Scholarships awarded	-	-	-	60,225
Student activities	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,225</u>
<b>Facilities acquisition and construction services:</b>				
Instructional equipment	-	-	-	-
Noninstructional equipment	-	-	-	-
<b>Total facilities acquisition and construction services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,233</u>	<u>13,033</u>	<u>28,875</u>	<u>60,225</u>
<b>OTHER FINANCING (USES)</b>				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows	<u>20,233</u>	<u>13,033</u>	<u>28,875</u>	<u>60,225</u>
Excess of revenues over expenditures and other financing (uses)	-	-	-	11,176
Fund Balance, July 1 (as restated)	-	-	-	25,733
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,909</u>

<u>Student Activities</u>	<u>Total Carried Forward</u>
\$ -	\$ -
-	62,141
<u>92,646</u>	<u>164,047</u>
<u>92,646</u>	<u>226,188</u>
-	-
-	-
-	33,266
-	-
-	28,875
-	-
<u>-</u>	<u>62,141</u>
-	-
-	-
-	-
-	-
-	-
-	-
-	60,225
<u>162,010</u>	<u>162,010</u>
<u>162,010</u>	<u>222,235</u>
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>162,010</u>	<u>284,376</u>
-	-
<u>-</u>	<u>-</u>
<u>162,010</u>	<u>284,376</u>
(69,364)	(58,188)
419,311	445,044
<u>\$ 349,947</u>	<u>\$ 386,856</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid Expenditures**  
**Preschool - All Programs**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries of teachers	\$ -	\$ 47,053	\$ 47,053	\$ 45,479	\$ 1,574
Other salaries for instruction	-	24,276	24,276	23,967	309
General supplies	-	29,902	29,902	-	29,902
Total instruction	<u>-</u>	<u>101,231</u>	<u>101,231</u>	<u>69,446</u>	<u>31,785</u>
Support services:					
Salaries of supervisors of instruction	-	9,000	9,000	9,000	-
Salaries of facilitators and math and literacy coaches	-	14,863	14,863	11,444	3,419
Personal services-employee benefits	-	10,060	10,060	10,060	-
Purchased educational services - Contracted Pre-K	-	98,828	98,828	98,827	1
Other purchased professional services	-	20,000	20,000	495	19,505
Cleaning, repair and maintenance services	-	5,350	5,350	-	5,350
Travel	-	2,000	2,000	-	2,000
Supplies and materials	-	186,617	186,617	144,589	42,028
Total support services	<u>-</u>	<u>346,718</u>	<u>346,718</u>	<u>274,415</u>	<u>72,303</u>
Facilities acquisition and construction services:					
Instructional equipment	-	12,259	12,259	12,259	-
Noninstructional equipment	-	100,000	100,000	90,098	9,902
Total facilities acquisition and construction services	<u>-</u>	<u>112,259</u>	<u>112,259</u>	<u>102,357</u>	<u>9,902</u>
Total expenditures	<u>\$ -</u>	<u>\$ 560,208</u>	<u>\$ 560,208</u>	<u>\$ 446,218</u>	<u>\$ 113,990</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total revised 2020-21 Preschool Education Aid	\$ 560,208
Add: 2019-20 Actual Carryover - Preschool Education Aid	-
Add: Budgeted Transfer from the General Fund 2020-21	121,527
Total Preschool Education Aid Funds Available for 2020-21 Budget	681,735
Less: 2020-21 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	(560,208)
Available & Unbudgeted Funds as of June 30, 2021	121,527
Add: June 30, 2021 Unexpended Preschool Education Aid	113,990
2020-21 Actual Carryover - Preschool Education Aid	<u>\$ 235,517</u>
2020-21 Preschool Education Aid Carryover Budgeted for Preschool Programs 2022-23	<u>\$ 235,517</u>



**CAPITAL PROJECTS FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**for the Fiscal Year Ended June 30, 2021**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Improvements, Renovations and additions to the school district facilities and acquisition of equipment	05/01/93	\$ 14,871,766	\$ 14,871,766	\$ -	\$ -
Construction of Edwin "RIP" Collins athletic field	09/12/13	3,943,785	3,943,785	-	-
Improvements, renovations and additions to Queen of Peace	2018	<u>10,813,708</u>	<u>9,177,517</u>	<u>186,560</u>	<u>1,449,631</u>
		<u>\$ 29,629,259</u>	<u>\$ 27,993,068</u>	<u>\$ 186,560</u>	<u>\$ 1,449,631</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2021**

**REVENUES AND OTHER FINANCING SOURCES**

Transfer from General Fund - capital outlay	\$ 441,354
Total Revenues and Other Financing Sources	<u>441,354</u>

**EXPENDITURES AND OTHER FINANCING USES**

Construction Services	158,637
Equipment purchases	<u>27,923</u>
	186,560
Transfer to debt service fund	<u>256,887</u>
Total Expenditures and Other Financing Uses	<u>443,447</u>
Excess of revenues and other financing sources over expenditures	(2,093)
Fund Balance, July 1	<u>1,451,724</u>
Fund Balance, June 30	<u>\$ 1,449,631</u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements, Renovations and Additions to the School District Facilities and Acquisition of Equipment**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant & FEMA	\$ 1,143,127	\$ -	\$ 1,143,127	\$ 1,143,127
Bond proceeds and transfers	7,700,000	-	7,700,000	7,700,000
Contribution from private source	10,000	-	10,000	10,000
Prior year payables cancelled	146,802	-	146,802	146,802
Transfer from general fund - other	387,874	-	387,874	387,874
Transfer from capital reserve - general fund	3,990,858	-	3,990,858	3,990,858
Transfer from capital outlay - general fund	2,665,459	-	2,665,459	2,665,459
Total Revenues and Other Financing Sources	<u>16,044,120</u>	<u>-</u>	<u>16,044,120</u>	<u>16,044,120</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	297,447	-	297,447	297,447
Construction services	14,574,319	-	14,574,319	14,574,319
Transfer to capital projects - other project	-	1,172,354	1,172,354	1,172,354
Total Expenditures and Other Financing Uses	<u>14,871,766</u>	<u>1,172,354</u>	<u>16,044,120</u>	<u>16,044,120</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 1,172,354</u>	<u>\$ (1,172,354)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	5/1/1993			
Bonds Authorized	\$ 7,700,000			
Bonds Issued	\$ 7,700,000			
Original Authorized Cost	\$ 7,700,000			
Additional Authorized Cost	\$ 8,344,120			
Revised Authorized Cost	\$ 16,044,120			
Percentage Increase over Original Authorized Cost	108.37%			
Percentage of Completion	100.00%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Construction of Edwin "RIP" Collins Athletic Field**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant & FEMA	\$ 196,020	\$ -	\$ 196,020	\$ 196,020
Bond proceeds and transfers	3,388,000	-	3,388,000	3,388,000
Prior year payables cancelled	100,652	-	100,652	100,652
Transfer from general fund - other	141,000	-	141,000	141,000
Transfer from capital outlay - general fund	375,000	-	375,000	375,000
Total Revenues and Other Financing Sources	4,200,672	-	4,200,672	4,200,672
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	180,736	-	180,736	180,736
Construction services	3,513,049	-	3,513,049	3,513,049
Transfer to debt service	250,000	256,887	506,887	506,887
Total Expenditures and Other Financing Uses	3,943,785	256,887	4,200,672	4,200,672
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 256,887	\$ (256,887)	\$ -	\$ -
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	9/12/2013			
Bonds Authorized	\$ 3,388,000			
Bonds Issued	\$ 3,388,000			
Original Authorized Cost	\$ 3,388,000			
Additional Authorized Cost	\$ 812,672			
Revised Authorized Cost	\$ 4,200,672			
Percentage Increase over Original Authorized Cost	23.99%			
Percentage of Completion	100.00%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Improvements, Renovations and Additions to the Queen of Peace**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
Transfer from capital reserve - general fund	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,000,000
Transfer from capital outlay - general fund	2,200,000	441,354	2,641,354	2,641,354
Transfer from capital projects - other project	-	1,172,354	1,172,354	1,172,354
Total Revenues and Other Financing Sources	<u>9,200,000</u>	<u>1,613,708</u>	<u>10,813,708</u>	<u>10,813,708</u>
<b>Expenditures and Other Financing Uses:</b>				
Acquisition of Building	6,400,000	-	6,400,000	6,400,000
Construction services	2,777,517	158,637	2,936,154	2,936,154
Equipment purchases	-	27,923	27,923	27,923
Total Expenditures and Other Financing Uses	<u>9,177,517</u>	<u>186,560</u>	<u>9,364,077</u>	<u>9,364,077</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 22,483</u>	<u>\$ 1,427,148</u>	<u>\$ 1,449,631</u>	<u>\$ 1,449,631</u>
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 10,813,708			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 10,813,708			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage of Completion	86.59%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

