

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

North Arlington Board of Education

North Arlington, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

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INTRODUCTORY SECTION

NORTH ARLINGTON Board of Education

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North Arlington, NJ 07031
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Samantha Dembowski
School Business Administrator /Board Secretary
Ext. 2032

February 5, 2024

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

Dear Board Members:

The annual comprehensive financial report of the North Arlington School District (District) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the North Arlington School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

Pride ♦ Loyalty ♦ Desire

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education services for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 1,994 students, which is 1.68% more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	1,994	1.68%
2021-2022	1,961	3.05%
2020-2021	1,903	3.71%
2019-2020	1,835	0.11%
2018-2019	1,833	3.27%

2.) ECONOMIC CONDITION AND OUTLOOK: Spanning 2.6 square miles in the southwestern tip of Bergen County, the Borough of North Arlington neighbors much larger municipalities. This family-oriented community exudes small-town charm. Time Magazine had previously named North Arlington the number one place to raise a family in the year 2017.

Over the course of the past five years, our overall student population, including out of district students, has grown approximately 250 students bringing our overall student population over 2,150. Approximately 25% of our current student population qualifies for free and reduced lunch. Our student population is diverse and is approximately reflected as follows: White 48%, Hispanic 43%, Black 2%, Asian 4%, and Multiracial 3%. As per the 2022-2023 *Budget Calculations Report of District Status Above or At or Below Expected Local Levy*, the North Arlington Public School District is operating at or above adequacy.

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

3.) MAJOR INITIATIVES: North Arlington Public Schools continued to ensure that the district implemented all NJSLS. All unit maps contained modifications and accommodations for the Gifted and Talented, English Language Learner, Special Education, and At-Risk populations. These areas were refined within new curriculum guides with additional clarification focused on the implementation of the following mandates, especially in Social Studies courses: Holocaust and Genocides (N.J.S.A. 18A:35-28), the History and contributions of African-Americans (Amistad Law) (N.J.S.A. 18A:35-4.43), Diversity & Inclusion Law (N.J.S.A. 18A:35-4.36a), Political, economic, and social contributions of persons with disabilities and lesbian, gay, bisexual, and transgender people (N.J.S.A.18A:35-4.35) The contributions, history, and heritage of Asian Americans and Pacific Islanders (AAPI) in kindergarten through Grade 12 (P.L.2021, c.416). While these were all previously integrated into our guides, every Social Studies course has a clear checklist embedded in the curriculum to provide more explicit instruction. Data-driven instruction was a significant area of focus, especially in the area of mathematics. While the District out-performed the state in many areas of the NJSLA, math was an explicit area that needed improvement. Specific PD related to pedagogy (Conquer Math) was provided to select elementary and secondary teachers during the 2022-2023 school year, with plans to send all staff K-12 to full-day trainings in 2023/24.

North Arlington High School's Early College Program entered its seventh year. During the 2022-2023 school year, 17 students graduated with a high school diploma and an associate degree from Bergen County Community College (BCC) – 87 overall. NAHS has continued the development of implementing a Career and Technical Education (CTE) program for students at North Arlington High School. The following courses were available to students during the 2022-2023 school year: Intro to Construction Technology and Carpentry, Carpentry & Construction Tech 1, and Carpentry & Construction Tech 2. Students in grades PreK-12 maintain district-based email addresses to improve communication, and our district continues to oversee our new website, www.navikings.org, along with our very own app to increase communication with parents and the community. Four Twitter/X accounts were established to further promote the accomplishments of our students.

In relation to COVID19, North Arlington Public Schools continued to review all information released from the New Jersey Department of Education (NJDOE), New Jersey Department of Health (NJDOH), and Governor Murphy's office. Additionally, we continue to work closely with our local health department. The locally developed 2022-2023 Emergency Virtual or Remote Instruction Plan was based on protocols and guidance established by the NJDOE. This included specific guidance for students/staff who were quarantined.

During the 2022-2023 school year, the District administered the following state assessments: Start Strong, Dynamic Learning Maps, ACCESS for ELLs, New Jersey Student Learning Assessments (NJSLA), and the New Jersey Graduation Proficiency Assessment (NJGPA). North Arlington Public Schools continued to address learning loss by fostering learning acceleration. We continued to utilize LinkIt! assessment data for ELA and Math to identify areas of focus based on specific standards. This data was used to identify and provide opportunities to students considered "at-risk" through our Extended Instructional Support (EIS) program that takes place before and after school.

