

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

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

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

Mount Arlington, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

Finance Department

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

Mount Arlington Public Schools

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

Monica A. Rowland
Superintendent of Schools

Dr. Steven E. McHugh
Business Administrator/Board Secretary

November 23, 2022

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Mount Arlington School District (the "District") for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Mount Arlington School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Mount Arlington School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 (The approximately 160 Mount Arlington students in grades 9-12 are sent to the Roxbury Public School District and are properly included in their enrollment numbers. The Mount Arlington Public School District is responsible for paying tuition, transportation and special education costs for these students, and these costs are included in the District's financial statements). The District completed the 2022-2023 fiscal year with an average daily enrollment of 353.2 students, which is 23.2 students above the previous year's average daily enrollment.

2) ECONOMIC CONDITIONS AND OUTLOOK: Mount Arlington has many rental properties and housing developments which results in a slightly higher transient population. COVID-19, a global pandemic has devastating effects on the world causing an emergency school closure from the middle of March 2020 to June 2020. Mount Arlington Schools reopened for the 2020 to 2021 school year. However, the major financial burden to school districts nationwide continued during the 2021 to 2022 school year. Despite the continuing uncertainty with the pandemic and change in demographics from the rental properties and housing developments, the district continues to make needed building and infrastructure improvements, while enhancing our educational programs overall and being prudent and responsible with spending.

3) MAJOR INITIATIVES: During the 2019/2020 school year, the district underwent an energy audit courtesy of Donnelly Energy and the New Jersey's Clean Energy program. As a result of this audit the district completed a direct install project for LED lighting replacements throughout the classrooms and exterior of both buildings, and the main office at MAPS. Rooftop HVAC units were also replaced, one at Decker and three at MAPS. The District is moving forward with its plans to complete a larger HVAC and Systems Controls project and has awarded a bid to two contractors. This project is expected to be completed during the 2022 to 2023 school year.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2022.

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

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

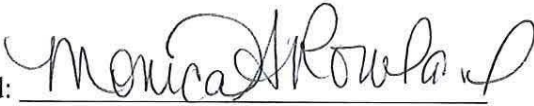
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts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

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

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

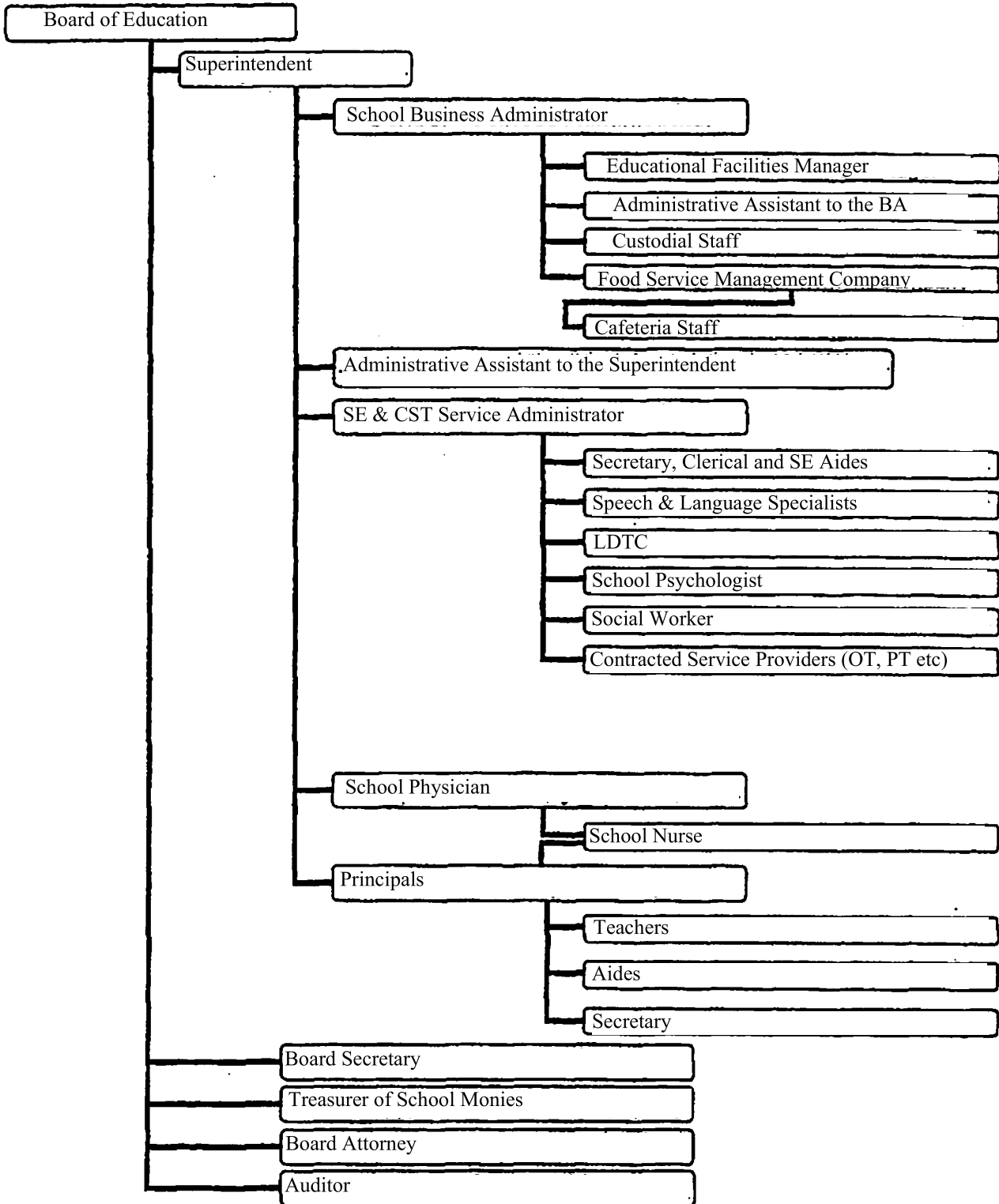
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mount Arlington Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Signed: 
Title: Superintendent

Signed: 
School Business Administrator

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
 ORGANIZATION CHART
 JUNE 30, 2022



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2022**

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

<u>Other Officials</u>	<u>Title</u>
Monica A. Rowland	Superintendent of Schools
Dr. Steven McHugh Sr.	School Business Administrator/Board Secretary
Robin C. Tedesco	Treasurer of School Monies

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

And

1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Attorney

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

Bond Counsel

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

Official Depository

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Mount Arlington School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) (Note 19) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division"), as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
Page 3

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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mount Arlington, New Jersey
November 23, 2022

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of Borough of Mount Arlington School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

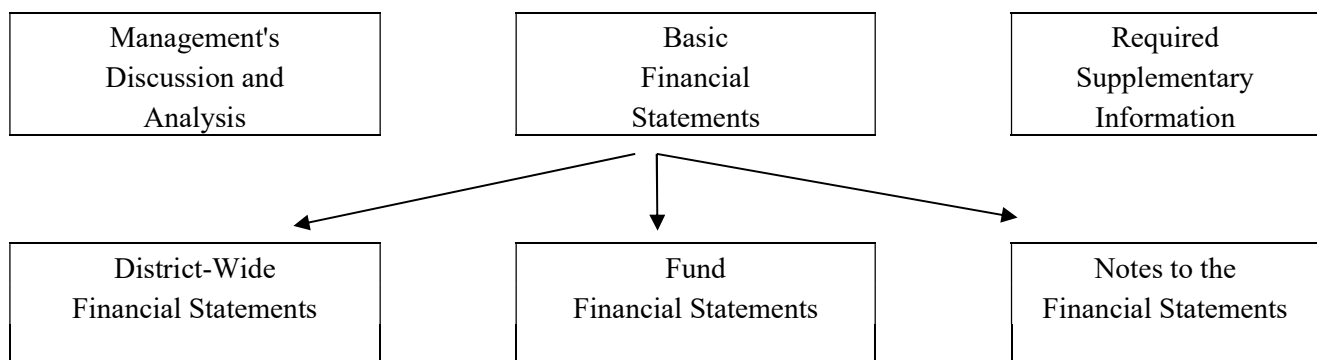
Overview of the Financial Statements

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

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

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

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



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 13.67% Net position from governmental activities increased \$910,001 and net position from business-type activities increased by \$51,884. Net investment in capital assets decreased \$224,686, restricted net position increased \$786,428 and unrestricted net position increased \$400,143.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Current and Other Assets	\$ 5,144,771	\$ 4,228,592	\$ 143,335	\$ 86,077	\$ 5,288,106	\$ 4,314,669	
Capital Assets, Net	5,925,613	6,328,979	6,066	7,386	5,931,679	6,336,365	
Total Assets	<u>11,070,384</u>	<u>10,557,571</u>	<u>149,401</u>	<u>93,463</u>	<u>11,219,785</u>	<u>10,651,034</u>	5.34%
Deferred Outflows of Resources	<u>207,124</u>	<u>327,642</u>			<u>207,124</u>	<u>327,642</u>	-36.78%
Other Liabilities	337,836	262,958	17,213	13,159	355,049	276,117	
Long-Term Liabilities	<u>2,243,360</u>	<u>2,844,135</u>			<u>2,243,360</u>	<u>2,844,135</u>	
Total Liabilities	<u>2,581,196</u>	<u>3,107,093</u>	<u>17,213</u>	<u>13,159</u>	<u>2,598,409</u>	<u>3,120,252</u>	-16.72%
Deferred Inflows of Resources	<u>831,559</u>	<u>694,693</u>			<u>831,559</u>	<u>694,693</u>	19.70%
Net Position:							
Net Investment in Capital Assets	4,705,613	4,928,979	6,066	7,386	4,711,679	4,936,365	
Restricted	4,061,744	3,275,316			4,061,744	3,275,316	
Unrestricted/(Deficit)	<u>(902,604)</u>	<u>(1,249,543)</u>	<u>126,122</u>	<u>72,918</u>	<u>(776,482)</u>	<u>(1,176,625)</u>	
Total Net Position	<u>\$ 7,864,753</u>	<u>\$ 6,954,752</u>	<u>\$ 132,188</u>	<u>\$ 80,304</u>	<u>\$ 7,996,941</u>	<u>\$ 7,035,056</u>	13.67%

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Net Position

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
Revenue:							
Program Revenue:							
Charges for Services	\$ 98,147	\$ 16,456	\$ 5,816	\$ 3,719	\$ 103,963	\$ 20,175	
Grants and Contributions:							
Operating	2,934,805	2,853,391	265,591	119,334	3,200,396	2,972,725	
General Revenue:							
Property Taxes	11,791,808	11,562,024			11,791,808	11,562,024	
Federal and State Aid Not Restricted	70,837	50,912			70,837	50,912	
Other	219,440	195,622	14	22	219,454	195,644	
Total Revenue	<u>15,115,037</u>	<u>14,678,405</u>	<u>271,421</u>	<u>123,075</u>	<u>15,386,458</u>	<u>14,801,480</u>	3.95%
Expenses:							
Instruction	5,861,039	5,604,611			5,861,039	5,604,611	
Pupil and Instruction Services	5,386,696	5,494,171			5,386,696	5,494,171	
Administrative Services	865,182	934,490			865,182	934,490	
Maintenance and Operations	979,786	814,754			979,786	814,754	
Transportation	723,976	720,379			723,976	720,379	
Other	388,357	362,215	219,537	97,121	607,894	459,336	
Total Expenses	<u>14,205,036</u>	<u>13,930,620</u>	<u>219,537</u>	<u>97,121</u>	<u>14,424,573</u>	<u>14,027,741</u>	2.83%
Increase/(Decrease) in Net Position	<u>\$ 910,001</u>	<u>\$ 747,785</u>	<u>\$ 51,884</u>	<u>\$ 25,954</u>	<u>\$ 961,885</u>	<u>\$ 773,739</u>	24.32%

Governmental Activities

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 5,861,039	\$ 5,604,611	\$ 3,173,025	\$ 3,082,592
Pupil and Instruction Services	5,386,696	5,494,171	5,346,982	5,480,965
Administrative and Business	865,182	934,490	777,951	817,151
Maintenance and Operations	979,786	814,754	979,786	814,754
Transportation	723,976	720,379	505,983	503,096
Other	388,357	362,215	388,357	362,215
	\$ 14,205,036	\$ 13,930,620	\$ 11,172,084	\$ 11,060,773

Business-Type Activities

Net position from the District's business-type activities increased by \$51,884 primarily due to additional federal funding received under the SSO program. (Refer to Figure A-4).