\* - Information not available

N/A - Not Applicable

**PROPRIETARY FUND**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Net Position**  
**June 30, 2021**

	<u><b>Food Service Fund</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 12,394
Accounts receivable	111,979
Interfund receivable	37,742
Inventory	12,113
Total current assets	<u>174,228</u>
Noncurrent assets:	
Equipment	334,950
Less: accumulated depreciation	<u>(295,210)</u>
Total noncurrent assets	<u>39,740</u>
Total assets	<u>213,968</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>51,597</u>
Total liabilities	<u>51,597</u>
<b>NET POSITION</b>	
Investment in capital assets	39,740
Unrestricted	<u>122,631</u>
Total net position	<u><u>\$ 162,371</u></u>



**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**for the Fiscal Year Ended June 30, 2021**

	<u><b>Food Service Fund</b></u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Special functions	\$ 549
Total operating revenues	<u>549</u>
<b>OPERATING EXPENSES</b>	
Cost of sales - reimbursable programs	184,988
Salaries and wages	84,012
Employee benefits	26,784
Supplies and materials	9,692
Insurance - Other	14,392
Uniforms	893
Other purchased services	28,120
Management fees	34,905
Depreciation expense	10,344
Total operating expenses	<u>394,130</u>
Operating (loss)	<u>(393,581)</u>
<b>NONOPERATING REVENUES</b>	
State sources:	
State school lunch program	12,120
Federal sources:	
Food distribution program	27,423
School breakfast program	148,407
National school lunch program	236,058
National no kid hungry program	4,707
Total nonoperating revenues	<u>428,715</u>
Change in net position	35,134
Net position, July 1	<u>127,237</u>
Net position, June 30	<u><u>\$ 162,371</u></u>

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**for the Fiscal Year Ended June 30, 2021**

	<u><b>Food Service Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 549
Payments to employees	(84,012)
Payments for employee benefits	(26,784)
Payments to suppliers	(206,828)
Net cash (used for) operating activities	<u>(317,075)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	9,718
Federal sources	284,445
Operating subsidies and transfers	(37,742)
Net cash provided by non-capital financing activities	<u>256,421</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of assets	<u>(19,512)</u>
Net decrease in cash and cash equivalents	(80,166)
Balance, July 1	92,560
Balance, June 30	<u>\$ 12,394</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>	
Operating (loss)	\$ (393,581)
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	10,344
Food distribution program	27,423
Decrease in inventories	(4,872)
Increase in accounts payable	43,611
Total adjustments	<u>76,506</u>
Net cash (used for) operating activities	<u>\$ (317,075)</u>
<b>NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Food distribution program	<u>\$ 27,423</u>

**LONG-TERM DEBT**

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2021**

Issue	Date of Issue	Amount of Issue	Annual Maturities				Balance, June 30, 2020	Balance, June 30, 2021
			Date	Amount	Interest Rate (%)	Retired		
Refunding School Bonds, Series 2012	05/17/12	\$ 1,926,000	03/13/21	\$ 255,000	2.959	\$ 255,000	\$ -	
							\$ -	
School Bonds, Series 2013	09/12/13	3,388,000	08/01/20	185,000	2.500	185,000	-	
			08/01/21	275,000	3.000	275,000	275,000	
			08/01/22	275,000	3.000	275,000	275,000	
			08/01/23	275,000	3.000	275,000	275,000	
			08/01/24	275,000	3.000	275,000	275,000	
			08/01/25	275,000	3.125	275,000	275,000	
			08/01/26	275,000	3.125	275,000	275,000	
			08/01/27	275,000	3.125	275,000	275,000	
			08/01/28	273,000	3.125	273,000	-	
						<u>2,383,000</u>	<u>2,198,000</u>	
						\$ 2,638,000	\$ 2,198,000	

**NORTH ARLINGTON SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**for the Fiscal Year Ended June 30, 2021**

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance, June 30, 2020	Issued	Retired	Balance, June 30, 2021
			Principal	Interest					
Savin Copiers	05/31/17	5 years	\$ 35,001	\$ 4,899	6.50%	\$ 16,304	\$ -	\$ 7,294	\$ 9,010
Savin Copiers	09/20/17	5 years	19,762	3,338	8.20%	9,999	-	4,106	5,893
Savin Copiers	08/07/19	5 years	101,599	12,301	4.25%	89,386	-	19,035	70,351
Savin Copiers	10/15/20	5 years	68,624	9,076	3.00%	-	68,624	9,236	59,388
						<u>\$ 115,689</u>	<u>\$ 68,624</u>	<u>\$ 39,671</u>	<u>\$ 144,642</u>

**NORTH 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
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 517,637	\$ -	\$ 517,637	\$ 517,637	\$ -
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	77,771	-	77,771	77,316	(455)
Redemption of principal	440,000	-	440,000	440,000	-
Total regular debt service	<u>517,771</u>	<u>-</u>	<u>517,771</u>	<u>517,316</u>	<u>(455)</u>
Total expenditures	<u>517,771</u>	<u>-</u>	<u>517,771</u>	<u>517,316</u>	<u>(455)</u>
Excess of revenues over expenditures	(134)	-	(134)	321	455
Other Financing Sources (uses)					
Transfer from Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,887</u>	<u>256,887</u>
Excess (Deficiency) of Revenue & other financing sources over (under) expenditures and other financing sources	<u>(134)</u>	<u>-</u>	<u>(134)</u>	<u>257,208</u>	<u>455</u>
Fund balances, July 1	75	-	75	75	60
Fund balances, June 30	<u>\$ (59)</u>	<u>\$ -</u>	<u>\$ (59)</u>	<u>\$ 257,283</u>	<u>\$ 515</u>