The Preschool Expansion Aid (PEA) team successfully submitted the PEA Operational Plan, which will allow the program to serve 90 students for the 2023-2024 school year at no cost to the school district. The PEA can be expanded each year until all children (age 3 and 4) are served.

Finally, North Arlington Public Schools has continued to work with the Guidance Department to focus on the Social and Emotional (SEL) supports and programs within and outside of the classroom to foster well-being of all students and staff.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as committed fund balance at June 30, 2023.

6.) DEBT ADMINISTRATION: At June 30, 2023, the District has outstanding debt of \$1,648,000 in general obligation bonds issued in September 2013. The proceeds of this bond issue were used to (a) currently refund and redeem the \$1,150,000 School District Bond Anticipation Notes, Series 2013, of the Board dated May 30, 2013 and maturing December 4, 2013, which were issued to temporarily finance a portion of the costs of the construction of an athletic field complex to include, without limitation, a 6 lane track, a multipurpose athletic field, and storage, restroom and concession stand buildings, including acquiring the State of New Jersey’s riparian rights that run under and through the improvements to the field, any necessary improvements, upgrades, appurtenances, equipment, and site work in connection therewith the Project and (b) to permanently finance the remainder of the costs of the Project.

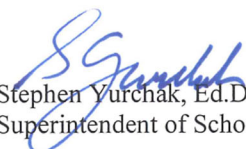
7.) CASH MANAGEMENT: The investment policy of the District is guided in large part by State Statute as detailed in “notes to the Financial Statements”, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the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