Financial Analysis of the District's Funds

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

General Fund Budgetary Highlights

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

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Sites (Land)	\$ 611,500	\$ 611,500			\$ 611,500	\$ 611,500	
Site Improvements	164,841	183,863			164,841	183,863	
Buildings and Building Improvements	5,119,466	5,435,109			5,119,466	5,435,109	
Machinery and Equipment	29,806	98,507	\$ 6,066	\$ 7,386	35,872	105,893	
Total Capital Assets (Net of Depreciation)	\$ 5,925,613	\$ 6,328,979	\$ 6,066	\$ 7,386	\$ 5,931,679	\$ 6,336,365	-6.39%

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

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2021/2022
	2021/2022	2020/2021	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,220,000	\$ 1,400,000	
Net Pension Liability	845,995	1,258,961	
Compensated Absences Payable	177,365	185,174	
	\$ 2,243,360	\$ 2,844,135	-21.12%

- The District's net pension liability decreased \$412,966.
- At year-end, the District had \$1,220,000 in general obligation bonds – a reduction of \$180,000 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the basic financial statements.)
- The District's compensated absences payable decreased \$7,809.

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Based on the State funding formula, we anticipate seeing a small increase in the amount of state aid received due to an increase in enrollment. Additional student growth is expected due to a proposed apartment complex/pilot project of approximately 78 units. However, a revenue decrease is expected as the Borough of Mount Arlington phases out the additional funding they provide to the school district due to the pilot housing development of Woodmont.

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,675,218	\$ 147,112	\$ 1,822,330
Internal Balances	60,297	(60,297)	
Receivables from Federal Government	13,462	52,069	65,531
Receivables from State Government	332,421	886	333,307
Other Accounts Receivable	68,556		68,556
Inventory		3,565	3,565
Restricted Cash and Cash Equivalents	2,994,817		2,994,817
Capital Assets, Net:			
Sites (Land)	611,500		611,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,314,113	6,066	5,320,179
Total Assets	<u>11,070,384</u>	<u>149,401</u>	<u>11,219,785</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	207,124		207,124
Total Deferred Outflows of Resources	<u>207,124</u>		<u>207,124</u>
LIABILITIES			
Accrued Interest Payable	18,975		18,975
Accounts Payable	301,246	13,912	315,158
Unearned Revenue	17,615	3,301	20,916
Noncurrent Liabilities:			
Due Within One Year	185,000		185,000
Due Beyond One Year	2,058,360		2,058,360
Total Liabilities	<u>2,581,196</u>	<u>17,213</u>	<u>2,598,409</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	831,559		831,559
Total Deferred Inflows of Resources	<u>831,559</u>		<u>831,559</u>
NET POSITION			
Net Investment in Capital Assets	4,705,613	6,066	4,711,679
Restricted for:			
Capital Projects	2,429,325		2,429,325
Maintenance Reserve	418,887		418,887
Tuition Reserve	100,000		100,000
Excess Surplus	1,066,907		1,066,907
Unemployment Compensation	13,827		13,827
Student Activities	25,794		25,794
Scholarships	6,984		6,984
Unrestricted/(Deficit)	(902,604)	126,122	(776,482)
Total Net Position	<u>\$ 7,864,733</u>	<u>\$ 132,188</u>	<u>\$ 7,996,921</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,193,989	\$ 58,433	\$ 1,289,352		\$ (2,846,204)		\$ (2,846,204)
Special Education	1,392,520		1,264,800		(127,720)		(127,720)
Other Special Instruction	69,155				(69,155)		(69,155)
School Sponsored Instruction	205,375		75,429		(129,946)		(129,946)
Support services:							
Tuition	3,842,620				(3,842,620)		(3,842,620)
Student & Instruction Related Services	1,544,076	39,714			(1,504,362)		(1,504,362)
General Administrative Services	325,743				(325,743)		(325,743)
School Administrative Services	323,569		87,231		(236,338)		(236,338)
Central Services	215,870				(215,870)		(215,870)
Plant Operations and Maintenance	979,786				(979,786)		(979,786)
Pupil Transportation	723,976		217,993		(505,983)		(505,983)
Unallocated Depreciation	299,428				(299,428)		(299,428)
Capital Outlay	5,476				(5,476)		(5,476)
Interest on Long-Term Debt	52,608				(52,608)		(52,608)
Charter Schools	30,845				(30,845)		(30,845)
Total Governmental Activities	14,205,036	98,147	2,934,805		(11,172,084)		(11,172,084)
Business-Type Activities:							
Food Service	219,537	5,816	265,591			\$ 51,870	51,870
Total Business-Type Activities	219,537	5,816	265,591			51,870	51,870
Total Primary Government	\$ 14,424,573	\$ 103,963	\$ 3,200,396	\$ -0-	(11,172,084)	51,870	(11,120,214)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Net (Expenses)/Revenues and Changes in Net Position</u>		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 11,555,808		\$ 11,555,808
Taxes Levied for Debt Service	236,000		236,000
Federal and State Aid Not Restricted	70,837		70,837
Investment Earnings	472	\$ 14	486
Other Local Governments	125,000		125,000
Miscellaneous Income	93,968		93,968
Total General Revenues	12,082,085	14	12,082,099
Change in Net Position	910,001	51,884	961,885
Net Position - Beginning	6,954,752	80,304	7,035,056
Net Position - Ending	\$ 7,864,753	\$ 132,188	\$ 7,996,941

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,664,486	\$ 10,732		\$ 1,675,218
Interfund Receivable	60,297			60,297
Receivables from Federal Government		13,462		13,462
Receivables from State Government	332,421			332,421
Other Accounts Receivable	68,556			68,556
Restricted Cash and Cash Equivalents	2,962,039	32,778		2,994,817
Total Assets	\$ 5,087,799	\$ 56,972	\$ -0-	\$ 5,144,771
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 192,750	\$ 6,579		\$ 199,329
Unearned Revenue		17,615		17,615
Total Liabilities	192,750	24,194		216,944
Fund Balances:				
Restricted:				
Capital Reserve Account	2,429,325			2,429,325
Maintenance Reserve	418,887			418,887
Unemployment Compensation	13,827			13,827
Student Activities		25,794		25,794
Scholarships		6,984		6,984
Tuition Reserve - 2022-2023	50,000			50,000
Tuition Reserve - 2023-2024	50,000			50,000
Excess Surplus - 2022-2023	578,923			578,923
Excess Surplus - 2023-2024	487,984			487,984
Assigned:				
Year End Encumbrances	92,025			92,025
For Subsequent Year's Expenditures	250,886			250,886
Unassigned	565,375			565,375
Total Fund Balances	4,937,232	32,778		4,970,010
Total Liabilities and Fund Balances	\$ 5,129,982	\$ 56,972	\$ -0-	\$ 5,186,954

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

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

Fund Balance from Previous Page	\$ 4,970,010
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	5,925,613
Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(18,975)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as a liability in the Funds.	(1,397,365)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(845,995)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	105,207
Deferred Inflows	(831,559)
	(831,559)
Net Position of Governmental Activities	\$ 7,906,936

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 11,555,808		\$ 236,000	\$ 11,791,808
Other Local Governments	125,000			125,000
Tuition from Individuals	58,433			58,433
Tuition from Other Sources	42,183			42,183
Interest Earned on Capital Reserve Funds	472			472
Restricted Miscellaneous		\$ 46,179		46,179
Unrestricted Miscellaneous	87,483			87,483
Total - Local Sources	<u>11,869,379</u>	<u>46,179</u>	<u>236,000</u>	<u>12,151,558</u>
State Sources	2,906,400			2,906,400
Federal Sources		366,672		366,672
Total Revenues	<u>14,775,779</u>	<u>412,851</u>	<u>236,000</u>	<u>15,424,630</u>
EXPENDITURES				
Current:				
Regular Instruction	2,484,910	244,562		2,729,472
Special Education Instruction	866,766			866,766
Other Special Instruction	69,155			69,155
School Sponsored Instruction	101,546			101,546
Support Services and Undistributed Costs:				
Tuition	3,714,045	128,575		3,842,620
Student & Instruction Related Services	1,274,615	41,932		1,316,547
General Administrative Services	285,175			285,175
School Administrative Services	192,545			192,545
Central Services	179,910			179,910
Plant Operations and Maintenance	838,155			838,155

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
EXPENDITURES				
Current:				
Pupil Transportation	\$ 718,130			\$ 718,130
Unallocated Benefits	3,115,279			3,115,279
Transfer to Charter Schools	30,845			30,845
Capital Outlay	5,476			5,476
Debt Service:				
Principal			\$ 180,000	180,000
Interest and Other Charges			56,000	56,000
Total Expenditures	<u>13,876,552</u>	<u>\$ 415,069</u>	<u>236,000</u>	<u>14,527,621</u>
Net Change in Fund Balances	899,227	(2,218)		897,009
Fund Balance - July 1	<u>4,038,005</u>	<u>34,996</u>		<u>4,073,001</u>
Fund Balance - June 30	<u>\$ 4,937,232</u>	<u>\$ 32,778</u>	<u>\$ -0-</u>	<u>\$ 4,970,010</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 897,009
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.	Depreciation Expense	(403,366)
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 (+).		7,809
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		3,392
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		180,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Changes in Net Pension Liability	\$ 412,966	
Changes in Deferred Outflows	(137,435)	
Changes in Deferred Inflows	(8,191)	
	267,340	
Change in Net Position of Governmental Activities (A-2)		\$ 952,184

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 147,112
Intergovernmental Receivable:	
Federal	52,069
State	886
Inventory	3,565
	203,632
Total Current Assets	203,632
Non-Current Assets:	
Capital Assets	96,580
Less: Accumulated Depreciation	(90,514)
	6,066
Total Non-Current Assets	6,066
Total Assets	209,698
LIABILITIES:	
Accounts Payable	13,912
Interfund Accounts Payable	60,297
Unearned Revenue - Prepaid Sales	2,533
Unearned Revenue - Donated Commodities	768
	77,510
Total Liabilities	77,510
NET POSITION:	
Investment in Capital Assets	6,066
Unrestricted	126,122
	132,188
Total Net Position	\$ 132,188

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Miscellaneous Revenue	\$ 5,816
Total Operating Revenue	5,816
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,995
Salaries, Benefits & Payroll Taxes	86,220
Supplies, Insurance & Other Costs	21,732
Management Fee	9,270
Depreciation Expense	1,320
Total Operating Expenses	219,537
Operating Loss	(213,721)
Non-Operating Revenue:	
Local Sources:	
Interest Income	14
State Sources:	
COVID -19 Seamless Summer Option	4,190
Federal Sources:	
Food Distribution Program	16,608
COVID-19 Seamless Summer Option	240,903
COVID 19 - P-EBT Administrative Cost Program	1,242
COVID 19 - Emergency Operational Cost Reimbursement Program	2,648
Total Non-Operating Revenue	265,605
Change in Net Position	51,884
Net Position - Beginning of Year	80,304
Net Position - End of Year	\$ 132,188

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,782
Payments to Employees	(86,220)
Payments to Food Service Vendor	(93,765)
Payments to Suppliers	(17,897)
Net Cash (Used for) Operating Activities	(193,100)
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,924
Federal Subsidy Reimbursements	206,032
Interfund Advanced - General Fund	65,642
Net Cash Provided by Noncapital Financing Activities	275,598
Cash Flows from Investing Activities:	
Interest on Investments	14
Net Cash Provided by Investing Activities	14
Net Increase in Cash and Cash Equivalents	82,512
Cash and Cash Equivalents, July 1	64,600
Cash and Cash Equivalents, June 30	\$ 147,112
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (213,721)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,320
Food Distribution Program	16,608
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,361)
Increase/(Decrease) in Accounts Payable	4,499
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(1,034)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	589
Net Cash (Used for) Operating Activities	\$ (193,100)

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$17,197 and used \$16,608 of those commodities during the fiscal year.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Mount Arlington School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (or lease assets other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,782,479	\$ 412,851
Difference - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(71,145)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	64,445	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 14,775,779	\$ 412,851
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,876,552	\$ 415,069
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,876,552	\$ 415,069

E. Cash and Cash Equivalents and Investments:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

K. Capital Assets:

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

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

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

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

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

M. Long Term Liabilities:

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

N. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2021, the balance in the summer savings was paid to the District employees.