**STATISTICAL SECTION  
(Unaudited)**

## **FINANCIAL TRENDS**



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

	2012	2013 <sup>(1)</sup>	2014	2015 <sup>(2)</sup>	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net invested in capital assets	\$ 4,748,914	\$ 4,225,593	\$ 5,558,289	\$ 6,489,804	\$ 7,637,935	\$ 7,477,640	\$ 7,771,222	\$ 8,572,834	\$ 16,484,297	\$ 16,638,005
Restricted	2,821,911	5,003,956	5,805,767	8,240,148	10,406,956	13,158,375	15,458,328	15,622,391	9,561,024	11,267,023
Committed	71,336	335,185	490,250	253,214	365,886	338,675	640,289	-	-	-
Assigned	664,398	300,000	(249,894)	(6,107,665)	(6,424,540)	(7,218,531)	(7,571,398)	(5,559,858)	(4,901,432)	(1,690,595)
Unassigned	(101,808)	(244,919)	\$ 11,604,412	\$ 8,875,501	\$ 11,986,237	\$ 13,756,159	\$ 16,298,441	\$ 18,635,367	\$ 21,143,889	\$ 26,214,433
<b>Total governmental activities net position</b>	<b>\$ 8,204,751</b>	<b>\$ 9,619,815</b>	<b>\$ 11,604,412</b>	<b>\$ 8,875,501</b>	<b>\$ 11,986,237</b>	<b>\$ 13,756,159</b>	<b>\$ 16,298,441</b>	<b>\$ 18,635,367</b>	<b>\$ 21,143,889</b>	<b>\$ 26,214,433</b>
<b>Business-type activity</b>										
Net invested in capital assets	\$ 65,123	\$ 54,827	\$ 46,332	\$ 133,887	\$ 105,560	\$ 89,022	\$ 60,428	\$ 32,935	\$ 30,572	\$ 39,740
Unrestricted	136,208	163,421	181,316	39,587	60,854	81,855	111,726	132,045	96,665	122,631
<b>Total business-type activities net position</b>	<b>\$ 201,331</b>	<b>\$ 218,248</b>	<b>\$ 227,648</b>	<b>\$ 173,474</b>	<b>\$ 166,414</b>	<b>\$ 170,877</b>	<b>\$ 172,154</b>	<b>\$ 164,980</b>	<b>\$ 127,237</b>	<b>\$ 162,371</b>
<b>Government-wide</b>										
Net invested in capital assets	\$ 4,814,037	\$ 4,280,420	\$ 5,604,621	\$ 6,623,691	\$ 7,743,495	\$ 7,566,662	\$ 7,831,650	\$ 8,605,769	\$ 16,514,869	\$ 16,677,745
Restricted	3,557,645	5,639,141	6,296,017	8,493,362	10,772,842	13,497,050	16,098,617	15,622,391	9,561,024	11,267,023
Unrestricted	34,400	(81,498)	(68,578)	(6,068,078)	(6,363,686)	(7,136,676)	(7,459,672)	(5,427,813)	(4,804,767)	(1,567,964)
<b>Total government-wide net position</b>	<b>\$ 8,406,082</b>	<b>\$ 9,838,063</b>	<b>\$ 11,832,060</b>	<b>\$ 9,048,975</b>	<b>\$ 12,152,651</b>	<b>\$ 13,927,036</b>	<b>\$ 16,470,595</b>	<b>\$ 18,800,347</b>	<b>\$ 21,271,126</b>	<b>\$ 26,376,804</b>

**Source:** District Records

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

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

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

	2012	2013 <sup>(1)</sup>	2014	2015 <sup>(1)</sup>	2016	2017	2018 <sup>(1)</sup>	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 7,830,971	\$ 7,832,957	\$ 8,137,148	\$ 8,144,720	\$ 7,707,118	\$ 7,916,139	\$ 8,134,638	\$ 13,311,480	\$ 13,405,553	\$ 15,496,228
Special education	1,989,319	1,954,254	2,125,927	2,030,437	2,087,676	2,280,091	2,555,923	4,431,786	4,053,783	4,760,291
Other special instruction	555,132	638,030	615,017	577,696	588,059	609,695	510,821	965,266	889,890	975,631
Other instruction	443,665	427,481	444,908	623,595	610,957	631,310	496,872	857,983	733,434	764,327
Support Services:										
Tuition	1,957,613	1,919,789	1,471,542	1,116,382	1,117,382	1,399,033	2,060,032	2,868,242	3,401,398	2,569,489
Student & instruction related services	2,132,596	2,121,588	1,948,821	2,183,141	2,533,610	2,567,552	2,494,633	3,726,990	3,511,121	4,743,413
School administrative services	1,079,440	1,110,717	1,110,678	1,086,513	1,125,000	1,126,157	1,248,889	1,800,020	1,616,163	1,989,661
General and business administrative services	6,031,199	6,433,079	6,076,278	8,792,870	10,031,717	13,061,424	12,710,658	2,829,179	2,942,498	2,464,859
Plant operations and maintenance	2,283,446	2,277,546	2,613,962	2,204,459	2,239,083	2,891,272	2,566,275	3,424,949	3,316,804	3,733,036
Pupil transportation	513,259	560,769	485,894	433,590	428,947	530,894	730,209	1,028,972	1,099,031	1,157,150
Charter Schools	17,872	11,458	9,521	-	16,810	61,554	74,557	100,781	-	177,007
Unallocated Depreciation	1,063,191	1,116,392	1,173,628	931,412	998,833	914,915	903,206	-	-	-
Interest on long-term liabilities	189,216	174,259	54,067	158,154	120,549	114,429	107,327	101,845	93,870	83,341
Total governmental activities expenses	26,086,919	26,578,319	26,267,391	28,284,969	29,605,741	34,104,465	34,594,040	35,447,493	35,240,552	38,928,101
Business-type activity:										
Food service	491,495	497,395	543,508	590,338	553,038	542,446	550,097	609,365	475,563	394,130
Total business-type activities expense	491,495	497,395	543,508	590,338	553,038	542,446	550,097	609,365	475,563	394,130
Total government-wide expenses	\$ 26,578,414	\$ 27,075,714	\$ 26,810,899	\$ 28,875,307	\$ 30,158,779	\$ 34,646,911	\$ 35,144,137	\$ 36,056,858	\$ 35,716,115	\$ 39,322,231
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services	11,480	26,072	28,811	5,422	17,375	12,701	8,784	-	-	164,047
Operating grants and contributions	1,158,935	1,089,813	1,054,037	1,063,165	1,065,556	953,931	871,316	3,676,185	2,476,743	5,476,918
Capital grants and contributions	-	-	-	-	-	-	-	-	-	102,357
Total governmental activities program revenues	1,170,415	1,115,885	1,082,848	1,068,587	1,082,931	966,632	880,100	3,676,185	2,476,743	5,743,322
Business-type activity:										
Charges for services	314,743	324,048	335,816	320,498	310,183	312,361	328,435	368,890	242,923	549
Food service	187,077	190,264	217,092	215,666	235,795	234,548	222,939	233,301	194,897	428,715
Operating grants and contributions	501,820	514,312	552,908	536,164	545,978	546,909	551,374	602,191	437,820	429,264
Total business type activities program revenues	1,672,235	1,650,197	1,635,756	1,604,751	1,628,909	1,513,541	1,431,474	4,278,376	2,914,563	6,172,586
Total government-wide program revenues	\$ 2,842,650	\$ 2,766,082	\$ 2,718,604	\$ 2,673,338	\$ 2,711,840	\$ 2,480,173	\$ 2,311,574	\$ 7,954,560	\$ 5,451,486	\$ 11,915,848
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (24,916,504)	\$ (25,462,434)	\$ (25,184,543)	\$ (27,216,382)	\$ (28,522,810)	\$ (33,137,833)	\$ (33,713,940)	\$ (31,771,308)	\$ (32,763,809)	\$ (33,184,779)
Business-type activity	10,325	16,917	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)	35,134
Total government-wide net expense	\$ (24,906,179)	\$ (25,445,517)	\$ (25,175,143)	\$ (27,270,556)	\$ (28,529,870)	\$ (33,133,370)	\$ (33,712,663)	\$ (31,778,482)	\$ (32,801,552)	\$ (33,149,645)