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

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

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

Respectfully submitted,

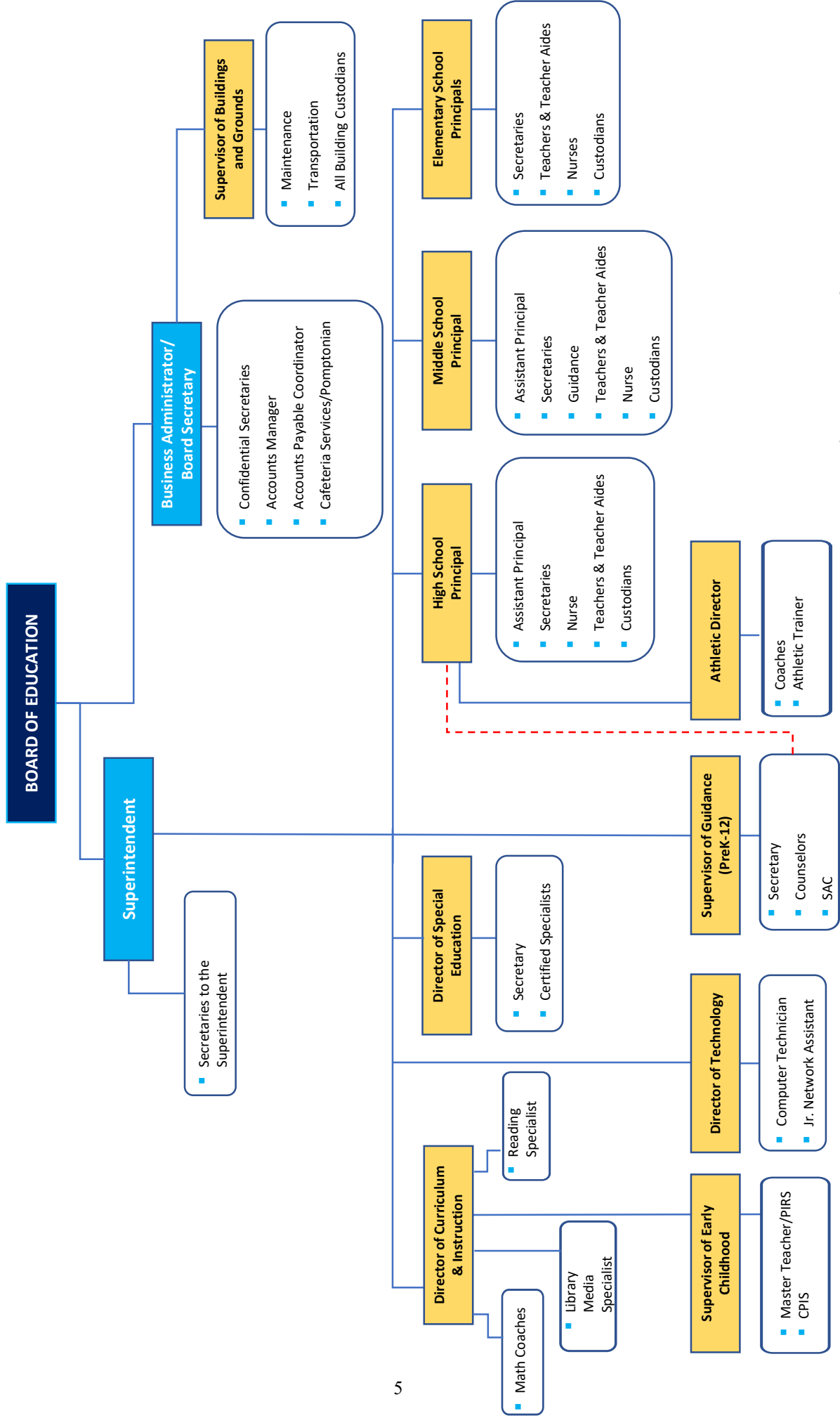

Stephen Yurchak, Ed.D
Superintendent of Schools


Samantha Dembowski
School Business Administrator



NORTH ARLINGTON PUBLIC SCHOOLS

Organization Chart: 2022-2023



**NORTH ARLINGTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

	Term Expires
Edward Smith, President	December 2023
George McDermott, Vice President	December 2024
Robert Dorsett	December 2023
Heather Gilgallon	December 2025
Michelle Higgins	December 2025

Other Officials

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

Architects

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

Audit Firm

Donohue, Gironda, Doria & Tomkins, LLC
1 Harmon Meadow Blvd, Suite 3002
Secaucus, New Jersey 07094

Attorney

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

Official Depository

TD Bank
Ridge Road
North Arlington, NJ 07031

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of the North Arlington School District (the “District”), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2023, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal controls 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 generally accepted auditing standards 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 generally accepted auditing standards, 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, budgetary comparison information, and pension and other post-employment benefits information on pages 11 through 18, pages 62 through 68, and pages 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 other supplementary information such as the combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.


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


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

Secaucus, New Jersey
February 5, 2024

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discussion and analysis of the North Arlington School District's financial performance provides an overall review of the North Arlington School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the North Arlington School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the North Arlington School District's financial performance.

Financial Highlights

Key financial highlights for fiscal years 2023 and 2022 are as follows, respectively:

- In total, net positions are \$34,045,037 and \$29,855,323. Net positions of governmental activities are \$33,554,697 and \$29,528,677. Net positions of the business-type activity, which represents food service, are \$490,340 and \$326,646. This reflects an increase in net positions in the amount of \$4,189,714 and \$3,478,519 .
- Total general revenues accounted for \$30,216,976 and \$28,857,194 while the local tax contribution to General Revenue amounted to \$29,588,905 for 2023 and \$28,766,488 for 2022. Operating Grants and Contributions are \$14,642,614 and \$14,068,136 and Federal and State Aid not restricted are \$0 and \$55,028.
- The North Arlington School District continues to experience stability in student enrollment. Average Daily enrollment for the year ending June 30, 2023 was 1,994.

Using the Basic Financial Statements

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

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

Reporting the North Arlington School District as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the North Arlington School District to provide programs and activities, the view of the North Arlington School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

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

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

Reporting the North Arlington School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

The perspective of the statement of net position is of the north Arlington School District as a whole. Table 1 provides a summary of the North Arlington School District's net position for the fiscal years 2023 and 2022, respectively.

Total assets equal \$45,833,269 and \$42,218,517. Total assets for Governmental Activities are \$45,324,753 and \$41,854,173. Total assets for Business Type Activities are \$508,516 and \$364,344.

Table 1
Net Position

	Governmental Activities		Business Type Activity		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and Other Assets	\$ 24,035,057	\$ 22,267,477	\$ 297,141	\$ 307,535	\$ 24,332,198	\$ 22,575,012
Capital Assets, Net	21,289,696	19,586,696	211,375	56,809	21,501,071	19,643,505
Total Assets	45,324,753	41,854,173	508,516	364,344	45,833,269	42,218,517
DEFERRED OUTFLOWS OF RESOURCES	1,129,046	955,804	-	-	1,129,046	955,804
LIABILITIES						
Current and Other Liabilities	4,627,036	3,957,346	18,176	37,698	4,645,212	3,995,044
Long-Term Liabilities	2,115,160	2,510,436	-	-	2,115,160	2,510,436
Net Pension Liability	5,369,513	3,834,698	-	-	5,369,513	3,834,698
Total Liabilities	12,111,709	10,302,480	18,176	37,698	12,129,885	10,340,178
DEFERRED INFLOWS OF RESOURCES	787,393	2,978,820	-	-	787,393	2,978,820
NET POSITION						
Net Investment in Capital Assets	19,536,665	17,511,176	211,375	56,809	19,748,040	17,567,985
Restricted	10,009,027	10,831,211	-	-	10,009,027	10,831,211
Unrestricted	4,009,005	1,186,290	278,965	269,837	4,287,970	1,456,127
Total Net Position	\$ 33,554,697	\$ 29,528,677	\$ 490,340	\$ 326,646	\$ 34,045,037	\$ 29,855,323