O. Compensated Absences:

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

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

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

P. Unearned Revenue:

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

Q. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

R. Fund Balance Appropriated:

General Fund: Of the \$4,895,049 General Fund fund balance at June 30, 2022, \$92,025 is assigned for encumbrances; \$2,429,325 is restricted in the capital reserve account; \$418,887 has been restricted in the maintenance reserve account; \$13,827 is restricted for unemployment compensation; \$100,000 is restricted in the tuition reserve account (\$50,000 for fiscal year ending June 30, 2023 and \$50,000 for the fiscal year ending June 30, 2024); \$578,923 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2023; current year excess surplus in the amount of \$488,004 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$250,886 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; and \$523,172 is unassigned fund balance, which is \$71,145 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Of the \$32,778 Special Revenue Fund fund balance at June 30, 2022, \$25,794 is restricted for student activities and \$6,984 is restricted for scholarships.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as defined above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$71,145, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$902,604 in governmental activities, which is primarily a result of unassigned and assigned fund balance offset by accrued interest payable, compensated absences payable, net pension liability, and deferred inflows and outflows in pensions.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

T. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2022 for pensions.

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

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

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

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2022.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2022.

V. Revenue - Exchange and Nonexchange Transactions:

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

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

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

W. Management Estimates:

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

X. Pensions

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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

Deposits:

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

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

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

Investments:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

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

During the period ended June 30, 2022, the District did not hold any investments.

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,822,330	\$ 2,994,817	\$4,817,147

The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$4,817,147 and the bank balance was \$5,788,425.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$2,500 on October 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,578,853
Increased by:	
Interest Earned	472
Transferred by Board Resolution June 15, 2022	850,000
Budget Withdrawal Returned	361,800
Decreased by:	
Budget Withdrawal	(361,800)
Ending Balance, June 30, 2022	\$ 2,429,325

The June 30, 2022 capital reserve account balance does not exceed the total LRFPP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 611,500			\$ 611,500
Total Capital Assets Not Being Depreciated	611,500			611,500
Capital Assets Being Depreciated:				
Site Improvements	467,938			467,938
Buildings and Building Improvements	9,779,759		\$ 69,906	9,849,665
Machinery and Equipment	609,955		24,189	634,144
Total Capital Assets Being Depreciated	10,857,652		94,095	10,951,747
Governmental Activities Capital Assets	11,469,152		94,095	11,563,247
Less Accumulated Depreciation for:				
Site Improvements	(284,075)	\$ (19,022)		(303,097)
Buildings and Building Improvements	(4,344,650)	(315,643)	(69,906)	(4,730,199)
Machinery and Equipment	(511,448)	(68,701)	(24,189)	(604,338)
	(5,140,173)	(403,366)	(94,095)	(5,637,634)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 6,328,979	\$ (403,366)	\$ -0-	\$ 5,925,613

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 96,580			\$ 96,580
Less Accumulated Depreciation	(89,194)	\$ (1,320)		(90,514)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 7,386	\$ (1,320)	\$ -0-	\$ 6,066

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 20,143
General Administrative Services	11,901
Plant Operations and Maintenance	6,087
Unallocated	365,235
	\$ 403,366

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District did not make any transfers to capital outlay accounts

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Payable in 1 Year
Serial Bonds Payable	\$ 1,400,000		\$ 180,000	\$ 1,220,000	\$ 185,000
Net Pension Liability	1,258,961		412,966	845,995	
Compensated Absences Payable	185,174	\$ 7,699	15,508	177,365	
	\$ 2,844,135	\$ 7,699	\$ 608,474	\$ 2,243,360	\$ 185,000

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2022 is \$185,000 and the long-term portion is \$1,035,000. The Debt Service Fund will be used to liquidate bonds payable.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

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

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 418,887
Ending Balance, July 30, 2022	<u>\$ 418,887</u>

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$83,633 for fiscal year 2022.

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

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

At June 30, 2022, the District reported a liability of \$845,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0071%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$183,704. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 35,752
	2018	5.63		67,027
	2019	5.21		59,130
	2020	5.16		139,271
	2021	5.13	\$ 4,406	
			<u>4,406</u>	<u>301,180</u>
Difference Between Expected and Actual Experience	2017	5.48	1,063	
	2018	5.63		2,522
	2019	5.21	4,520	
	2020	5.16	7,759	
	2021	5.13		3,504
			<u>13,342</u>	<u>6,026</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		6,638
	2019	5.00		(2,132)
	2020	5.00		(48,056)
	2021	5.00		266,437
				<u>222,887</u>
Changes in Proportion	2017	5.48	5,403	
	2018	5.63		9,415
	2019	5.21	82,056	
	2020	5.16		190,410
	2021	5.13		101,641
			<u>87,459</u>	<u>301,466</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	101,917	
			<u>\$ 207,124</u>	<u>\$ 831,559</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (199,617)
2023	(142,527)
2024	(97,179)
2025	(73,050)
2026	28
	\$ (512,345)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% 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 in determining the total pension liability.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,152,711	\$ 845,995	\$ 586,568

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$1,281,831 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$336,834.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$14,314,830. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.02978%, which was an decrease of 0.00062% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>14,314,830</u>
Total	<u>\$ 14,314,830</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$336,834 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2022	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table on the next page:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 16,936,838	\$ 14,314,830	\$ 12,112,511

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$15,560 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$22,285 for the fiscal year ended June 30, 2022.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through the Oxford Health Plan.

Property and Liability Insurance

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

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

The audit report for the year ended June 30, 2022 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2021 is as follows:

	<u>Morris-Essex Insurance Group</u>
Total Assets	\$ 12,024,566
Net Position	\$ 8,609,634
Total Revenue	\$ 3,815,160
Total Expenses	\$ 2,603,753
Change in Net Position	\$ 129,659
Member Dividends	\$ 1,081,748

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 1	\$ 28	\$ 229	\$ 13,827
2020-2021		10,974	9,823	14,027
2019-2020	2	13,953	17,614	12,876

NOTE 11 DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Life	AXA Equitable
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NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of June 30, 2022 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 60,297	
Proprietary Fund - Food Service Fund		\$ 60,297
	<u>\$ 60,297</u>	<u>\$ 60,297</u>

The \$60,297, due to the General Fund is due to state and federal subsidy reimbursements transferred duplicated to the Food Service Fund.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Arbitrage

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

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Total Governmental Funds
\$ 92,025	\$ 92,025
\$ 92,025	\$ 92,025

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 16. TUITION RESERVE ACCOUNT

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

As of June 30, 2022 the District has \$100,000 in the tuition reserve for which \$50,000 and \$50,000 will be used to pay for tuition adjustments for the fiscal year ending June 30, 2023 and 2024, respectively.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2022 consisted of the following:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Vendors	\$ 8,717	\$ 6,579		\$ 15,296	\$ 13,912
Payroll Deductions and Withholdings	184,033			184,033	
State of New Jersey			\$ 101,917	101,917	
	\$ 192,750	\$ 6,579	\$ 101,917	\$ 301,246	\$ 13,912

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Borough recognized revenue in the amount of \$599,343 from this annual service charge or payment in lieu of taxes which is recorded as revenue in the Current Fund. The taxes which would have been paid on this property for 2021 without the abatement would have been \$287,280 of which \$167,055 would have been for the local school district. During 2022, the School District received \$125,000 from the Borough from the PILOT as revenue recognized.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	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

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

Mortality Rates

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% 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 rate 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 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 rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 11,563,727
Changes for Year:	
Service Cost	549,533
Interest on the Total OPEB Liability	418,530
Changes of Assumptions	3,389,197
Difference in Expected and Actual Experiences	2,946,339
Gross Benefit Payments by the State	(323,012)
Contributions from Members	9,790
Net Changes	6,990,377
Balance at June 30, 2020	\$ 18,554,104

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 22,367,930	\$ 18,554,104	\$ 15,572,059

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 14,977,498	\$ 18,554,104	\$ 22,813,046

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$981,301 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

	<u>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 1,126,019
	2018	9.51		991,109
	2019	9.29	\$ 133,591	
	2020	9.24	3,022,401	
			<u>3,155,992</u>	<u>2,117,128</u>
Differences between Expected and Actual Experience	2018	9.51		936,907
	2019	9.29		1,572,373
	2020	9.24	2,816,996	
			<u>2,816,996</u>	<u>2,509,280</u>
Changes in Proportion	N/A	N/A	<u>6,253,229</u>	<u>275,756</u>
			<u>\$ 12,226,217</u>	<u>\$ 4,902,164</u>

N/A- Not Available

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2021	\$ 11,886
2022	11,886
2023	11,886
2024	11,886
2025	11,886
Thereafter	<u>1,287,150</u>
	<u>\$ 1,346,580</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0083773906%	0.0093836240%	0.0081084149%	0.0081084149%	0.0083913612%	0.0091012137%	0.0077201914%	0.0071413066%
District's proportionate share of the net pension liability	\$ 1,568,477	\$ 2,106,436	\$ 2,401,480	\$ 1,953,375	\$ 1,623,833	\$ 1,639,901	\$ 1,258,961	\$ 845,995
District's covered employee payroll	\$ 567,642	\$ 570,668	\$ 553,391	\$ 592,617	\$ 635,745	\$ 529,046	\$ 523,344	\$ 556,493
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	276.31%	369.12%	433.96%	329.62%	255.42%	309.97%	240.56%	152.02%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 69,062	\$ 80,674	\$ 72,606	\$ 79,334	\$ 82,653	\$ 89,151	\$ 84,901	\$ 83,633
Contributions in relation to the contractually required contribution	(69,062)	(80,674)	(72,606)	(79,334)	(82,653)	(89,151)	(84,901)	(83,633)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 570,668	\$ 553,391	\$ 592,617	\$ 635,745	\$ 529,046	\$ 523,344	\$ 556,493	\$ 537,173
Contributions as a percentage of covered employee payroll	12.10%	14.58%	12.25%	12.48%	15.62%	17.03%	15.26%	15.57%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.0301625284%	0.0304561326%	0.0309057303%	0.0305192044%	0.0295626153%	0.0294929531%	0.0304049236%	0.0297759205%
State's proportionate share of the net pension liability attributable to the District	\$ 16,120,890	\$ 19,249,576	\$ 24,312,415	\$ 20,577,148	\$ 18,807,092	\$ 18,100,104	\$ 20,021,276	\$ 14,314,830
District's covered employee payroll	\$ 3,066,789	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630	\$ 3,216,790	\$ 3,508,291	\$ 3,361,962
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	525.66%	616.20%	803.95%	677.74%	587.06%	562.68%	570.68%	425.79%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	
Contractually required contribution	\$ 867,455	\$ 1,175,360	\$ 1,826,740	\$ 1,425,481	\$ 1,096,388	\$ 1,067,592	
Contributions in relation to the contractually required contribution	(164,657)	(247,443)	(331,278)	(435,353)	(580,055)	(666,897)	
Contribution deficiency/(excess)	\$ 702,798	\$ 927,917	\$ 1,495,462	\$ 990,128	\$ 516,333	\$ 400,695	
District's covered employee payroll	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630	\$ 3,216,790	\$ 3,508,291	
Contributions as a percentage of covered employee payroll	27.77%	38.87%	60.17%	44.50%	34.08%	30.43%	
							25.75%
							35.58%
							\$ 3,602,200
							\$ 1,245,008
							\$ 336,834
							(1,281,831)
							\$ (944,997)