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

	2012	2013 <sup>(2)</sup>	2014	2015 <sup>(3)</sup>	2016	2017	2018 <sup>(4)</sup>	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 21,332,837	\$ 21,759,494	\$ 22,426,020	\$ 22,874,540	\$ 23,344,581	\$ 24,028,320	\$ 25,234,582	\$ 25,775,293	\$ 26,290,798	\$ 27,805,889
Taxes levied for debt service	938,216	926,091	805,957	553,154	491,331	410,429	363,386	514,529	516,868	517,637
Federal and State aid not restricted	3,494,764	3,990,061	3,913,837	6,657,791	7,549,492	9,988,004	10,343,307	7,387,921	8,135,438	9,032,021
Investment earnings	26,351	32,471	33,409	11,340	17,592	26,686	85,243	166,243	115,173	34,177
Miscellaneous income	142,180	177,970	55,456	183,139	99,998	181,337	17,408	264,248	214,054	420,555
Prior Year Payables Cancelled	-	-	33,665	3,900	100,652	82,264	16,095	-	-	-
Special items	(118,939)	(8,589)	(129,353)	(8,830)	-	190,715	196,020	-	-	-
Transfers	60,000	-	30,149	-	29,900	-	-	-	-	-
Total governmental activities	<u>25,893,203</u>	<u>26,877,498</u>	<u>27,169,140</u>	<u>30,255,034</u>	<u>31,633,546</u>	<u>34,907,755</u>	<u>36,256,222</u>	<u>34,108,234</u>	<u>35,272,331</u>	<u>37,810,279</u>
Business-type activity:										
Special items	(2,206)	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>(2,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total government-wide	<u>\$ 25,893,203</u>	<u>\$ 26,877,498</u>	<u>\$ 27,169,140</u>	<u>\$ 30,255,034</u>	<u>\$ 31,633,546</u>	<u>\$ 34,907,755</u>	<u>\$ 36,256,222</u>	<u>\$ 34,108,234</u>	<u>\$ 35,272,331</u>	<u>\$ 37,810,279</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 978,905	\$ 1,415,064	\$ 1,984,597	\$ 3,038,652	\$ 3,110,736	\$ 1,769,922	\$ 2,542,282	\$ 2,336,926	\$ 2,508,522	\$ 4,625,500
Business-type activity	8,119	16,917	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)	35,134
Total government-wide	<u>\$ 987,024</u>	<u>\$ 1,431,981</u>	<u>\$ 1,993,997</u>	<u>\$ 2,984,478</u>	<u>\$ 3,103,676</u>	<u>\$ 1,774,385</u>	<u>\$ 2,543,559</u>	<u>\$ 2,329,752</u>	<u>\$ 2,470,779</u>	<u>\$ 4,660,634</u>

**Source:** District Records

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

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

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

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

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>										
Restricted	\$ 1,748,795	\$ 2,393,344	\$ 4,172,524	\$ 6,414,012	\$ 9,267,429	\$ 12,147,676	\$ 13,997,569	\$ 8,435,087	\$ 10,561,296	\$ 13,173,253
Committed	71,336	335,185	490,250	253,214	365,886	338,675	640,289	-	-	-
Assigned	664,398	300,000	-	-	-	-	-	396,448	514,540	843,732
Unassigned	399,829	353,418	321,595	318,266	299,509	306,372	308,732	413,484	269,426	1,466,656
<b>Total general fund</b>	<b>\$ 2,884,358</b>	<b>\$ 3,381,947</b>	<b>\$ 4,984,369</b>	<b>\$ 6,985,492</b>	<b>\$ 9,932,824</b>	<b>\$ 12,792,723</b>	<b>\$ 14,946,590</b>	<b>\$ 9,245,019</b>	<b>\$ 11,345,262</b>	<b>\$ 15,483,641</b>
<b>All Other Governmental Funds:</b>										
Restricted-Special Revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,856
Unassigned:										
Special revenue fund	-	-	-	-	-	-	-	-	-	(113,093)
Capital projects fund	1,073,116	2,610,612	1,633,243	1,826,136	1,139,527	1,010,699	1,445,332	8,889,241	1,451,724	1,449,631
Debt Service fund	88,331	23,163	22,219	22,219	1	1	60	134	75	257,283
<b>Total all other governmental funds</b>	<b>\$ 1,161,447</b>	<b>\$ 2,633,775</b>	<b>\$ 1,655,462</b>	<b>\$ 1,848,555</b>	<b>\$ 1,139,528</b>	<b>\$ 1,010,700</b>	<b>\$ 1,445,392</b>	<b>\$ 8,889,375</b>	<b>\$ 1,451,799</b>	<b>\$ 1,980,672</b>

Source: District Records

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>	\$ 22,291,053	\$ 22,685,585	\$ 23,231,977	\$ 23,407,694	\$ 23,835,912	\$ 24,438,749	\$ 25,597,968	\$ 26,289,822	\$ 26,807,666	\$ 28,333,526
Tuition Charges	11,480	26,072	28,811	5,422	17,375	12,701	8,784	-	-	-
Interest Earnings	26,351	32,470	33,409	11,340	17,592	26,686	85,424	166,243	115,173	34,177
Miscellaneous	142,180	177,970	55,456	183,139	99,998	181,337	213,428	264,248	214,054	420,555
Local Sources	29,484	24,762	25,800	28,085	18,558	-	-	-	-	164,047
State sources	3,714,127	4,299,727	4,246,952	4,580,144	4,804,195	5,176,211	5,815,127	661,802	703,778	1,216,223
Federal sources	910,088	755,385	695,122	717,211	744,400	648,381	760,673	7,573,746	8,316,993	9,835,338
Total revenue	27,124,763	28,001,972	28,317,527	28,933,035	29,538,030	30,495,910	32,481,404	34,955,861	36,157,664	39,993,866
<b>Expenditures</b>										
Instruction	9,918,078	9,989,620	10,452,901	10,487,777	10,132,490	10,662,799	11,007,281	8,311,725	8,904,618	9,690,077
Regular	-	-	-	-	-	-	-	2,716,405	2,570,969	2,809,256
Special	-	-	-	-	-	-	-	592,743	551,892	561,164
Other special instruction	-	-	-	-	-	-	-	574,160	490,334	485,938
School-sponsored/other instructional	-	-	-	-	-	-	-	-	-	-
Support Services	-	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	2,763,740	3,253,440	2,457,421
Student & instruction related services	-	-	-	-	-	-	-	2,591,950	2,480,645	3,384,721
School administration	17,872	11,458	9,521	-	16,810	61,554	74,557	100,781	177,007	1,497,197
Other administration	13,730,942	14,195,779	13,585,234	13,234,101	13,981,547	15,525,897	16,655,626	-	-	1,341,096
Operations and maintenance	1,158,935	1,089,813	1,054,037	1,063,165	1,065,556	953,931	906,311	1,324,587	1,170,916	998,663
Student transportation	958,216	991,259	872,067	533,154	513,549	510,429	513,327	2,824,362	2,699,005	2,943,693
Employee benefits	735,241	950,800	4,040,464	1,533,459	1,720,125	132,493	806,601	991,483	1,051,224	1,106,681
Charter schools	26,519,284	27,228,729	30,014,224	26,851,656	27,430,077	27,847,103	29,963,703	33,228,574	40,787,450	35,027,379
Undersubstituted	605,479	773,243	(1,696,697)	2,081,379	2,107,953	2,648,807	2,517,701	1,727,287	(4,629,786)	4,966,487
Special Revenue	88,329	1,150,000	(1,150,000)	-	-	-	-	-	-	-
Debt Service	60,000	-	3,388,000	-	-	-	-	-	-	-
Capital Outlay	114,914	46,674	18,992	3,900	130,552	182,264	576,095	-	-	-
Total Expenditures	263,243	1,196,674	2,320,806	112,637	130,552	(100,000)	(560,000)	-	-	-
Excess (Deficiency) of revenues over (under) expenditures	\$ 868,722	\$ 1,969,917	\$ 624,109	\$ 2,194,016	\$ 2,238,505	\$ 2,731,071	\$ 2,588,559	\$ 1,727,287	\$ (4,528,187)	\$ 5,035,111
<b>Other Financing sources (uses)</b>										
Refunding of Bonds	-	-	(1,150,000)	-	-	-	-	-	-	-
Proceeds from Borrowing	88,329	1,150,000	3,388,000	-	-	-	-	-	-	-
Transfers in and Prior Year Payables cancelled	60,000	-	63,814	3,900	130,552	182,264	576,095	-	-	-
Transfers out	-	-	-	-	-	(100,000)	(560,000)	-	-	-
Capital lease (Non-budgeted)	114,914	46,674	18,992	108,737	-	82,264	54,763	-	101,599	68,624
Total other financing sources (uses)	263,243	1,196,674	2,320,806	112,637	130,552	82,264	70,858	-	101,599	68,624
Net change in fund balances	\$ 868,722	\$ 1,969,917	\$ 624,109	\$ 2,194,016	\$ 2,238,505	\$ 2,731,071	\$ 2,588,559	\$ 1,727,287	\$ (4,528,187)	\$ 5,035,111
Debt service as a percentage of noncapital expenditures	3.61%	3.64%	2.91%	1.99%	1.87%	1.83%	1.71%	1.55%	1.27%	1.48%