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Table 2 reflects the change in net position for fiscal years 2023 and 2022, respectively.

	Governmental Activities		Business Type Activity		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	\$ 288,717	\$ 198,590	\$ 492,673	\$ 130,091	\$ 781,390	\$ 328,681
Operating Grants	14,353,897	13,869,546	540,211	865,684	14,894,108	14,735,230
Capital Grants	949,667	168,726	-	-	949,667	168,726
Total Program Revenues	15,592,281	14,236,862	1,032,884	995,775	16,625,165	15,232,637
General Revenues:						
Property Taxes	29,588,905	28,766,488	-	-	29,588,905	28,766,488
Grants and Entitlements	-	55,028	-	-	-	55,028
Interest	364,825	20,254	-	-	364,825	20,254
Miscellaneous	263,246	15,424	-	-	263,246	15,424
Total General Revenues	30,216,976	28,857,194	-	-	30,216,976	28,857,194
Total Revenues	45,809,257	43,094,056	1,032,884	995,775	46,842,141	44,089,831
EXPENSES						
Instruction	21,984,044	21,653,347	-	-	21,984,044	21,653,347
Support Services:						
Pupils and Instructional Staff	8,909,256	7,976,793	-	-	8,909,256	7,976,793
General and Business						
Administrative Services	3,953,124	4,001,477	-	-	3,953,124	4,001,477
Plant Operations and Maintenance	4,800,089	4,404,949	-	-	4,800,089	4,404,949
Pupil Transportation	1,738,637	1,366,576	-	-	1,738,637	1,366,576
Charter Schools	339,355	295,945	-	-	339,355	295,945
Interest on Long-Term Liabilities	58,732	69,108	-	-	58,732	69,108
Food Service	-	-	869,190	831,500	869,190	831,500
Total Expenses	41,783,237	39,768,195	869,190	831,500	42,652,427	40,599,695
Excess Before Special Items	4,026,020	3,325,861	163,694	164,275	4,189,714	3,490,136
Special Item	-	(11,617)	-	-	-	(11,617)
Change in Net Position	4,026,020	3,314,244	163,694	164,275	4,189,714	3,478,519
Net Position, July 1	29,528,677	26,214,433	326,646	162,371	29,855,323	26,376,804
Net Position, June 30	\$ 33,554,697	\$ 29,528,677	\$ 490,340	\$ 326,646	\$ 34,045,037	\$ 29,855,323

The total increase in net position for the fiscal years 2023 and 2022 for Governmental Activities is \$4,026,020 and \$3,314,244 . The total increase in net position for the Business-Type Activity is \$163,694 and \$164,275 . The total increase in net position is \$4,189,714 and \$3,478,519 .

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

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

Table 3a.
Governmental Activities

	Total Cost of Services		Percent of Total	
	2023	2022	2023	2022
Instruction	\$ 21,984,044	\$ 21,653,347	52.62%	54.45%
Support Services:				
Pupils and Instructional Staff	8,909,256	7,976,793	21.32%	20.06%
General and Business				
Administrative Services	3,953,124	4,001,477	9.46%	10.06%
Plant Operations and Maintenance	4,800,089	4,404,949	11.49%	11.08%
Pupil Transportation	1,738,637	1,366,576	4.16%	3.44%
Charter Schools	339,355	295,945	0.81%	0.74%
Interest on Long-Term Liabilities	58,732	69,108	0.14%	0.17%
Total Expenditures	<u>\$ 41,783,237</u>	<u>\$ 39,768,195</u>	<u>100.00%</u>	<u>100.00%</u>

Total expenses for governmental activities for fiscal years 2023 and 2022 were \$41,783,237 and \$39,768,195.