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

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

	Fiscal Years Ending			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 709,095	\$ 585,721	\$ 526,329	\$ 549,533
Interest Cost	463,965	537,912	511,501	418,530
Changes in Assumptions	(1,975,109)	(1,475,905)	172,416	3,389,197
Difference in Expected and Actual Experience		(1,058,644)	(2,163,423)	2,946,339
Member Contributions	12,456	11,886	10,522	9,790
Gross Benefit Payments	(338,266)	(343,908)	(354,972)	(323,012)
Net Change in Total OPEB Liability	(1,127,859)	(1,742,938)	(1,297,627)	6,990,377
Total OPEB Liability - Beginning	15,732,151	14,604,292	12,861,354	11,563,727
Total OPEB Liability - Ending	<u>\$ 14,604,292</u>	<u>\$ 12,861,354</u>	<u>\$ 11,563,727</u>	<u>\$ 18,554,104</u>
District's Covered Employee Payroll *	\$ 3,577,521	\$ 3,628,738	\$ 3,839,375	\$ 3,745,836
Total OPEB Liability as a Percentage of Covered Employee Payroll	408%	354%	301%	495%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, and 2020 are based on the payroll on the June 30, 2016, 2017, 2018, and 2019 census data.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

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 rate 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 rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

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

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 11,555,808		\$ 11,555,808	\$ 11,555,808	
Other Local Governments	150,000		150,000	125,000	\$ (25,000)
Tuition From Individuals				58,433	58,433
Tuition From Other Sources				42,183	42,183
Unrestricted Miscellaneous Revenues	18,800		18,800	87,483	68,683
Interest Earned on Maintenance Reserve	200		200		(200)
Interest Earned on Capital Reserve Funds	1,000		1,000	472	(528)
Total Revenues from Local Sources	<u>11,725,808</u>		<u>11,725,808</u>	<u>11,869,379</u>	<u>143,571</u>
Revenues from State Sources:					
Categorical Transportation Aid	212,050		212,050	212,050	
Extraordinary Aid	200,000		200,000	307,883	107,883
Categorical Special Education Aid	448,763		448,763	448,763	
Categorical Security Aid	50,873		50,873	50,873	
Securing Our Children's Future Bond Act				20,000	20,000
Nonpublic Transportation Aid				6,090	6,090
TPAF Post Retirement Contributions (Non-Budgeted)				303,713	303,713
TPAF Pension Contributions (Non-Budgeted)				1,281,831	1,281,831
TPAF Non-Contributory Insurance (Non-Budgeted)				18,085	18,085
TPAF Long-Term Disability Insurance (Non-Budgeted)				669	669
Reimbursed TPAF Social Security Contributions				263,143	263,143
Total Revenues from State Sources	<u>911,686</u>		<u>911,686</u>	<u>2,913,100</u>	<u>2,001,414</u>
TOTAL REVENUE	<u>12,637,494</u>		<u>12,637,494</u>	<u>14,782,479</u>	<u>2,144,985</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 134,252	\$	\$ 134,252	\$ 121,858	\$ 12,394
Grades 1-5 - Salaries of Teachers	1,184,984	\$ 73,274	1,258,258	1,194,408	63,850
Grades 6-8 - Salaries of Teachers	946,302	20,501	966,803	959,631	7,172
Regular Programs - Home Instruction:					
Salaries of Teachers	500	953	1,453	1,453	
Purchased Professional-Educational Services	1,500		1,500		1,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	32,443		32,443	31,461	982
Purchased Professional-Educational Services	290	1,060	1,350	1,350	
Purchased Technical Services	38,293		38,293	38,293	
Other Purchased Services (400-500 series)	67,047	(29,040)	38,007	36,281	1,726
General Supplies	84,429	(4,661)	79,768	79,768	
Textbooks	20,000	40,516	60,516	18,734	41,782
Other Objects	1,750	(77)	1,673	1,673	
Total Regular Programs - Instruction	2,511,790	102,526	2,614,316	2,484,910	129,406
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	82,012		82,012		82,012
General Supplies		3,003	3,003		3,003
Total Learning and/or Language Disabilities	82,012	3,003	85,015		85,015
Resource Room/Resource Center:					
Salaries of Teachers	412,661	17,540	430,201	430,201	
Other Salaries for Instruction	29,896		29,896	20,737	9,159
Purchased Professional-Educational Services	49,374	(14,268)	35,106	26,400	8,706
General Supplies	2,750	(167)	2,583	2,571	12
Total Resource Room/Resource Center	494,681	3,105	497,786	479,909	17,877

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	\$ 157,047	\$	157,047	\$ 151,226	\$ 5,821
Other Salaries for Instruction	15,900		15,900		15,900
Total Autism	<u>172,947</u>		<u>172,947</u>	<u>151,226</u>	<u>21,721</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	137,748	\$ 64,656	202,404	202,404	
Other Salaries for Instruction	66,588		66,588	30,966	35,622
General Supplies	200	2,259	2,459	2,261	198
Total Preschool Disabilities - Full-Time	<u>204,536</u>	<u>66,915</u>	<u>271,451</u>	<u>235,631</u>	<u>35,820</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>954,176</u>	<u>73,023</u>	<u>1,027,199</u>	<u>866,766</u>	<u>160,433</u>
Basic Skills/Remedial - Instruction:					
General Supplies		61	61	50	11
Total Basic Skills/Remedial - Instruction		<u>61</u>	<u>61</u>	<u>50</u>	<u>11</u>
Bilingual Education - Instruction:					
Salaries of Teachers	59,825	9,280	69,105	69,105	
Total Bilingual Education - Instruction	<u>59,825</u>	<u>9,280</u>	<u>69,105</u>	<u>69,105</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	\$ 27,260	\$ 31,259	\$ 58,519	\$ 58,419	\$ 100
Purchased Services (300-500 series)	1,400		1,400		1,400
Supplies and Materials	400		400		400
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	29,060	31,259	60,319	58,419	1,900
School-Sponsored Athletics - Instruction:					
Salaries	41,259		41,259	37,482	3,777
Purchased Services (300-500 series)	6,830		6,830	4,701	2,129
Supplies and Materials	1,600		1,600		1,600
Other Objects	1,655		1,655	944	711
Total School-Sponsored Athletics - Instruction	51,344		51,344	43,127	8,217
TOTAL INSTRUCTION	3,606,195	216,149	3,822,344	3,522,377	299,967
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	2,886,887	(145,297)	2,741,590	2,726,808	14,782
Tuition to Other LEAs Within the State-Special	726,278	(155,031)	571,247	345,075	226,172
Tuition to County Voc. School Dist.-Regular	196,480	(11,667)	184,813	177,752	7,061
Tuition to Priv. Sch. for the Handicap. W/I State	808,196	(171,515)	636,681	464,410	172,271
Total Undistributed Expenditures - Instruction	4,617,841	(483,510)	4,134,331	3,714,045	420,286
Undistributed Expend. - Attendance. & Social Work:					
Salaries	27,838		27,838	27,837	1
Total Undist. Expend. - Attendance and Social Work	27,838		27,838	27,837	1

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 124,295	\$ (11,900)	\$ 112,395	\$ 94,921	\$ 17,474
Purchased Professional and Technical Services	5,800	11,900	17,700	13,355	4,345
Supplies and Materials	6,750		6,750	1,991	4,759
Other Objects	972		972	639	333
Total Undist. Expenditures - Health Services	137,817		137,817	110,906	26,911
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	229,180	35,378	264,558	216,055	48,503
Purchased Professional - Educational Services	205,880		205,880	176,163	29,717
Supplies and Materials	4,000		4,000	1,690	2,310
Total Undist. Expend. - Speech, OT, PT, Related Svcs	439,060	35,378	474,438	393,908	80,530
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	192,448	20,568	213,016	213,016	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	192,448	20,568	213,016	213,016	
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	68,299		68,299	63,280	5,019
Salaries of Secretarial and Clerical Assistants	46,071	875	46,946	46,946	
Supplies and Materials	100	36	136	136	
Total Undist. Expend. - Guidance	114,470	911	115,381	110,362	5,019

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 147,795	\$	\$ 147,795	\$ 130,693	\$ 17,102
Salaries of Secretarial and Clerical Assistants	37,367		37,367	37,367	
Other Purchased Prof. and Tech. Services	37,200	\$ 6,439	43,639	37,910	5,729
Supplies and Materials	5,550	302	5,852	5,852	
Other Objects	325	715	1,040	1,040	
Total Undist Expend. - Child Study Team	228,237	7,456	235,693	212,862	22,831
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	88,995	1,724	90,719	90,719	
Salaries of Other Professional Staff	8,000		8,000		8,000
Total Undist. Expend.-Improv. of Inst. Serv.	96,995	1,724	98,719	90,719	8,000
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	30,723	445	31,168	31,168	
Salaries of Technology Coordinators	77,519		77,519	77,518	1
Supplies and Materials	2,650	281	2,931	2,929	2
Other Objects	2,500		2,500	2,287	213
Total Undist Expend-Edu. Media Serv./Sch. Library	113,392	726	114,118	113,902	216
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	2,500		2,500	1,038	1,462
Other Objects	1,000		1,000	65	935
Total Undist.Expend.-Instructional Staff Training Services	3,500		3,500	1,103	2,397

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 186,998	\$	\$ 186,998	\$ 183,559	\$ 3,439
Legal Services	23,000		23,000	12,539	10,461
Audit Fees	29,000		29,000	29,000	
Architectural/Engineering Services	2,000		2,000		2,000
Other Purchased Professional Services	8,150		8,150	6,525	1,625
Communications / Telephone	37,500		37,500	33,388	4,112
BOE Other Purchased Services	4,244		4,244		4,244
Other Purch. Serv. (400-500 series other than 530 & 585)	18,050		18,050	10,233	7,817
General Supplies	2,300		2,300	809	1,491
Miscellaneous Expenditures	6,644		6,644	3,708	2,936
BOE Membership Dues and Fees	6,000		6,000	5,414	586
Total Undist. Expend.-Support Serv.-Gen. Admin.	323,886		323,886	285,175	38,711
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	137,833	\$ 3,054	140,887	140,887	
Salaries of Secretarial and Clerical Assistants	52,099		52,099	49,938	2,161
Other Purchased Services (400-500 series)	500	(158)	342		342
Supplies and Materials	500	217	717		
Other Objects	1,000	3	1,003		
Total Undist. Expend.-Support Serv.-School Adm.	191,932	3,116	195,048	192,545	2,503
Undist. Expend. - Central Services:					
Salaries	168,088		168,088	162,713	5,375
Purchased Professional Services	149		149		149
Purchased Technical Services	25,555	(11,585)	13,970	8,607	5,363
Miscellaneous Purchased Services (400-500 series other than 594)	1,000	(56)	944		
Supplies and Materials	2,200	2,113	4,313		
Other Objects	3,315	18	3,333		
Total Undist. Expend. - Central Services	200,307	(9,510)	190,797	179,910	10,887