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

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

(1) As recommended by the NJ Department of Education,

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

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

Description	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tuition	\$ -	\$ -	\$ 7,568	\$ 8,784	\$ 12,701	\$ 17,375	\$ 48,422	\$ 28,811	\$ 26,072	\$ 11,480
Interest on investments	34,177	115,173	166,243	85,424	26,686	17,592	11,340	33,409	32,471	26,351
Insurance Refunds	-	-	-	-	68,137	7,326	34,805	9,474	1,061	-
Accounts Payable Cancelled	-	-	-	-	46,483	40,722	64,224	17,701	16,424	-
Prior year refunds	35,869	28,997	34,569	8,109	6,038	6,189	11,560	9,566	26,262	26,231
Health Benefits	-	-	-	-	-	-	-	-	-	-
Gate Receipts	-	-	-	6,389	8,155	8,319	7,117	6,530	6,218	5,044
Miscellaneous	384,686	185,057	222,111	2,910	38,473	18,349	2,382	-	99,723	84,924
Custodial Overtime	-	-	-	-	14,051	19,093	20,051	12,385	28,282	25,981
Local Grant	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 454,732</b>	<b>\$ 329,227</b>	<b>\$ 430,491</b>	<b>\$ 111,616</b>	<b>\$ 220,724</b>	<b>\$ 134,965</b>	<b>\$ 199,901</b>	<b>\$ 117,676</b>	<b>\$ 236,513</b>	<b>\$ 180,011</b>

Source: District Records

## **REVENUE CAPACITY**

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

<u>Year Ended June 30,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2012	\$ 1,503,208,307	\$ 1,586,564,192	94.75%
2013	1,477,053,100	1,455,654,972	101.47%
2014	1,481,585,175	1,479,070,755	100.17%
2015	1,474,919,975	1,472,416,866	100.17%
2016	1,475,277,675	1,540,759,974	95.75%
2017	1,605,684,400	1,583,983,822	101.37%
2018	1,643,069,600	1,639,953,688	100.19%
2019	1,711,820,000	1,738,947,582	98.44%
2020	1,872,644,600	1,713,952,558	109.26%
2021	1,874,097,900	1,940,669,646	96.57%

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



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

Assessment Year	Direct Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	North Arlington School District	Borough of North Arlington	North Arlington Library	Bergen County	
2012	1.450	0.987	0.035	0.233	2.71
2013	1.450	1.022	0.035	0.233	2.74
2014	1.554	1.052	0.033	0.229	2.87
2015	1.600	1.139	0.033	0.241	3.01
2016	1.637	1.170	0.035	0.257	3.10
2017	1.558	1.085	0.032	0.249	2.92
2018	1.572	1.064	0.033	0.236	2.91
2019	1.549	1.040	0.034	0.248	2.87
2020	1.471	1.011	0.032	0.240	2.75
2021	1.524	0.984	0.035	0.259	2.80

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

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

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

Taxpayers	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Fort Point Investments LLC	\$ 117,939,700	1	6.29%			
100 Llc % Home Dynamix LLC	29,580,500	2	1.58%			
Riverview Gdns C/O S.Geltman & Co.	20,317,100	3	1.08%			
Meadowlands Holdings, LLC	17,796,000	4	0.95%			
Riverview Gdns C/O S.Geltman & Co.	14,081,200	5	0.75%			
Riverview Gdns C/O S.Geltman & Co.	13,276,500	6	0.71%			
Canterbury At Arlington Inc	11,900,500	7	0.63%			
Lta Realty LLC	8,418,200	8	0.45%			
Schuyler Resources LLC	8,207,700	9	0.44%			
Pegasus 450 Belleville Tpkce LLC	4,087,300	10	0.22%			
Total	\$ 245,604,700		13.10%			
						Information not available

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

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections*</u>	<u>Percent of Tax Levy Collected</u>
2012	\$ 22,291,053	\$ 22,291,053	100.00%
2013	22,685,585	22,685,585	100.00%
2014	23,231,977	23,231,977	100.00%
2015	23,407,694	23,407,694	100.00%
2016	23,835,912	23,835,912	100.00%
2017	24,438,749	24,438,749	100.00%
2018	25,597,968	25,597,968	100.00%
2019	26,289,822	26,289,822	100.00%
2020	26,807,666	26,807,666	100.00%
2021	28,323,526	28,323,526	100.00%

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

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

## **DEBT CAPACITY**

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2012	\$ 3,299,000	\$ 99,713	\$ -	\$ 3,398,713	(1)	\$ 219
2013	2,482,000	115,853	1,150,000	3,747,853	0.37%	243
2014	5,052,000	100,640	-	5,152,640	0.47%	330
2015	4,677,000	137,342	-	4,814,342	0.44%	306
2016	4,284,000	103,503	-	4,387,503	0.38%	276
2017	3,888,000	68,090	-	3,956,090	0.33%	249
2018	3,482,000	83,903	-	3,565,903	0.29%	223
2019	3,066,000	50,282	-	3,116,282	0.24%	199
2020	2,638,000	115,689	-	2,753,689	0.20%	167
2021	2,198,000	144,642	-	2,342,642	(1)	(1)

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 3,299,000	\$ -	\$ 3,299,000	0.22%	\$ 212
2013	3,632,000	-	3,632,000	0.25%	235
2014	5,052,000	-	5,052,000	0.34%	323
2015	4,677,000	-	4,677,000	0.32%	297
2016	4,284,000	-	4,284,000	0.29%	269
2017	3,888,000	-	3,888,000	0.24%	245
2018	3,482,000	-	3,482,000	0.21%	218
2019	3,066,000	-	3,066,000	0.18%	199
2020	2,638,000	-	2,638,000	0.14%	167
2021	2,198,000	-	2,198,000	0.12%	(1)

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
North Arlington Municipality (1)	\$ 18,064,711	100%	\$ 18,064,711
County of Bergen(2)	954,754,121	1.03%	<u>9,833,967</u>
Subtotal, overlapping debt			<u>27,898,678</u>
North Arlington School District, Direct Debt			<u>2,198,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 30,096,678</u></u>

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

**Note:** The source for this computation was the 2020 table of equalized value, which is supplied  
by the New Jersey Division of Taxation

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

	Average equalized valuation of taxable property										Year	Equalized Valuation Basis
	2012	2013	2014	2015	2016	2017	2018	2019	2020			
Debt limit	\$ 62,689,889	\$ 60,483,730	\$ 59,088,162	\$ 58,852,093	\$ 59,084,282	\$ 60,745,094	\$ 62,987,089	\$ 66,140,987	\$ 67,760,850	\$ 74,005,082	2018	\$ 1,737,043,662
Total Net Debt applicable to limit	3,299,000	3,632,000	5,052,000	4,677,000	4,284,000	3,888,000	3,482,000	3,066,000	2,638,000	2,198,000	2019	1,806,860,882
Legal debt margin	\$ 59,390,889	\$ 56,851,730	\$ 54,036,162	\$ 54,175,093	\$ 54,800,282	\$ 56,857,094	\$ 59,505,089	\$ 63,074,987	\$ 65,122,850	\$ 71,807,082	2020	2,006,476,588
												\$ 5,550,381,132
Total net debt applicable to the limit as a % of debt limit	5.26%	6.00%	8.55%	7.95%	7.25%	6.40%	5.53%	4.64%	3.89%	2.97%		\$ 1,850,127,044
												74,005,082
												2,198,000
												\$ 71,807,082