The Governmental Activities in the above table demonstrates that for fiscal years 2023 and 2022, of \$41,783,237 and \$39,768,195 the District expended, \$21,984,044 and \$21,653,347 are for Instruction. Additionally, Pupil and Instructional Staff activities are \$8,909,256 and \$7,976,793. Combined resources from Instruction and Pupil and Instructional Staff total \$30,893,300 and \$29,630,140. Together the aforementioned categories account for 73.94% and 74.51% of Governmental Activities for the fiscal years 2023 and 2022.

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Business-Type Activity

Table 3b.
Business Activity

	Total Cost of Services		Percent of Total	
	2023	2022	2023	2022
REVENUE				
Charges for Services	\$ 492,673	\$ 130,091	47.70%	13.06%
Operating Grants	540,211	865,684	52.30%	86.94%
Total Revenue	1,032,884	995,775	100.00%	100.00%
EXPENSES				
Food Service	869,190	831,500	100.00%	100.00%
Change in Net Position	\$ 163,694	\$ 164,275		

The business-type activity of the North Arlington School District is the food service operation. This program had revenues for the fiscal years 2023 and 2022 of \$1,032,884 and \$995,775 and expenses of \$869,190 and \$831,500, respectively. Total revenue increased by \$37,109 due to the District purchasing more meals. Total expenses increased \$37,690 mainly due to the district purchasing more meals. The District had a \$163,694 operating gain in fiscal year 2023.

Sources of Revenue

The local tax revenue increased \$822,417 in 2023 from 2022. For all governmental activities state revenues support 34.04%. The community, as a whole, is 64.59% of the support and other revenue accounts for 1.37% of the total cost of programs for North Arlington School District students.

Table 4
Sources of Revenue

Fiscal Year Ended June 30,	Local Tax Levy	Other Local Revenue	Operating Grants	Capital Grants	Federal & State Aid Not Restricted	Total
2023	\$ 29,588,905	\$ 628,071	\$ 14,642,614	\$ 949,667	\$ -	\$ 45,809,257
2022	28,766,488	35,678	14,068,136	168,726	55,028	43,094,056

The North Arlington School District's Funds

The North Arlington School District's governmental funds are accounted for using standards established by the Governmental Accounting Standards Board Statement No. 34. Total governmental funds had revenues and other financing sources of \$44,927,356 and expenditures and other financing uses of \$41,783,237. The positive fund balance for the year reflects that the North Arlington School District was able to meet current costs.

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

General Fund Budgeting Highlights

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

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

During the course of fiscal year 2023, the North Arlington School District amended its General Fund budget as needed. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for program management.

For the General Fund, final budgeted revenues and other financing sources in the amount of \$36,027,966 were equal to original budgeted revenues.

General Fund revenues and other financing sources were greater than expenditures and other financing uses. Funds from these and other sources add to excess surplus by approximately \$8,237,846. At June 30, 2023 there was \$3,975,035 excess surplus designated for subsequent year's budget. The North Arlington School District will allocate the excess surplus remaining of \$4,262,811 in the 2024-2025 District School Budget. The allocation and projection of surplus are in compliance with New Jersey Department of Education Budgetary Guidelines. The excess surplus reflects a \$629,917 final state aid payment for June 30, 2023, however this amount is not reflected in the District Intergovernmental Receivable Account.

Capital Assets and Depreciation

Capital Assets

At the end of fiscal years 2023 and 2022, the North Arlington School District had \$21,289,696 and \$19,586,696, respectively invested in capital assets (net of depreciation), for governmental activities. More information on capital assets and depreciation is represented in Note 5 to the basic financial statements.

Table 5
Capital Assets and Depreciation

	Balance at June 30, 2022	Additions	Balance at June 30, 2023
Governmental Activities:			
Non-Depreciable	\$ 648,206	\$ -	\$ 648,206
Depreciable	45,079,746	3,932,082	49,011,828
Total at Historical Cost	45,727,952	3,932,082	49,660,034
Less Accumulated Depreciation	(26,141,256)	(2,229,082)	(28,370,338)
Capital Assets, Net	<u>\$ 19,586,696</u>	<u>\$ 1,703,000</u>	<u>\$ 21,289,696</u>
Business-Type Activity:			
Depreciable	\$ 366,860	\$ 193,244	\$ 560,104
Less Accumulated Depreciation	(310,051)	(38,678)	(348,729)
Capital Assets, Net	<u>\$ 56,809</u>	<u>\$ 154,566</u>	<u>\$ 211,375</u>

**NORTH ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital Assets and Depreciation (Continued)

Depreciation expense was charged to Governmental Activities as follows:

Instruction	\$ 1,116,783
Support Services	<u>1,112,299</u>
Total Depreciation Expense	<u><u>\$ 2,229,082</u></u>

Long-Term Liabilities

At June 30, 2023 and 2022, the North Arlington School District had \$7,806,219 and \$6,667,623 in long term debt payable from governmental fund resources and no long-term debt payable from proprietary fund resources. More detailed information about long-term debt is represented in Note 7 to the basic financial statements.