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	\$ 43,471	\$	43,471	\$ 42,565	\$ 906
Cleaning, Repair, and Maintenance Services	193,956		193,956	157,548	36,408
General Supplies	5,000	\$ 1,790	6,790	5,290	1,500
Total Undist. Expend.- Required Maint. for School Facilities	<u>242,427</u>	<u>1,790</u>	<u>244,217</u>	<u>205,403</u>	<u>38,814</u>
Undist. Expend.-Custodial Services:					
Salaries	251,419	4,965	256,384	247,780	8,604
Purchased Professional and Technical Services	11,100	(1,692)	9,408	7,895	1,513
Cleaning, Repair, and Maintenance Services	22,082	5,004	27,086	27,086	
Other Purchased Property Services	47,000	18,993	65,993	55,646	10,347
Insurance	102,814	12,782	115,596	115,596	
General Supplies	35,000	(8,831)	26,169	13,221	12,948
Energy (Natural Gas)	82,700	7,256	89,956	64,042	25,914
Energy (Electricity)	88,000	(3,414)	84,586	53,512	31,074
Other Objects	5,343		5,343	2,023	3,320
Total Undist. Expend.-Custodial Services	<u>645,458</u>	<u>35,063</u>	<u>680,521</u>	<u>586,801</u>	<u>93,720</u>
Care and Upkeep of Grounds:					
Salaries	26,658		26,658	18,078	8,580
Cleaning, Repair, and Maintenance Services	17,260	4,134	21,394	20,293	1,101
General Supplies	1,500		1,500	1,028	472
Total Care And Upkeep Of Grounds	<u>45,418</u>	<u>4,134</u>	<u>49,552</u>	<u>39,399</u>	<u>10,153</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Purchased Professional and Technical Services	\$ 3,475	\$ 50	\$ 3,525	\$ 3,525	
Cleaning, Repair, and Maintenance Services	8,700		8,700	2,648	\$ 6,052
General Supplies	1,000		1,000	379	621
Total Security	13,175	50	13,225	6,552	6,673
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	946,478	41,037	987,515	838,155	149,360
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	26,143	312	26,455	26,455	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis.	22,325	7,000	29,325	28,478	847
Contract. Serv.(Bet. Home & Sch.)-Vendors	450		450		450
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vendors	2,500		2,500	98	2,402
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	324,152	216,346	540,498	395,422	145,076
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	367,930	(90,339)	277,591	221,650	55,941
Contract. Serv.(Reg. Students)-ESCs & CTSA's	66,186	(14,140)	52,046	46,027	6,019
Total Undist. Expend.-Student Trans. Serv.	809,686	119,179	928,865	718,130	210,735
UNALLOCATED BENEFITS					
Social Security Contributions	105,000		136,354	136,354	
Other Retirement Contributions - PERS	85,000	31,354	85,000	83,633	1,367
Other Retirement Contributions - Regular	20,000		20,000	15,560	4,440
Unemployment Compensation	500		500	200	300
Workers Compensation	60,000		60,000	51,242	8,758
Health Benefits	1,185,000		1,185,000	946,807	238,193
Tuition Reimbursement	36,500		36,500	14,042	22,458
Other Employee Benefits	3,650		3,650		3,650
TOTAL UNALLOCATED BENEFITS	1,495,650	31,354	1,527,004	1,247,838	279,166

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 303,713	\$ (303,713)	(303,713)
TPAF Pension Contributions (Non-Budgeted)			1,281,831	(1,281,831)	(1,281,831)
TPAF Non-Contributory Insurance (Non-Budgeted)			18,085	(18,085)	(18,085)
TPAF Long-Term Disability Insurance (Non-Budgeted)			669	(669)	(669)
Reimbursed TPAF Social Security Contributions			263,143	(263,143)	(263,143)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			<u>1,867,441</u>	<u>(1,867,441)</u>	<u>(1,867,441)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 1,495,650	\$ 31,354	\$ 1,527,004	3,115,279	(1,588,275)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>9,939,537</u>	<u>(231,571)</u>	<u>9,707,966</u>	<u>10,317,854</u>	<u>(609,888)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>13,545,732</u>	<u>(15,422)</u>	<u>13,530,310</u>	<u>13,840,231</u>	<u>(309,921)</u>
CAPITAL OUTLAY					
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.	72,538		72,538	5,246	67,292
Total Equipment	<u>72,538</u>		<u>72,538</u>	<u>5,246</u>	<u>67,292</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	\$ 26,800		\$ 26,800		\$ 26,800
Construction Services	335,000		335,000		335,000
Assessment for Debt Service on SDA Funding	230		230	230	
Total Facilities Acquisition and Construction Serv.	<u>362,030</u>		<u>362,030</u>	<u>230</u>	<u>361,800</u>
TOTAL CAPITAL OUTLAY	<u>434,568</u>		<u>434,568</u>	<u>5,476</u>	<u>429,092</u>
Transfer of Funds to Charter Schools	15,423	\$ 15,422	30,845	30,845	
	<u>15,423</u>	<u>15,422</u>	<u>30,845</u>	<u>30,845</u>	
TOTAL EXPENDITURES	<u>13,995,723</u>		<u>13,995,723</u>	<u>13,876,552</u>	<u>119,171</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,358,229)		(1,358,229)	905,927	2,264,156
Fund Balance, July 1	4,102,450		4,102,450	4,102,450	
Fund Balance, June 30	<u>\$ 2,744,221</u>	<u>\$ -0-</u>	<u>\$ 2,744,221</u>	<u>\$ 5,008,377</u>	<u>\$ 2,264,156</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024	\$ 487,984				
Excess Surplus - Restricted For 2022-2023	578,923				
Capital Reserve	2,429,325				
Maintenance Reserve	418,887				
Tuition Reserve 2023-2024	50,000				
Tuition Reserve 2022-2023	50,000				
Unemployment Compensation	13,827				
Assigned Fund Balance:					
Year End Encumbrances	92,025				
Designated for Subsequent Year's Expenditures	250,886				
Unassigned Fund Balance	<u>636,520</u>				
				<u>5,008,377</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis			<u>(71,145)</u>		
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,937,232</u>				

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 33,300	\$ 66,896	\$ 100,196	\$ 46,179	\$ (54,017)
Federal Sources	135,590	298,074	433,664	366,672	(66,992)
Total Revenues	\$ 168,890	\$ 364,970	\$ 533,860	\$ 412,851	\$ (121,009)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 31,215	\$ 78,973	\$ 110,188	\$ 105,771	\$ 4,417
Purchased Professional/Educational Services		4,687	4,687		4,687
Tuition	88,275	40,300	128,575	128,575	
General Supplies		55,647	55,647	22,217	33,430
Total Instruction	119,490	179,607	299,097	256,563	42,534
Support Services:					
Personal Services - Employee Benefits		41,610	41,610	41,610	
Purchased Professional/Technical Services	16,100	94,677	110,777	74,964	35,813
Supplies and Materials		1,350	1,350		1,350
Student Activities	33,300	40,876	74,176	40,876	33,300
Scholarship		9,068	9,068	1,056	8,012
Total Support Services	49,400	187,581	236,981	158,506	78,475
Total Expenditures	\$ 168,890	\$ 367,188	\$ 536,078	\$ 415,069	\$ 121,009
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -0-	\$ (2,218)	\$ (2,218)	\$ (2,218)	\$ -0-

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,782,479	\$ 412,851
Difference - Budgetary to GAAP:		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(71,145)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	64,445	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,775,779	\$ 412,851
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,876,552	\$ 415,069
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,876,552	\$ 415,069

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act				IDEA Part B	
	Local Grants	Title I	Title II Part A	Title IV	Basic	Preschool
REVENUE:						
Local Sources	\$ 6,465					
Federal Sources		\$ 61,204	\$ 3,294	\$ 2,500	\$ 106,842	\$ 4,170
Total Revenue	6,465	61,204	3,294	2,500	106,842	4,170
EXPENDITURES:						
Instruction:						
Salaries of Teachers		44,191				
Tuition					106,842	
General Supplies	6,465	35				
Total Instruction	6,465	44,226			106,842	
Support Services:						
Personal Services -						
Employee Benefits		16,978				
Purchased Professional/						
Technical Services			3,294	2,500		4,170
Student Activities						
Scholarship						
Total Support Services		16,978	3,294	2,500		4,170
Total Expenditures	\$ 6,465	\$ 61,204	\$ 3,294	\$ 2,500	\$ 106,842	\$ 4,170

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ACSERS	CRRSA				Student Activities	Student Scholarship	Totals
		ESSER II	Learning Acceleration	Mental Health				
REVENUE:								
Local Sources	\$ 21,733	\$ 120,179	\$ 6,250	\$ 40,500	\$ 39,685	\$ 29	\$ 46,179	
Federal Sources							366,672	
Total Revenue	21,733	120,179	6,250	40,500	39,685	29	412,851	
EXPENDITURES:								
Instruction:								
Salaries of Teachers		61,580					105,771	
Tuition	21,733	15,717					128,575	
General Supplies							22,217	
Total Instruction	21,733	77,297					256,563	
Support Services:								
Personal Services -								
Employee Benefits		24,632					41,610	
Purchased Professional/								
Technical Services		18,250	6,250	40,500			74,964	
Student Activities					40,876		40,876	
Scholarship						1,056	1,056	
Total Support Services		42,882	6,250	40,500	40,876	1,056	158,506	
Total Expenditures	\$ 21,733	\$ 120,179	\$ 6,250	\$ 40,500	\$ 40,876	\$ 1,056	\$ 415,069	

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 147,112
Intergovernmental Receivable:	
Federal	52,069
State	886
Inventory	3,565

Total Current Assets	<u>203,632</u>
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Non-Current Assets:

Capital Assets	96,580
Less: Accumulated Depreciation	<u>(90,514)</u>

Total Non-Current Assets	<u>6,066</u>
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Total Assets	<u>209,698</u>
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LIABILITIES:

Accounts Payable	13,912
Interfund Accounts Payable	60,297
Unearned Revenue - Prepaid Sales	2,533
Unearned Revenue - Donated Commodities	<u>768</u>

Total Liabilities	<u>77,510</u>
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NET POSITION:

Investment in Capital Assets	6,066
Unrestricted	<u>126,122</u>

Total Net Position	<u>\$ 132,188</u>
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BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Miscellaneous Revenues	\$ 5,816
	<hr/>
Total Operating Revenue	5,816
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,995
Salaries, Benefits & Payroll Taxes	86,220
Supplies, Insurance & Other Costs	21,732
Management Fee	9,270
Depreciation Expense	1,320
	<hr/>
Total Operating Expenses	219,537
	<hr/>
Operating Loss	(213,721)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	14
State Sources:	
COVID-19 Seamless Summer Option	4,190
Federal Sources:	
Food Distribution Program	16,608
COVID-19 Seamless Summer Option	240,903
COVID 19 - P-EBT Administrative Cost Program	1,242
COVID 19 - Emergency Operational Cost Reimbursement Program	2,648
	<hr/>
Total Non-Operating Revenue	265,605
	<hr/>
Change in Net Position	51,884
	<hr/>
Net Position - Beginning of Year	80,304
	<hr/>
Net Position - End of Year	\$ 132,188
	<hr/> <hr/>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,782
Payments to Employees	(86,220)
Payments to Food Service Vendor	(93,765)
Payments to Suppliers	(17,897)
	<hr/>
Net Cash (Used for) Operating Activities	(193,100)
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,924
Federal Subsidy Reimbursements	206,032
Interfund Advance - General Fund	65,642
	<hr/>
Net Cash Provided by Noncapital Financing Activities	275,598
Cash Flows from Investing Activities:	
Interest on Investments	14
	<hr/>
Net Cash Provided by Investing Activities	14
Net Increase in Cash and Cash Equivalents	82,512
Cash and Cash Equivalents, July 1	64,600
	<hr/>
Cash and Cash Equivalents, June 30	\$ 147,112
	<hr/> <hr/>
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (213,721)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,320
Food Distribution Program	16,608
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,361)
Increase/(Decrease) in Accounts Payable	4,499
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(1,034)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	589
	<hr/>
Net Cash (Used for) Operating Activities	\$ (193,100)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$17,197 and used \$16,608 of those commodities during the fiscal year.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 236,000		\$ 236,000	\$ 236,000	
Total Revenues	236,000		236,000	236,000	
EXPENDITURES:					
Regular Debt Service:					
Interest	56,000		56,000	56,000	
Redemption of Principal	180,000		180,000	180,000	
Total Regular Debt Service	236,000		236,000	236,000	
Total Expenditures	236,000		236,000	236,000	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,425,170	\$ 2,924,264	\$ 3,611,901	\$ 3,799,984	\$ 4,070,389	\$ 4,536,369	\$ 4,486,100	\$ 5,077,769	\$ 4,928,979	\$ 4,705,613
Restricted	2,460,749	1,792,806	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316	4,061,724
Unrestricted/(Deficit)	243,179	(264,411)	(839,382)	(719,554)	(630,135)	(1,013,833)	(544,061)	(1,636,699)	(1,249,543)	(902,604)
Total governmental activities net position	\$ 5,129,098	\$ 4,452,659	\$ 4,664,697	\$ 5,385,597	\$ 5,998,127	\$ 6,166,039	\$ 6,054,118	\$ 6,206,967	\$ 6,954,752	\$ 7,864,733
Business-type Activities:										
Investment in Capital Assets	\$ 19,378	\$ 20,478	\$ 15,987	\$ 13,384	\$ 10,781	\$ 8,178	\$ 10,253	\$ 8,820	\$ 7,386	\$ 6,066
Unrestricted	37,847	34,613	37,259	38,537	26,765	36,785	48,410	45,530	72,918	126,122
Total business-type activities net position	\$ 57,225	\$ 55,091	\$ 53,246	\$ 51,921	\$ 37,546	\$ 44,963	\$ 58,663	\$ 54,350	\$ 80,304	\$ 132,188
District-wide:										
Net Investment in Capital Assets	\$ 2,444,548	\$ 2,944,742	\$ 3,627,888	\$ 3,813,368	\$ 4,081,170	\$ 4,544,547	\$ 4,496,353	\$ 5,086,589	\$ 4,936,365	\$ 4,711,679
Restricted	2,460,749	1,792,806	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316	4,061,724
Unrestricted/(Deficit)	281,026	(229,798)	(802,123)	(681,015)	(603,370)	(977,048)	(495,651)	(1,591,169)	(1,176,625)	(776,482)
Total District Net Position	\$ 5,186,323	\$ 4,507,750	\$ 4,717,943	\$ 5,437,518	\$ 6,035,673	\$ 6,211,002	\$ 6,112,781	\$ 6,261,317	\$ 7,035,056	\$ 7,996,921