Source: Annual Debt Statements



**DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

<u>Year Ended December 31,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
2012	(1)	(1)	(1)	(1)
2013	15,392	1,017,423,168	66,096	8.60
2014	15,632	1,092,973,808	69,919	5.60
2015	15,723	1,092,669,885	69,495	4.60
2016	15,904	1,169,516,544	73,536	5.80
2017	15,868	1,203,571,932	75,849	4.10
2018	16,009	1,235,686,683	77,187	3.30
2019	15,683	1,325,636,941	84,527	2.80
2020	16,457	1,391,060,839	84,527	9.20
2021	(1)	(1)	(1)	(1)

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

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

**NORTH ARLINGTON SCHOOL DISTRICT  
PRINCIPAL EMPLOYER  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2021			2012		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment

Information Not Available

Information Not Available

## **OPERATING INFORMATION**

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction	95	101	98	100	107	101	130	111	108	139
Regular	31	33	37	34	39	37	23	33	36	36
Special education	3	2	2	40	42	61	66	50	57	64
Other special education	6	6	6	5	7	6	4	4	4	3
Other Instruction - Supervisors										
Support Services:										
Student & instruction related services	8	6	6	20	20	16	22	23	22	22
General administration	8	8	8	4	4	3	3	3	2	2
School administrative services	7	-	-	12	12	13	17	14	17	18
Other administrative services	6	6	6	2	2	1	1	1	1	1
Central services	12	11	11	6	6	6	6	7	6	6
Administrative Information Technology	1	1	1	2	2	2	2	2	2	2
Plant operations and maintenance	16	16	17	17	17	17	16	16	20	22
Student transportation	1	1	1	1	1	1	1	1	1	1
Other support services	31	36	36	-	-	-	-	-	-	-
Total	225	227	229	243	259	264	291	265	276	316

Source: Provided by Human Resources

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2012	1,644	24,825,827	15,101	-2.84%	143	(1)	11.5:1	9.5:1	1,645	1,566	2.02%	95.20%
2013	1,715	25,286,670	14,744	-2.36%	135	16.4:1	13.7:1	10.3:1	1,709	1,625	3.89%	95.08%
2014	1,748	25,101,693	14,360	-2.61%	156	15.1:1	11.0:1	7.8:1	1,737	1,660	1.64%	95.56%
2015	1,734	24,785,043	14,294	-0.46%	158	14.6:1	11.2:1	7.5:1	1,718	1,645	-1.09%	95.75%
2016	1,764	25,196,403	14,284	-0.01%	143	13.7:1	13.0:1	10.1:1	1,768	1,685	2.90%	95.31%
2017	1,761	27,204,181	15,511	0.08%	142	15:1	13:1	12:1	1,770	1,790	3.03%	95.46%
2018	1,775	28,643,775	16,137	0.04%	148	15:1	13:1	11:1	1,770	1,697	0.00%	95.74%
2019	1,833	31,159,689	16,999	3.27%	144	13:1	13:1	11:1	1,839	1,761	3.90%	95.76%
2020	1,835	31,733,006	17,293	0.11%	144	13:1	13:1	13:1	1,827	1,770	-0.65%	96.88%
2021	1,903	34,323,503	18,037	3.71%	175	(1)	(1)	(1)	1,912	1,865	4.65%	97.54%

Source: District records and school performance reports

Note: Enrollment based on annual October district count.

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

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

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

(1) Information not available at time of the audit

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Washington	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274
Square Feet	236	236	236	236	236	236	236	236	236	236
Capacity (students)	253	253	339	316	326	355	354	354	355	334
Enrollment										
<b><u>Roosevelt</u></b>										
Square Feet	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024
Capacity (students)	189	189	189	189	189	189	189	189	189	189
Enrollment	186	186	256	251	238	239	221	221	234	120
<b><u>Jefferson</u></b>										
Square Feet	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	299	299	306	305	311	299	293	293	299	172
<b><u>Susan B Anthony</u></b>										
Square Feet										52,039
Capacity (students)										325
Enrollment										248
<b><u>Middle School</u></b>										
<b><u>Veterans Middle School</u></b>										
Square Feet	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	52,039	72,160
Capacity (students)	260	260	260	260	260	260	260	260	260	490
Enrollment	337	337	364	382	404	406	402	402	410	470
<b><u>High School</u></b>										
<b><u>North Arlington High School</u></b>										
Square Feet	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623
Capacity (students)	510	510	510	510	510	510	510	510	510	510
Enrollment	522	522	483	480	485	462	505	505	535	569

Number of Schools at June 30, 2021

Elementary = 4

Middle School = 1

High School = 1

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

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

* School Facilities	Project # (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Washington	n/a	\$ 81,297	\$ 106,870	\$ 127,972	\$ 194,596	\$ 109,782	\$ 107,893	\$ 184,159	\$ 127,805	\$ 159,166	\$ 86,506
Roosevelt	n/a	59,360	78,032	93,440	80,997	80,057	92,784	272,220	105,610	77,372	101,396
Jefferson	n/a	58,908	77,441	92,731	85,057	147,372	54,059	57,628	146,010	206,100	120,715
Anthony	n/a	123,435	-	-	-	-	-	-	-	-	-
Veterans Middle School	n/a	171,162	162,267	194,307	255,372	161,122	129,703	171,771	168,398	66,665	163,966
High School	n/a	212,592	279,459	334,639	194,216	571,410	168,931	156,012	460,416	254,311	313,644
<b>Total School Facilities</b>		<b>\$ 706,754</b>	<b>\$ 704,069</b>	<b>\$ 843,089</b>	<b>\$ 810,238</b>	<b>\$ 1,069,743</b>	<b>\$ 553,370</b>	<b>\$ 841,790</b>	<b>\$ 1,008,239</b>	<b>\$ 763,614</b>	<b>\$ 786,227</b>

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

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



**NORTH ARLINGTON SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021  
(UNAUDITED)**

	Coverage	Deductible/Retention
School Package Policy-School Alliance Insurance Fund	\$ 73,768,322.00	\$ 2,500.00
Property- Blanket Building & Contents	10,000,000	2,500
Flood (A & V Zones)	25,000,000	500,000
Flood (Except A & V Zones)	10,000,000	2,500
Earthquake	25,000,000	2,500
Boiler & Machinery	1,000,000	2,500
Blanket Dishonesty Bond	500,000	1,000
Money & Securities (Inside and Outside Premises)	50,000	1,000
Computer Fraud	50,000	1,000
Comprehensive General Liability		
Per Occurrence	\$ 5,000,000	None
Aggregate	5,000,000	None
Comprehensive Automobile Liability	5,000,000	None
Auto Physical Damage	Actual Cash Value	1,000
Cyber Liability	2,000,000	10,000
Commercial Environmental Impairment Liability- School Alliance Insurance Fund		
Each Sewage Backup Liability Limit	\$ 1,000,000	\$ 50,000
Each Indoor Environmental Incident	250,000	100,000
Pool Aggregate	25,000,000	
School Leaders Professional Liability-School Alliance Insurance Fund		
Each Loss	\$ 5,000,000	\$ 5,000
Annual Aggregate	5,000,000	
IEP Hearing Limit of Liability	100,000	5,000
Crisis Fund Member Sublimit	25,000	N/A
Excess Liability- School Alliance Insurance Fund		
Excess Policy per occ/agg	\$ 15,000,000	None
Excess Liability- New Jersey Unshared Excess Program		
Per Occurrence	\$ 30,000,000	None
Aggregate	30,000,000	
Student Accident Insurance- Monarch Management Corp.		
Mandatory Plan- Excess	\$ 25,000	None
Catastrophic Plan- Excess	7,500,000	25,000
Commercial Flood Insurance (River Road Athletic Field) -RSUI Indemnity Co.		
Per Occurrence	\$ 1,000,000	\$ 250,000
Annual Aggregate	1,000,000	
NFIP Flood Insurance (River Road Buildings 1 & 2) -American Bankers Ins. Co of Florida		
Building	\$ 500,000	\$ 50,000
Contents	500,000	50,000
Public Official Bond- Western Surety		
Business Administrator/Board Secretary- Samantha Dembowski	\$ 250,000	None

**Source: District's Records**

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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

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

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

## EXHIBIT K-1

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, and each major fund of the North Arlington School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise of the North Arlington School District's basic financial statements, and have issued our report thereon dated February 22, 2022.