Table 6
Changes in Long-Term Debt

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities:				
Bonds Payable	\$ 1,923,000	\$ -	\$ 275,000	\$ 1,648,000
Financed Purchases	152,520	-	47,489	105,031
Compensated Absences	757,405	35,985	109,715	683,675
sub-total	<u>2,832,925</u>	<u>35,985</u>	<u>432,204</u>	<u>2,436,706</u>
Net Pension Liability	<u>3,834,698</u>	<u>2,322,208</u>	<u>787,393</u>	<u>5,369,513</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 6,667,623</u></u>	<u><u>\$ 2,358,193</u></u>	<u><u>\$ 1,219,597</u></u>	<u><u>\$ 7,806,219</u></u>

Current Issues

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

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

Contacting the North Arlington School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

EXHIBIT A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 12,261,095	\$ 220,159	\$ 12,481,254
Other accounts receivable	27,563	-	27,563
Receivables, net	986,738	20,586	1,007,324
Inventory	-	7,008	7,008
Restricted assets:			
Cash and cash equivalents	2,699,825	-	2,699,825
Capital reserve account - cash	8,059,836	-	8,059,836
Capital assets, net:			
Depreciable	20,641,490	211,375	20,852,865
Non-depreciable	648,206	-	648,206
Total Assets	<u><u>45,324,753</u></u>	<u><u>459,128</u></u>	<u><u>45,783,881</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>1,129,046</u>	<u>-</u>	<u>1,129,046</u>
LIABILITIES			
Accounts payable	3,758,803	18,176	3,776,979
Internal balances	49,388	(49,388)	-
Payable to state government	45,700	-	45,700
Payroll deductions and withholdings payable	245,814	-	245,814
Unearned revenue	205,785	-	205,785
Noncurrent liabilities:			
Due within one year	321,546	-	321,546
Due beyond one year	2,115,160	-	2,115,160
Net pension liability	5,369,513	-	5,369,513
Total Liabilities	<u><u>12,111,709</u></u>	<u><u>(31,212)</u></u>	<u><u>12,080,497</u></u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>787,393</u>	<u>-</u>	<u>787,393</u>
NET POSITION			
Net investment in capital assets	19,536,665	211,375	19,748,040
Restricted for:			
Capital projects	1,468,165	-	1,468,165
Other purposes	8,540,862	-	8,540,862
Unrestricted	4,009,005	278,965	4,287,970
Total net position	<u><u>\$ 33,554,697</u></u>	<u><u>\$ 490,340</u></u>	<u><u>\$ 34,045,037</u></u>

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

NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT A-2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 15,647,175	\$ -	\$ 5,343,129	\$ -	\$ (10,304,046)	\$ -	\$ (10,304,046)
Special education	4,613,785	-	1,373,781	-	(3,240,004)	-	(3,240,004)
Other special instruction	922,336	-	251,702	-	(670,634)	-	(670,634)
Other instruction	800,748	-	234,568	-	(566,180)	-	(566,180)
Support services:							
Tuition	2,837,963	-	1,062,945	-	(1,775,018)	-	(1,775,018)
Student & instruction related services	6,071,293	288,717	2,639,828	-	(3,142,748)	-	(3,142,748)
School administrative services	1,445,416	-	701,579	-	(743,837)	-	(743,837)
General and business administrative services	2,507,708	-	456,078	-	(2,051,630)	-	(2,051,630)
Plant operations and maintenance	4,800,089	-	1,479,472	949,667	(2,370,950)	-	(2,370,950)
Pupil transportation	1,738,637	-	651,198	-	(1,087,439)	-	(1,087,439)
Charter schools	339,355	-	136,068	-	(203,287)	-	(203,287)
Interest on long-term liabilities	58,732	-	23,549	-	(35,183)	-	(35,183)
Total governmental activities	41,783,237	288,717	14,353,897	949,667	(26,190,956)	-	(26,190,956)
Business-type activities:							
Food service	869,190	492,673	540,211	-	-	163,694	163,694
Total business-type activities	869,190	492,673	540,211	-	-	163,694	163,694
Total primary government	\$ 42,652,427	\$ 781,390	\$ 14,894,108	\$ 949,667	(26,190,956)	163,694	(26,027,262)
General revenues:							
Property taxes, levied for general purpose, net					29,258,967	-	29,258,967
Property taxes, levied for debt service					329,938	-	329,938
Investment earnings					364,825	-	364,825
Miscellaneous income					263,246	-	263,246
Total general revenues					30,216,976	-	30,216,976
Change in net position					4,026,020	163,694	4,189,714
Net position, July 1					29,528,677	326,646	29,855,323
Net position, June 30					\$ 33,554,697	\$ 490,340	\$ 34,045,037