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,001,062	\$ 3,127,551	\$ 3,708,862	\$ 3,926,699	\$ 4,505,342	\$ 4,819,145	\$ 4,428,175	\$ 4,144,767	\$ 4,285,075	\$ 4,193,989
Special Education	742,111	689,550	891,387	982,122	1,189,732	1,357,508	1,336,955	1,488,759	1,291,898	1,392,520
Other Special Instruction	31,846	35,390	51,575	74,419	89,471	26,899	72	277	75	69,155
School Sponsored Instruction	17,958	107,622	104,470	109,371	131,214	148,393	135,465	112,118	27,563	205,375
Support Services:										
Tuition	3,029,931	3,069,283	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,079,325	4,044,092	3,842,620
Student & Instruction Related Services	1,040,564	1,094,672	1,248,399	1,139,183	1,258,706	1,336,810	1,457,721	1,284,655	1,450,079	1,544,076
General Administrative Services	359,353	297,909	319,315	320,743	357,010	331,226	322,243	323,416	340,114	325,743
School Administrative Services	189,053	213,480	246,605	290,653	182,029	335,958	386,069	335,442	341,783	323,569
Central Services	183,459	198,757	206,505	222,618	210,617	221,107	232,077	236,097	252,593	215,870
Plant Operations and Maintenance	661,216	661,037	716,039	715,012	858,359	835,882	1,117,615	872,705	814,754	979,786
Pupil Transportation	466,672	564,266	465,746	470,149	490,019	518,530	601,438	680,311	720,379	723,976
Unallocated Depreciation	138,979	93,949	278,359	200,695	241,797	241,797	256,441	256,441	288,653	299,428
Capital Outlay	107,967	37,860	230	230	230	12,431	230	230	230	5,476
Interest on Long-Term Debt	105,389	100,835	96,142	90,467	85,217	79,050	69,841	66,284	59,500	52,608
Charter Schools	24,930	38,415	51,762	40,342	42,772	29,325	25,994		13,832	30,845
Total Governmental Activities Expenses	10,100,490	10,330,576	11,895,353	12,065,918	12,897,973	13,963,637	14,314,643	13,880,827	13,930,620	14,205,036
Business-type Activities:										
Food Service	127,284	118,756	133,598	144,867	169,352	162,071	171,364	137,789	97,121	219,537
Total Business-type Activities Expenses	127,284	118,756	133,598	144,867	169,352	162,071	171,364	137,789	97,121	219,537
Total District Expenses	10,227,774	10,449,332	12,028,951	12,210,785	13,067,325	14,125,708	14,486,007	14,018,616	14,027,741	14,424,573
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)										
Operating Grants and Contributions	1,378,670	1,295,596	2,212,445	2,537,058	3,242,679	3,499,827	3,042,296	2,656,469	2,853,391	2,934,805
Capital Grants and Contributions			117,781	176,672				36,793	16,456	98,147
Total Governmental Activities Program Revenues	1,378,670	1,295,596	2,330,226	2,713,730	3,242,679	3,499,827	3,042,296	2,693,262	2,869,847	3,032,952

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type Activities:										
Charges for Services:										
Food Service	\$ 89,901	\$ 86,475	\$ 89,042	\$ 93,790	\$ 98,441	\$ 109,254	\$ 113,760	\$ 68,371	\$ 3,719	\$ 5,816
Operating Grants and Contributions	33,133	29,999	42,594	49,709	56,457	59,984	67,241	64,895	119,334	265,591
Total Business-type Activities Revenues	123,034	116,474	131,636	143,499	154,898	169,238	181,001	133,266	123,053	271,407
Total District Program Revenues	1,501,704	1,412,070	2,461,862	2,857,229	3,397,577	3,669,065	3,223,297	2,826,528	2,992,900	3,304,359
Net (Expense)/Revenue										
Governmental Activities	(8,721,820)	(9,034,980)	(9,565,127)	(9,352,188)	(9,655,294)	(10,463,810)	(11,272,347)	(11,187,565)	(11,060,773)	(11,172,084)
Business-type Activities	(4,250)	(2,282)	(1,962)	(1,368)	(14,454)	7,167	9,637	(4,523)	25,932	51,870
Total District-wide Net (Expense)/Revenue	(8,726,070)	(9,037,262)	(9,567,089)	(9,353,556)	(9,669,748)	(10,456,643)	(11,262,710)	(11,192,088)	(11,034,841)	(11,120,214)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	9,099,735	9,281,730	9,467,364	9,738,377	9,933,144	10,227,375	10,578,174	10,789,737	11,329,224	11,555,808
Taxes Levied for Debt Service	232,231	233,013	233,463	238,400	232,600	231,800	235,799	234,400	232,800	236,000
Unrestricted Grants and Contributions	170,798	190,541	58,384	59,947	64,155	64,986	52,283	50,903	50,912	70,837
Tuition Charges						44,293	8,786			
Investment Earnings	3,028	6,029	948	958	2,402	51,212	98,234	49,866	1,380	472
Other Local Governments							150,000	150,000	150,000	125,000
Miscellaneous Income	100,105	79,482	17,006	35,406	35,523	12,056	37,150	17,498	44,242	93,968
Total Governmental Activities	9,605,897	9,790,795	9,777,165	10,073,088	10,267,824	10,631,722	11,160,426	11,292,404	11,808,558	12,082,085
Business-type Activities:										
Investment Earnings	7	148	117	43	79	250	555	210	22	14
Capital Asset Adjustment							3,509			
Total Business-type Activities	7	148	117	43	79	250	4,064	210	22	14
Total District-wide	9,605,904	9,790,943	9,777,282	10,073,131	10,267,903	10,631,972	11,164,490	11,292,614	11,808,580	12,082,099
Change in Net Position										
Governmental Activities	884,077	755,815	212,038	720,900	612,530	167,912	(111,921)	104,839	747,785	910,001
Business-type Activities	(4,243)	(2,134)	(1,845)	(1,325)	(14,375)	7,417	13,701	(4,313)	25,954	51,884
Total District	\$ 879,834	\$ 753,681	\$ 210,193	\$ 719,575	\$ 598,155	\$ 175,329	\$ (98,220)	\$ 100,526	\$ 773,739	\$ 961,885

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

FUND BALANCES

GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$1,615,711	\$1,792,806	\$1,892,177	\$2,305,166	\$2,557,872	\$2,643,502	\$2,112,079	\$2,730,763	\$3,240,320	\$4,028,946
Assigned	513,878	447,770	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799	342,911
Unassigned	321,698	351,629	375,228	330,947	369,164	411,266	409,331	271,909	400,886	565,375
Total General Fund	\$2,451,287	\$2,592,205	\$2,690,183	\$3,178,952	\$3,682,887	\$3,484,689	\$3,655,440	\$3,230,134	\$4,038,005	\$4,937,232
All Other Governmental Funds:										
Restricted	\$ 303,249		\$ 1	\$ 1	\$ 1	\$ 1		\$ 35,134	\$ 34,996	\$ 32,778
Committed	27,911	\$ 427,947		57,106						
Unassigned/(Deficit)			(119,566)							
Total All Other Governmental Funds	\$ 331,160	\$ 427,947	\$ (119,565)	\$ 57,107	\$ 1	\$ 1	\$ -0-	\$ 35,134	\$ 34,996	\$ 32,778
Total All Governmental Funds:										
Restricted	\$1,918,960	\$1,792,806	\$1,892,178	\$2,305,167	\$2,557,873	\$2,643,503	\$2,112,079	\$2,765,897	\$3,275,316	\$4,061,724
Committed	27,911	427,947		57,106						
Assigned	513,878	447,770	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799	342,911
Unassigned	321,698	351,629	255,662	330,947	369,164	411,266	409,331	271,909	400,886	565,375
Total All Governmental Funds	\$2,782,447	\$3,020,152	\$2,570,618	\$3,236,059	\$3,682,888	\$3,484,690	\$3,655,440	\$3,265,268	\$4,073,001	\$4,970,010

Source: School District Financial Reports.

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

	For Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 9,331,966	\$ 9,514,743	\$ 9,700,827	\$ 9,976,777	\$ 10,165,744	\$ 10,459,175	\$ 10,813,973	\$ 11,024,137	\$ 11,562,024	\$ 11,791,808
Tuition Charges						44,293	8,786	36,793	3,250	100,616
Interest Earnings	3,028	6,029	948	958	2,402	7,682	25,177	49,866	1,380	472
Miscellaneous	107,830	88,552	19,581	41,214	40,500	56,386	110,207	17,498	57,448	133,662
Other Sources							150,000	150,000	150,000	125,000
State Sources	1,335,185	1,306,296	1,534,795	1,683,742	1,645,719	1,738,238	2,023,664	2,051,214	2,188,712	2,906,400
Federal Sources	206,558	170,771	148,442	156,210	160,676	152,401	153,799	148,772	254,013	366,672
Total Revenues	10,984,567	11,086,391	11,404,593	11,858,901	12,015,041	12,458,175	13,285,606	13,478,280	14,216,827	15,424,630
Expenditures										
Instruction:										
Regular Instruction	2,066,742	2,297,870	2,171,983	2,127,790	2,148,358	2,260,339	2,371,048	2,408,127	2,420,740	2,729,472
Special Education Instruction	509,134	481,046	523,612	552,087	610,295	674,543	747,091	811,810	754,572	866,766
Other Instruction	16,477	27,919	37,522	39,184	43,211	12,260	72	277	75	69,155
School Sponsored Instruction	18,465	75,210	60,237	60,756	63,191	72,092	76,494	67,771	15,530	101,546
Support Services:										
Tuition	3,029,931	3,069,283	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,188,299	4,044,092	3,842,620
Student & Instruction Related Services	828,711	876,015	1,009,145	896,226	983,581	1,045,488	1,001,166	1,027,685	1,192,348	1,316,547
General Administrative Services	307,757	253,530	270,740	269,352	297,104	279,932	281,261	273,301	293,910	285,175
School Administrative Services	130,159	149,593	153,263	160,935	136,061	168,787	176,025	182,324	189,232	192,545
Central Services	150,622	159,501	163,540	175,367	165,980	172,233	191,380	186,854	202,326	179,910
Plant Operations and Maintenance	595,048	589,716	651,266	629,589	756,645	734,788	844,291	766,167	727,317	838,155
Pupil Transportation	462,966	559,703	460,759	464,854	490,019	518,530	597,490	675,197	713,409	718,130
Unallocated Benefits	1,569,065	1,566,216	1,656,084	1,750,544	1,923,232	2,164,199	2,367,512	2,384,137	2,608,681	3,115,279
Charter Schools	24,930	38,415	51,762	40,342	42,772	29,325	25,994	13,832	13,832	30,845
Capital Outlay	394,474	471,656	900,795	304,819	419,705	622,481	254,925	710,113	230	5,476
Debt Service:										
Principal	125,000	130,000	135,000	145,000	145,000	150,000	160,000	165,000	170,000	180,000
Interest and Other Charges	107,231	103,013	98,462	93,400	87,600	81,800	75,800	69,400	62,800	56,000
Total Expenditures	10,336,712	10,848,686	11,854,127	11,193,460	11,568,212	12,656,373	13,114,856	13,916,462	13,409,094	14,527,621
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	647,855	237,705	(449,534)	665,441	446,829	(198,198)	170,750	(438,182)	807,733	897,009