#### Internal Control Over Financial Reporting

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

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

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


#### Compliance and Other Matters


As part of obtaining reasonable assurance about whether the North Arlington School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the North Arlington School District in a separate auditor's management report dated February 22, 2022 as required by the Division of Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

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

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

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

Bayonne, New Jersey  
February 22, 2022

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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

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

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

## EXHIBIT K-2

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

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

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

We have audited the North Arlington School District, in the County of Bergen, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the North Arlington School District's major federal and state programs for the year ended June 30, 2021. The North Arlington School District's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

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

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

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

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

## Report on Internal Control Over Compliance


Management of the North Arlington School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the North Arlington School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the North Arlington School District's internal control over compliance.

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

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

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

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

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

Bayonne, New Jersey  
February 22, 2022

NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2021	
										UNEARNED REVENUE	DUE TO GRANTOR
<b>ENTERPRISE FUND</b>											
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
<b>PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>											
School Breakfast Program	10.553	21NJ304N1099	\$ 148,407	07/01/20 06/30/21	\$ -	\$ 126,720	\$ (148,407)	\$ -	\$ (21,687)	\$ -	\$ -
Healthy Hunger-Free Kids Act	10.555	21NJ304N1099	4,707	07/01/20 06/30/21	-	4,028	(4,707)	-	(679)	-	-
National School Lunch Program	10.555	21NJ304N1099	236,058	07/01/20 06/30/21	-	148,922	(236,058)	-	(87,136)	-	-
National School Lunch Program	10.555	20NJ304N1099	159,643	07/01/19 06/30/20	(4,775)	4,775	-	-	-	-	-
Child Nutrition Cluster					(4,775)	284,445	(389,172)	-	(109,502)	-	-
Commodity Supplemental Food Program	10.565	21NJ304N1099	27,423	07/01/20 06/30/21	-	27,423	(27,423)	-	-	-	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					(4,775)	311,868	(416,595)	-	(109,502)	-	-
<b>TOTAL ENTERPRISE FUND</b>					(4,775)	311,868	(416,595)	-	(109,502)	-	-
<b>SPECIAL REVENUE FUND</b>											
<b>U.S. DEPARTMENT OF TREASURY</b>											
<b>PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>											
Coronavirus Relief Funds (CERF)	21.019	*	102,811	03/13/20 12/31/20	-	102,811	(102,811)	-	-	-	-
<b>U.S. DEPARTMENT OF TREASURY</b>											
<b>PASSED-THROUGH COUNTY OF BERGEN</b>											
Coronavirus Relief Funds (CERF)	21.019	*	42,053	07/01/20 06/30/21	-	42,053	(42,053)	-	-	-	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>											
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>											
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>											
Elementary and Secondary Education Act (ESEA):											
Title I, Part A Basic	84.010A	S010A190050	188,165	07/01/20 06/30/21	42,000	168,002	(144,065)	(42,000)	(20,163)	-	44,100
Title II, Part A Teacher & Principal Training	84.367A	S367A190029	42,618	07/01/20 06/30/21	5,250	33,822	(36,618)	(5,250)	(8,796)	-	6,000
Title III, Part A English Language Acquisition	84.365A	S365A190050	14,249	07/01/20 06/30/21	3,272	12,677	(10,449)	(3,272)	(1,572)	-	3,800
Title III, Part A Immigrant	84.365A	S365A190050	7,571	07/01/20 06/30/21	-	3,515	(7,571)	-	(4,056)	-	-
Title IV, Student Support	84.424	S424A190031	12,874	07/01/20 06/30/21	-	12,874	(12,874)	-	-	-	-
IDEA, Basic	84.027	H027A190100	488,336	07/01/20 06/30/21	7,079	488,336	(477,489)	-	-	17,926	-
IDEA, Preschool	84.173	H173A190114	16,823	07/01/20 06/30/21	-	16,823	(16,823)	-	-	-	-
IDEA Cluster					7,079	505,159	(494,312)	-	-	17,926	-
Coronavirus Relief Fund-Digital Divide	84.425D	S425D200027	178,956	07/16/20 10/31/20	-	178,956	(178,956)	-	-	-	-
CARES Emergency Relief Grant	84.425D	S425D200027	159,562	03/13/20 09/30/22	-	139,828	(133,037)	-	-	6,791	-
Coronavirus Relief Fund - Nonpublic Digital Divide	84.425D	S377A130031	7,178	07/16/20 10/31/20	-	7,178	(7,178)	-	-	-	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>											
<b>TOTAL SPECIAL REVENUE FUND</b>					57,601	1,206,875	(1,169,924)	(50,522)	(34,587)	24,717	53,900
<b>GENERAL FUND</b>											
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
<b>PASSED-THROUGH STATE DEPARTMENT OF HUMAN SERVICES:</b>											
Special Education Medicaid Initiative (SEMI)	93.778	2008NJ5MAP	46,298	07/01/20 06/30/21	-	46,298	(46,298)	-	-	-	-
EBM	97.036	*	103,881	07/01/20 06/30/21	-	103,881	(103,881)	-	-	-	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
<b>TOTAL GENERAL FUND</b>											
<b>TOTAL FEDERAL AWARDS</b>					\$ 52,826	\$ 1,622,624	\$ (1,736,698)	\$ (50,522)	\$ (144,089)	\$ 24,717	\$ 53,900

Note: There were no expenditures passed through to subscribers.

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

NORTH ARLINGTON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
for the Fiscal Year Ended June 30, 2021