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**NORTH ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

EXHIBIT B-1

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 12,261,095	\$ -	\$ -	\$ -	\$ 12,261,095
Other accounts receivable	27,563	-	-	-	27,563
Interfund receivable	187,780	-	-	-	187,780
Intergovernmental receivable:					
Federal	-	135,259	-	-	135,259
State	851,479	-	-	-	851,479
Restricted assets:					
Cash and cash equivalents	8,254,323	527,363	1,977,653	322	10,759,661
Total assets	\$ 21,582,240	\$ 662,622	\$ 1,977,653	\$ 322	\$ 24,222,837
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ 49,388	\$ 187,780	\$ -	\$ -	\$ 237,168
Accounts payable	2,725,269	35,017	509,488	-	3,269,774
Payable to state government	-	45,700	-	-	45,700
Payroll deductions and withholdings payable	245,814	-	-	-	245,814
Unearned revenue	-	205,785	-	-	205,785
Total liabilities	3,020,471	474,282	509,488	-	4,004,241
Fund Balances:					
Restricted for:					
Excess surplus - prior year - designated for subsequent year's expenditures	3,975,035	-	-	-	3,975,035
Excess surplus - current year	4,262,811	-	-	-	4,262,811
Capital reserve	8,000,000	-	-	-	8,000,000
Capital projects fund	-	-	1,468,165	-	1,468,165
Scholarships	-	56,540	-	-	56,540
Student activities	-	246,154	-	-	246,154
Debt service	-	-	-	322	322
Assigned fund balance:					
Year-end encumbrances	299,727	-	-	-	299,727
General fund:					
Designated for subsequent year's expenditures	1,196,708	-	-	-	1,196,708
Unassigned fund balance	827,488	(114,354)	-	-	713,134
Total fund balances	18,561,769	188,340	1,468,165	322	20,218,596
Total liabilities and fund balances	\$ 21,582,240	\$ 662,622	\$ 1,977,653	\$ 322	\$ 24,222,837

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

**NORTH ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

EXHIBIT B-1

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

Total fund balances - governmental funds (from B-1)		\$ 20,218,596
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$49,660,034 and the accumulated depreciation is \$28,370,338.		21,289,696
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred pension outflows	\$ 1,129,046	
Deferred pension inflows	<u>(787,393)</u>	341,653
Additional accounts payable for pension contribution offset by deferred outflow for pension liabilities		(489,029)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Bonds payable	(1,648,000)	
Financed purchases liability	(105,031)	
Compensated absences liability	(683,675)	
Net pension liability	<u>(5,369,513)</u>	<u>(7,806,219)</u>
Net position of governmental activities		<u>\$ 33,554,697</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-2

	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES					
Local tax levy	\$ 29,258,967	\$ -	\$ -	\$ 329,938	\$ 29,588,905
Interest earned	364,825	-	-	-	364,825
Miscellaneous	263,246	-	-	-	263,246
Federal sources	83,624	2,363,145	-	-	2,446,769
State sources	13,999,330	1,331,605	-	-	15,330,935
Private sources	-	288,717	-	-	288,717
Total revenues	43,969,992	3,983,467	-	329,938	48,283,397
EXPENDITURES					
Current:					
Regular instruction	9,815,127	1,589,207	-	-	11,404,334
Special education instruction	3,217,663	-	-	-	3,217,663
Other special instruction	627,748	-	-	-	627,748
Other instruction	585,014	-	-	-	585,014
Support services and undistributed costs:					
Tuition	2,650,995	-	-	-	2,650,995
Student & instruction related services	3,248,180	1,667,085	-	-	4,915,265
School administrative services	1,749,744	-	-	-	1,749,744
Other administrative services	1,137,463	-	-	-	1,137,463
Operation and maintenance of plant services	3,693,610	-	-	-	3,693,610
Student transportation	1,624,094	-	-	-	1,624,094
Employee benefits	10,778,125	-	-	-	10,778,125
Capital outlay	2,395,071	949,667	748,016	-	4,092,754
Debt Service					
Principal	-	-	-	275,000	275,000
Interest	-	-	-	54,938	54,938
Charter school	339,355	-	-	-	339,355
Total expenditures	41,862,189	4,205,959	748,016	329,938	47,146,102
Excess (deficiency) of revenues over expenditures	2,107,803	(222,492)	(748,016)	-	1,137,295
OTHER FINANCING SOURCES (USES)					
Local contribution to special revenue fund preschool education aid-inclusion	(167,916)	167,916	-	-	-
Total other financing sources (uses)	(167,916)	167,916	-	-	-
Net changes in fund balance	1,939,887	(54,576)	(748,016)	-	1,137,295
Fund balances, July 1	16,621,882	242,916	2,216,181	322	19,081,301
Fund balances, June 30	\$ 18,561,769	\$ 188,340	\$ 1,468,165	\$ 322	\$ 20,218,596