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

	For Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfers In	\$ 346,000	\$ 433,194	\$ 40,000	\$	\$ 57,106					
Transfers Out	(346,000)	(433,194)	(40,000)		(57,106)					
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 647,855	\$ 237,705	\$ (449,534)	\$ 665,441	\$ 446,829	\$ (198,198)	\$ 170,750	\$ (438,182)	\$ 807,733	\$ 897,009
Debt Service as a Percentage of Noncapital Expenditures	2.34%	2.25%	2.13%	2.19%	2.09%	1.93%	1.83%	1.77%	1.74%	1.63%

Source: School District Financial Reports.

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

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Prior Year Refunds	Other Local Governments	Other	Total
2013	\$ 3,428	\$ 7,159	\$ 87,669		\$ 4,877	\$ 103,133
2014		6,029	77,433		2,049	85,511
2015		6,317	17		11,620	17,954
2016		6,388			29,976	36,364
2017		16,016	4,785		17,124	37,925
2018	44,293	51,212	5,639		6,417	107,561
2019	8,786	98,234	26,137	\$ 150,000	11,013	294,170
2020	36,793	49,866	15,956	150,000	1,542	254,157
2021	3,250	1,380	1,265	150,000	42,720	198,615
2022	100,616	1,571		125,000	86,404 *	313,591

* included dividends from the Morris Essex Insurance Fund

Source: Borough of Mount Arlington School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 12,418,800	\$ 582,055,600	\$ 6,600	\$ 63,866,600	\$ 234,200	\$ 20,700,000	\$ 679,281,800	\$ 26,302,000	\$ 679,281,800	1.361	\$ 757,281,828
2013	10,764,400	585,902,700	6,600	63,866,600	234,200	20,700,000	681,474,500	25,649,400	681,474,500	1.383	760,593,072
2014	9,834,500	589,915,700	6,500	63,866,600	234,200	20,700,000	684,557,500	25,110,900	684,557,500	1.404	754,562,774
2015	9,050,700	597,336,100	6,500	62,998,700	234,200	20,700,000	690,326,200	25,110,900	690,326,200	1.425	754,562,774
2016	8,615,000	598,737,300	6,500	63,553,700	234,200	20,700,000	691,846,700	26,318,600	691,846,700	1.456	755,909,710
2017	19,452,000	603,740,800	6,300	63,559,700	234,200	20,700,000	707,693,000	62,729,600	707,693,000	1.457	782,394,403
2018	17,360,200	613,631,900	6,300	63,559,700	234,200	20,700,000	715,492,300	63,480,000	715,492,300	1.487	790,492,834
2019	13,883,400	632,927,500		63,559,700	234,200	20,700,000	731,304,800	64,149,700	731,304,800	1.493	842,788,988
2020	14,412,400	632,512,400		64,134,100	234,200	20,700,000	731,993,100	64,089,500	731,993,100	1.543	861,348,774
2021	13,840,400	634,753,800		64,217,100	234,200	20,700,000	733,745,500	64,122,700	733,745,500	1.543	863,611,973

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

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

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

Source: Municipal Tax Assessor.

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

Year Ended December 31,	Borough of Mount Arlington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Mount Arlington	Morris County	
2012	\$ 1.327	\$ 0.034	\$ 1.361	\$ 0.794	\$ 0.288	\$ 2.443
2013	1.349	0.034	1.383	0.814	0.282	2.479
2014	1.370	0.034	1.404	0.834	0.282	2.520
2015	1.391	0.034	1.425	0.845	0.279	2.549
2016	1.423	0.033	1.456	0.845	0.279	2.580
2017	1.425	0.032	1.457	0.818	0.287	2.562
2018	1.455	0.032	1.487	0.854	0.287	2.628
2019	1.461	0.032	1.493	0.840	0.301	2.634
2020	1.512	0.031	1.543	0.840	0.307	2.690
2021	1.512	0.031	1.543	0.838	0.306	2.687

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

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

		2022		2013			
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mt. Arlington Investors 400 LLC	\$ 13,406,300	1 #	1.83%	Mt. Arlington Corporate Center	\$ 27,264,400	1	3.92%
Mt. Arlingotn Investors 200 LLC	8,947,900	2 #	1.22%	Kara at Mount Arlington, LLC	11,612,500	2	1.67%
Carriage Club Realty LLC/ET ALS	8,500,000	3 #	1.16%	Carriage Club Investors, LLC	8,500,000	3	1.22%
SNH NS Properties Trust C/O PTC	6,200,000	4 #	0.85%	SNH NS Properties Trust	7,945,000	4	1.14%
Valley Road Development Urban Renewal	5,250,000	5 #	0.72%	Individual Taxpayer #1	7,022,200	5	1.01%
Valley Road Dev Urban Renewal, LLC	5,250,000	6 #	0.72%	Mount Arlington Ventures, LP	5,350,000	6	0.77%
Orchards at Mt. Arlington LLC	5,198,100	7 #	0.71%	Mount Arlington Plaza, LLC	5,198,100	7	0.75%
Mat. Arlington Investors 100 LLC	4,910,200	8 #	0.67%	Mount Arlington Apartment Associates	5,022,000	8	0.72%
Mt. Arlington Corporate Center	4,850,000	9 #	0.66%	Shore Hills Apartments	4,000,000	9	0.58%
Mt. Arlington Ventures LP	4,300,000	10 #	0.59%	Mount Arlington Aparment Associates	2,389,900	10	0.34%
Total	\$ 66,812,500		9.14%	Total	\$ 84,304,100		12.12%

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 9,331,966	\$ 9,331,966	100.00%	-0-
2014	9,514,743	9,514,743	100.00%	-0-
2015	9,700,827	9,700,827	100.00%	-0-
2016	9,976,777	9,976,777	100.00%	-0-
2017	10,165,744	10,165,744	100.00%	-0-
2018	10,459,175	10,459,175	100.00%	-0-
2019	10,813,974	10,813,974	100.00%	-0-
2020	11,024,137	11,024,137	100.00%	-0-
2021	11,562,024	11,562,024	100.00%	-0-
2022	11,791,808	11,791,808	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Total District		
2013	\$ 2,600,000	-0-	\$ 2,600,000	0.62%	\$ 505.54
2014	2,470,000	-0-	2,470,000	0.56%	474.09
2015	2,335,000	-0-	2,335,000	0.51%	446.29
2016	2,190,000	-0-	2,190,000	0.44%	404.96
2017	2,045,000	-0-	2,045,000	0.38%	352.34
2018	1,895,000	-0-	1,895,000	0.33%	323.16
2019	1,735,000	-0-	1,735,000	0.30%	296.68
2020	1,570,000	-0-	1,570,000	0.26%	269.48
2021	1,400,000	-0-	1,400,000	0.23%	237.09
2022	1,220,000	-0-	1,220,000	0.20%	206.60

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,600,000	\$ -0-	\$ 2,600,000	0.383%	\$ 505.54
2014	2,470,000	-0-	2,470,000	0.362%	474.09
2015	2,335,000	-0-	2,335,000	0.341%	446.29
2016	2,190,000	-0-	2,190,000	0.317%	404.96
2017	2,045,000	-0-	2,045,000	0.296%	352.34
2018	1,895,000	-0-	1,895,000	0.268%	323.16
2019	1,735,000	-0-	1,735,000	0.242%	296.68
2020	1,570,000	-0-	1,570,000	0.215%	269.48
2021	1,400,000	-0-	1,400,000	0.191%	237.09
2022	1,220,000	-0-	1,220,000	0.166%	206.60

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

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

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

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Mount Arlington	\$ 2,543,865	100.00%	\$ 2,543,865
Morris County General Obligation Debt	235,030,042	0.88%	<u>2,079,536</u>
Subtotal, Overlapping Debt			4,623,401
Borough of Mount Arlington School District Direct Debt			<u>1,400,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,023,401</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized valuation basis				
2021	\$	859,751,705		
2020		860,763,288		
2019		859,751,705		
		<u>\$2,580,266,698</u>		
Average Equalized Valuation of Taxable Property	\$	860,088,899		
Debt Limit (3% of average equalization value) ^a		25,802,667		
Net Bonded School Debt as of June 30, 2022		1,220,000		
Legal Debt Margin		<u>\$ 24,582,667</u>		

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 23,970,944	\$ 23,087,634	\$ 22,658,156	\$ 22,757,769	\$ 22,757,769	\$ 22,987,186	\$ 23,690,772	\$24,646,951	\$ 25,443,403	\$ 25,802,667
Total Net Debt Applicable to Limit	2,600,000	2,470,000	2,335,000	2,190,000	2,045,000	1,895,000	1,735,000	1,570,000	1,400,000	1,220,000
Legal Debt Margin	\$ 21,370,944	\$ 25,272,883	\$ 20,323,156	\$ 20,567,769	\$ 20,712,769	\$ 21,092,186	\$ 21,955,772	\$23,076,951	\$ 24,043,403	\$ 24,582,667

Total Net Debt Applicable to the Limit	10.85%	10.70%	10.31%	9.62%	8.99%	8.24%	7.32%	6.37%	5.50%	4.73%
As a Percentage of Debt Limit										

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	5,143	\$ 416,716,718	\$ 81,026	7.10%
2014	5,210	439,135,270	84,287	5.70%
2015	5,232	461,975,136	88,298	5.00%
2016	5,408	493,490,816	91,252	4.30%
2017	5,804	542,929,376	93,544	3.60%
2018	5,864	570,238,816	97,244	3.60%
2019	5,848	579,770,720	99,140	2.90%
2020	5,826	595,574,502	102,227	8.90%
2021	5,905	603,650,435 ***	102,227 **	5.70%
2022	5,905 *	603,650,435 ***	102,227 **	N/A

* - Latest population available (2021) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2020) was used for calculation purposes.