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROGRAM NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2020	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO CUMULATIVE TOTAL EXPENDITURES
									(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	
<b>GENERAL FUND</b>												
<b>STATE DEPARTMENT OF EDUCATION</b>												
Equitization Aid	21-495-034-5120-078	\$ 1,981,276	07/01/20 06/30/21	\$ -	\$ -	\$ 1,981,276	\$ (1,981,276)	\$ -	\$ -	\$ -	\$ -	\$ (1,981,276)
Special Education Categorical Aid	21-495-034-5120-089	1,574,641	07/01/20 06/30/21	-	-	1,574,641	(1,574,641)	-	-	-	-	(1,574,641)
Security Aid	21-495-034-5120-084	224,941	07/01/20 06/30/21	-	-	224,941	(224,941)	-	-	-	-	(224,941)
State Aid Cluster												
Transportation Aid	21-495-034-5120-014	184,243	07/01/20 06/30/21	-	-	184,243	(184,243)	-	-	-	-	(184,243)
Extracurricular Aid	21-495-034-5120-044	683,822	07/01/20 06/30/21	-	-	683,822	(683,822)	-	-	-	-	(683,822)
On-Behalf TPAF Pension Contributions	21-495-034-5120-044	421,697	07/01/19 06/30/20	(421,697)	-	421,697	(421,697)	-	-	-	-	(421,697)
On-Behalf TPAF Pension Contributions	21-495-034-5120-044	1,977,704	07/01/20 06/30/21	-	-	1,977,704	(1,977,704)	-	-	-	-	(1,977,704)
On-Behalf TPAF Pension Contributions	21-495-034-5094-001	3,024,095	07/01/20 06/30/21	-	-	3,024,095	(3,024,095)	-	-	-	-	(3,024,095)
On-Behalf TPAF Long Term Disability Insurance	21-495-034-5094-002	1,936	07/01/20 06/30/21	-	-	1,936	(1,936)	-	-	-	-	(1,936)
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	893,677	07/01/20 06/30/21	(663,131)	-	849,201	(893,677)	-	(44,476)	-	-	(893,677)
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	834,049	07/01/19 06/30/20	-	-	631,131	-	-	-	-	-	(834,049)
<b>TOTAL GENERAL FUND</b>												
				(484,838)	-	9,272,865	(9,516,335)	-	(728,298)	-	-	368,766
<b>SPECIAL REVENUE FUND</b>												
<b>STATE DEPARTMENT OF EDUCATION</b>												
Preschool Education Aid	21-100-034-5120-064	560,208	07/01/20 06/30/21	-	121,527	560,208	(446,218)	-	-	235,517	-	(324,691)
Preschool Education Aid - General Fund Contribution	21-100-034-5120-065	121,527	07/01/20 06/30/21	-	-	121,527	-	-	-	-	-	-
New Jersey Nonpublic Aid:												
Textbook Aid	21-100-034-5120-064	10,080	07/01/20 06/30/21	-	-	10,080	(10,080)	-	-	-	-	(10,080)
Textbook Aid	20-100-034-5120-064	9,593	07/01/19 06/30/20	144	-	-	-	(144)	-	-	-	(9,593)
Nursing Aid	21-100-034-5120-070	16,830	07/01/20 06/30/21	-	-	16,830	(16,830)	-	-	-	-	(16,830)
Nursing Aid	20-100-034-5120-070	17,654	07/01/19 06/30/20	2,242	-	-	-	(2,242)	-	-	-	(17,654)
Nonpublic Auxiliary Services (Chapter 192) Cluster:												
Compensatory Education	21-100-034-5120-067	55,738	07/01/20 06/30/21	-	-	55,738	(31,004)	-	-	24,734	-	(31,004)
Compensatory Education	20-100-034-5120-067	61,326	07/01/19 06/30/20	(16,511)	-	19,674	-	(3,163)	-	-	-	(61,326)
English as a Second Language	21-100-034-5120-067	1,243	07/01/20 06/30/21	(16,511)	-	1,243	(1,243)	-	-	-	-	(1,243)
Total Nonpublic Auxiliary Services Aid Ch. 192						76,655	(32,247)			24,734		
Nonpublic Handicapped Services (Chapter 193) Cluster:												
Supplemental Instruction	21-100-034-5120-066	16,190	07/01/20 06/30/21	-	-	16,190	(13,033)	-	-	3,157	-	(13,033)
Supplemental Instruction	20-100-034-5120-066	21,856	07/01/19 06/30/20	5,909	-	-	-	(5,909)	-	-	-	(21,856)
Examination and Classification	21-100-034-5120-066	23,226	07/01/20 06/30/21	-	-	23,226	(13,566)	-	-	9,660	-	(13,566)
Examination and Classification	20-100-034-5120-066	37,158	07/01/19 06/30/20	12,267	-	-	-	(12,267)	-	-	-	(37,158)
Corrective Speech	21-100-034-5120-066	23,696	07/01/20 06/30/21	-	-	23,696	(20,233)	-	-	3,463	-	(20,233)
Corrective Speech	20-100-034-5120-066	39,190	07/01/19 06/30/20	18,683	-	-	-	(18,683)	-	-	-	(39,190)
Total Nonpublic Handicapped Aid Ch. 193				36,859		63,112	(46,832)			16,280		
Security Aid	21-100-034-5120-509	28,875	07/01/20 06/30/21	-	-	28,875	(28,875)	-	-	-	-	(28,875)
<b>TOTAL SPECIAL REVENUE FUND</b>												
				22,734	-	877,287	(581,082)	(42,408)	-	235,517	41,014	113,093
<b>ENTERPRISE FUND</b>												
<b>STATE DEPARTMENT OF AGRICULTURE</b>												
State School Lunch Program	21-100-010-3350-023	12,120	07/01/20 06/30/21	-	-	9,643	(12,120)	-	(2,477)	-	-	(12,120)
State School Lunch Program	20-100-010-3350-023	4,390	07/01/19 06/30/20	(75)	-	75	-	-	-	-	-	(4,390)
<b>TOTAL ENTERPRISE FUND</b>												
				(75)	-	9,718	(12,120)	-	(2,477)	-	-	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>												
				\$ (462,169)	\$ -	\$ 10,159,870	(10,109,537)	\$ (42,408)	\$ (730,775)	\$ 235,517	\$ 41,014	\$ 481,859
<b>LESS:</b>												
On-Behalf TPAF Post-Retirement Medical Contributions	21-495-034-5094-001	947,704	07/01/20 06/30/21	-	-	-	-	-	-	-	-	947,704
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	3,024,095	07/01/20 06/30/21	-	-	-	-	-	-	-	-	3,024,095
On-Behalf TPAF Long Term Disability Insurance	21-495-034-5094-004	1,936	07/01/20 06/30/21	-	-	-	-	-	-	-	-	1,936
<b>TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT</b>												
												\$ (6,135,802)

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



**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

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

**NOTE 3 – INDIRECT COST RATE**

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

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

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

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

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last State aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$27,459) for the General Fund, (\$113,093) for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 46,298	\$ 9,488,876	\$ 9,535,174
Special Revenue Fund	1,169,925	346,462	1,516,387
Food Service Fund	416,595	12,120	428,715
Total Awards and Financial Assistance	<u>\$ 1,632,818</u>	<u>\$ 9,847,458</u>	<u>\$ 11,480,276</u>

**NORTH ARLINGTON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**NOTE 7 – OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$3,024,095 reported as TPAF Pension Contributions, \$1,936 reported as TPAF Long-Term Disability Insurance, and \$947,704 reported as TPAF Post-Retirement Medical Contributions represent the amounts paid by the State on behalf of the District for the year ended June 30, 2021. TPAF Social Security Contributions in the amount of \$893,677 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2021.

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

On-behalf expenditures for the District by the State are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to the State single audit and major program determination.

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

*Section 1 - Summary of Auditors' Results*

Financial Statement Section

- A) Type of Auditors Report Issued: \_\_\_\_\_ Unmodified \_\_\_\_\_
- B) Internal Control over Financial Reporting:
- 1) Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No
- 2) Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None reported
- C) Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes ✓ No

Federal Awards Section

- D) Internal Control over major programs:
- 1) Material weakness(es) identified? \_\_\_\_\_ Yes ✓ No
- 2) Significant deficiency(ies) identified? \_\_\_\_\_ Yes ✓ None reported
- E) Type of auditor's report on compliance for major program \_\_\_\_\_ Unmodified \_\_\_\_\_
- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_\_\_ Yes ✓ No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	211NJ304N1099	Child Nutrition Cluster:
10.555	211NJ304N1099	School Breakfast Program
10.555	211NJ304N1099	Healthy Hunger-Free Kids Act
84.425D	S425D200027	National School Lunch Program
84.425D	S425D200027	Coronavirus Relief Fund-Digital Divide
84.425D	S377A130031	CARES Emergency Relief Grant
		Coronavirus Relief Fund - Nonpublic Digital Divide

- H) Dollar threshold used to distinguish between Type A and Type B Programs. \_\_\_\_\_ \$750,000 \_\_\_\_\_
- I) Auditee qualified as low-risk auditee? \_\_\_\_\_ ✓ Yes \_\_\_\_\_ No

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

*Section 1 - Summary of Auditors' Results*

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000
- 
- K) Auditee qualified as low-risk auditee?  Yes  No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified?  Yes  No
- 2) Significant deficiency(ies) identified?  Yes  None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
- 
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter15-08 as applicable?  Yes  No

O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
21-495-034-5120-078	General State Aid Cluster: Equalization Aid Special Education Categorical Aid Security Aid
21-495-034-5120-089	
21-495-034-5120-084	
21-495-034-5120-086	

---

Preschool Education Aid

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

*Section II - Financial Statement Findings*

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provision of contracts and grants agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)

**No matters were reported.**

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

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

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

**FEDERAL AWARDS**

**No matters were reported.**

**STATE FINANCIAL ASSISTANCE**

**No matters were reported.**

**NORTH ARLINGTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (¶.511 (a)(b)) and New Jersey OMB Circular 15-08, as applicable.)

**STATUS OF PRIOR YEAR FINDINGS**

**BASIC FINANCIAL STATEMENT**

No matters were reported in prior year

**FEDERAL AWARDS**

No matters were reported in prior year

**STATE FINANCIAL ASSISTANCE**

No matters were reported in prior year