***- Latest available population data (2021) and latest Morris County per capita personal income (2020) was used for calculation purposes

N/A - Not Available

Source:

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

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

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

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

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

	2022		2013		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System					
Picatinny Arsenal		7,642	Novartis	6,200	2.42%
Novartis		6,000	Picatinny Arsenal	5,841	2.28%
Bayer Healthcare, LLC		5,200	Atlantic Health System	5,576	2.18%
Barclays		3,483	Automatic Data Processing, Inc.	1,947	0.76%
Automatic Data Processing, Inc.		2,560	County of Morris	1,838	0.72%
Accenture		2,400	St. Clare's Health System	1,662	0.65%
Honeywell		1,826	Wyndham Worldwide	1,546	0.60%
St. Clare's Health System		1,704	BASF Corporation	1,500	0.59%
County of Morris		1,638	Accenture	1,498	0.59%
		1,469	Chilton Memorial	1,440	0.56%
Total		<u>33,922</u>		<u>29,048</u>	<u>11.35%</u>
Total County Labor Force		<u>262,719</u>		<u>255,907</u>	

Source: Morris County Economic Development Corporation

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	28.2	30.8	29.1	29.6	29.9	29.9	29.0	29.5	29.5	29.5
Special Education	24.2	21.6	21.6	22.2	22.2	24.5	23.2	23.6	24.0	24.5
Other Special Instruction										
Support Services:										
Student & Instruction Related Services	1.0	1.3	3.9	3.9	3.9	3.9	3.5	3.5	3.5	3.5
General Administrative Services	1.3	1.3	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6
School Administrative Services	2.0	2.0	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
Plant Operations and Maintenance	5.3	5.2	5.2	5.2	5.2	5.2	5.0	5.0	5.0	5.0
Pupil Transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	63.8	64.0	64.7	66.3	66.6	68.9	66.1	67.5	67.9	68.4

Source: District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	535.0	\$ 9,710,007	\$ 18,150	6.17%	46.0	1:07	1:08	356.0	339.5	-1.93%	95.37%
2014	486.0	10,144,017	20,872	15.00%	43.8	1:07	1:08	342.5	329.6	-3.79%	96.23%
2015	516.0	10,719,870	20,775	-0.47%	39.9	1:07	1:08	347.3	332.2	1.41%	95.66%
2016	522.0	10,650,241	20,403	-1.79%	39.9	1:07	1:08	346.4	331.4	-0.26%	95.67%
2017	521.0	10,915,907	20,952	2.69%	39.9	1:07	1:08	351.5	335.8	1.47%	95.53%
2018	543.0	11,802,092	21,735	3.74%	40.1	1:07	1:08	347.7	332.4	-1.08%	95.60%
2019	546.0	12,624,131	23,121	6.38%	40.5	1:07	1:08	367.2	348.8	5.61%	94.99%
2020	524.0	12,971,949	24,756	7.07%	48.0	1:07	1:08	361.8	350.9	-1.47%	96.99%
2021	480.0	13,176,064	27,450	10.88%	48.0	1:07	1:08	330.0	309.3	-8.79%	93.73%
2022	472.0	14,286,145	30,267	10.26%	48.0	1:07	1:08	353.2	328.6	7.03%	93.04%

* - Includes High School Enrollment

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Borough of Mount Arlington School District records.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	105	105	107	103	104
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	238	238	240	251	248
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	124	111	124	103	129
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	223	249	249	251	218

Number of Schools at June 30, 2022

Elementary = 1

Middle School = 1

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

Source: Borough of Mount Arlington School District Facilities Office.

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

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

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Edith M. Decker School	N/A	\$ 33,279	\$ 35,850	\$ 40,332	\$ 52,391	\$ 56,392
Mount Arlington School	N/A	57,082	77,150	98,251	89,201	158,653
Grand Total		<u>\$ 90,361</u>	<u>\$113,000</u>	<u>\$138,583</u>	<u>\$141,592</u>	<u>\$ 215,045</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Edith M. Decker School	N/A	\$ 64,539	\$ 70,125	\$109,408	\$ 82,738	\$ 120,589
Mount Arlington School	N/A	152,451	163,624	91,135	68,920	56,225
Grand Total		<u>\$216,990</u>	<u>\$233,749</u>	<u>\$200,543</u>	<u>\$151,658</u>	<u>\$ 176,814</u>

N/A - Not Applicable.

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

Source: Mount Arlington Board of Education records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

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

Source: Mount Arlington Board of Education records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mount Arlington School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
November 23, 2022

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



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Report on Compliance For Each Major State Program
 and Report on Internal Control Over Compliance Required by NJOMB-15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Borough of Mount Arlington School District's (the "District's compliance with the types of compliance requirements identified as subject to audit and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2022. The District's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

The Honorable President and Members
of the Board of Education
Borough of Mount Arlington School District
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mount Arlington, New Jersey
November 23, 2022

Nisivoccia LLP

NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Award Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2022	
			From	To					(Accounts Receivable)	Unearned Revenue
Special Revenue Fund:										
U.S. Department of Education -										
Passed-through State Department of Education:										
Special Revenue Fund:										
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA-3410-21	7/1/2020	9/30/2021	\$ 43,120	\$ 22,879	\$ (61,204)	\$ 2,513	\$ (2,162)	
Title I	84.010A	ESEA-3410-22	7/1/2021	9/30/2022	67,783	59,042	(61,204)	2,513	(2,162)	
Subtotal Title I						81,921	(122,408)	5,026	(4,324)	
Title IIA	84.367A	ESEA-3410-21	7/1/2020	9/30/2021	18,214	3,747	(3,747)			
Title IIA	84.367A	ESEA-3410-22	7/1/2021	9/30/2022	25,177	3,294	(3,294)			
Subtotal Title I						7,041	(7,041)			
Title IV	84.424A	ESEA-3410-21	7/1/2020	9/30/2021	10,000	2,000	(2,000)			
Title IV	84.424A	ESEA-3410-22	7/1/2021	9/30/2022	18,000	2,500	(2,500)			
Subtotal Title IV						4,500	(4,500)			
Subtotal Elementary and Secondary Education Act						93,462	(66,998)	2,513	(2,162)	
Special Education Cluster:										
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-22	7/1/2021	9/30/2022	106,842	106,842	(106,842)			
I.D.E.A. Part B, Preschool	84.173	IDEA-3410-22	7/1/2021	9/30/2022	4,170	4,170	(4,170)			
Subtotal Special Education Cluster						111,012	(111,012)			
Education Stabilization Fund:										
COVID-19 - CRRSA - ESSER II	84.425D	N/A	3/13/2020	9/30/2023	120,179	115,379	(120,179)		(4,800)	
COVID-19 - CRRSA - Learning Acceleration	84.425D	N/A	3/13/2020	9/30/2023	25,000	6,250	(6,250)			
COVID-19 - CRRSA - Mental Health	84.425D	N/A	3/13/2020	9/30/2023	45,000	34,000	(40,500)		(6,500)	
Total Educational Stabilization Fund						155,629	(166,929)		(11,300)	
Total U.S. Department of Education						360,103	(344,939)	2,513	(13,462)	
U.S. Department of Treasury -										
COVID 19- ACSERS										
Total U.S. Department of Treasury	21,027	N/A	7/1/2021	6/30/2022	21,733	21,733	(21,733)			
Total Special Revenue Fund						381,836	(366,672)	2,513	(13,462)	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Enterprise Fund: U.S. Department of Agriculture - Passed-through State Department of Agriculture: Enterprise Fund	Federal CFDA Number	Grant or State Project Number	Grant Period		Award Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2022		Amount Provided to Subrecipients
			From	To					(Accounts Receivable)	Unearned Revenue	
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/2020	6/30/2021	\$ 7,245	\$ (179)					
Food Distribution Program	10.555	N/A	7/1/2021	6/30/2022	17,197	(16,429)			\$ 768		
COVID-19 Seamless Summer Option	10.555	N/A	7/1/2020	6/30/2021	107,729	13,308					
COVID-19 Seamless Summer Option	10.555	N/A	7/1/2021	6/30/2022	240,903	188,834	(240,903)		\$ (52,069)		
COVID-19 Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/2021	6/30/2022	2,648	2,648	(2,648)				
Total Child Nutrition Cluster						221,987	(260,159)		(52,069)	768	
						(13,129)					
COVID-19 Pandemic Electronic Benefit Transfer	10-649	N/A	7/1/2021	6/30/2022	1,242	1,242	(1,242)				
Total Enterprise Fund						223,229	(261,401)		(52,069)	768	
TOTAL FEDERAL AWARDS						\$ 605,065	\$ (628,073)	\$ 2,513	\$ (65,531)	\$ 768	\$ -0-
N/A - Not Available/Applicable						\$ (44,268)					
Total U.S. Department of Agriculture/Child Nutrition Cluster											

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Balance at June 30, 2022				MEMO	
		From	To		Budgetary Unencumbered Revenues/(Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Expenditures	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Categorical Special Education Aid	21-495-034-5120-089	7/1/2020	6/30/2021	\$ 386,251	\$ (38,344)	\$	\$ 38,344					\$ 386,251
Categorical Security Aid	21-495-034-5120-084	7/1/2020	6/30/2021	50,873	(5,050)		5,050					50,873
Categorical Transportation Aid	21-495-034-5120-014	7/1/2020	6/30/2021	212,050	(21,051)		21,051					212,050
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/2020	6/30/2021	5,087	(5,087)		5,087					5,087
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/2020	6/30/2021	132,798	(132,798)		132,798					132,798
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/2020	6/30/2021	243,564	(11,521)		11,521					243,564
Categorical Special Education Aid	22-495-034-5120-089	7/1/2021	6/30/2022	448,763			403,902	\$ (448,763)	\$			448,763
Categorical Security Aid	22-495-034-5120-084	7/1/2021	6/30/2022	50,873			45,787	(50,873)				50,873
Categorical Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022	212,050			190,852	(212,050)				212,050
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/2021	6/30/2022	6,090				(6,090)	\$			6,090
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/2021	6/30/2022	307,863			250,475	(307,863)				307,863
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/2021	6/30/2022	263,143				(263,143)				263,143
On-Behalf TPAF Post Retirement Medical Contributions	22-495-034-5094-001	7/1/2021	6/30/2022	303,713			303,713	(303,713)				303,713
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/2021	6/30/2022	1,281,831			1,281,831	(1,281,831)				1,281,831
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/2021	6/30/2022	18,085			18,085	(18,085)				18,085
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/2021	6/30/2022	669			669	(669)				669
Total General Fund State Aid					(213,851)		2,709,165	(2,893,080)		(326,621)		3,923,703
School Development Authority:												
Securing Our Children's Future Bond Act	N/A	7/1/2021	6/30/2022	20,000			14,200	(20,000)		(5,800)		20,000
Total School Development Authority:							14,200	(20,000)		(5,800)		20,000
Total General Fund					(213,851)		2,723,365	(2,913,080)		(332,421)		3,943,703
State Department of Agriculture:												
Enterprise Fund:												
COVID-19 Seamless Summer Option	21-100-010-335-023	7/1/2020	6/30/2021	3,939	(620)		620	(4,190)		(886)		3,939
COVID-19 Seamless Summer Option	22-100-010-335-023	7/1/2021	6/30/2022	4,190			3,304	(4,190)		(886)		4,190
Total Enterprise Fund					(620)		3,924	(4,190)		(886)		8,129
Total State Awards Subject to Single Audit Determination					(214,471)	\$ -0-	2,727,289	(2,917,270)	\$	(333,307)	\$ -0-	3,951,832
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/2021	6/30/2022	303,713				\$ 303,713				
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/2021	6/30/2022	1,281,831				1,281,831				
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/2021	6/30/2022	18,085				18,085				
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/2021	6/30/2022	669				669				
Subtotal - On-Behalf TPAF Pension System Contributions								1,604,298				
Total State Awards Subject to Single Audit Major Program Determination								\$ (1,312,972)				

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Mount Arlington School District under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,700) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented on the following page.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

	Federal	State	Total
General Fund		\$ 2,906,380	\$ 2,906,380
Special Revenue Fund	\$ 366,672		366,672
Food Service Enterprise Fund	261,401	4,190	265,591
Total Financial Assistance	\$ 628,073	\$ 2,910,570	\$ 3,538,643

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Mount Arlington School District had no loan balances outstanding at June 30, 2022.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance* Required by the NJ OMB 15-08.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2022 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as a major state program for the current fiscal year consisted of the following state aid:

	State		Award	Budgetary
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
<u>State:</u>				
Reimbursed TPAF				
Social Security Contributions	22-495-034-5095-003	7/1/21 - 6/30/22	\$ 263,143	\$ 263,143

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.