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

**NORTH ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-3

Total net change in fund balances - governmental funds (from B-2) \$ 1,137,295

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

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

Depreciation expense	\$ (2,229,082)	
Capital outlays	<u>3,932,082</u>	1,703,000

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

Repayment of bond principal	275,000	
Payment of financed purchases	<u>47,489</u>	322,489

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

Compensated absences accrued	(35,985)	
Compensated absences paid	109,715	
Additional PERS pension expense recognized	789,506	
Additional on-behalf TPAF pension expense	3,059,535	
Additional on-behalf TPAF pension contribution	(3,059,535)	
Additional on-behalf OPEB expense	(585,395)	
Additional on-behalf OPEB contribution	<u>585,395</u>	<u>863,236</u>

Change in net position of governmental activities \$ 4,026,020

PROPRIETARY FUND

**NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

EXHIBIT B-4

	Business-type Activity - <u>Enterprise Fund</u> <u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 220,159
Accounts receivable	20,586
Interfund receivable	49,388
Inventory	7,008
Total current assets	<u>297,141</u>
Noncurrent assets:	
Equipment	560,104
Less: accumulated depreciation	<u>(348,729)</u>
Total noncurrent assets	<u>211,375</u>
Total assets	<u>508,516</u>
LIABILITIES	
Current liabilities:	
Accounts payable	18,176
NET POSITION	
Investment in capital assets	211,375
Unrestricted	<u>278,965</u>
Total net position	<u>\$ 490,340</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-5

	Business-type Activity - <u>Enterprise Fund</u> <u>Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 352,831
Daily sales - reimbursable programs	137,429
Special functions	2,413
Total operating revenues	<u>492,673</u>
OPERATING EXPENSES	
Cost of sales - reimbursable programs	200,632
Cost of sales - non-reimbursable programs	138,042
Salaries and wages	248,576
Employee benefits	57,700
Supplies and materials	32,843
Insurance - Other	25,086
Uniforms	2,330
Miscellaneous	80,108
Management fees	37,826
Equipment maintenance expense	7,369
Depreciation Expense	38,678
Total operating expenses	<u>869,190</u>
Operating (loss)	<u>(376,517)</u>
NONOPERATING REVENUES	
State sources:	
State school breakfast program	302
State school lunch program	16,092
Federal sources:	
Food distribution program	48,779
National school breakfast program	19,654
National school lunch program	331,565
Healthy Hunger-free kids act program	11,019
Supply Chain assistance grant	100,317
Equipment Assistance grant	12,359
Local food for schools program	124
Total nonoperating revenues	<u>540,211</u>
Change in net position	163,694
Net position, July 1	326,646
Net position, June 30	<u>\$ 490,340</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-6

	Business-type Activity - <u>Enterprise Fund</u> <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 492,673
Payments to employees	(248,576)
Payments for employee benefits	(57,700)
Payments to suppliers	(493,268)
Net cash (used for) operating activities	<u>(306,871)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	16,665
Federal sources	508,441
Payments due from general fund	(49,388)
Net cash provided by non-capital financing activities	<u>475,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of assets	<u>(193,244)</u>
Net (decrease) in cash	(24,397)
Balance, July 1	244,556
Balance, June 30	<u>\$ 220,159</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:	
Operating (loss)	<u>\$ (376,517)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	38,678
Food distribution program	48,779
Decrease in inventories	1,711
(Decrease) in accounts payable	(19,522)
Total adjustments	<u>69,646</u>
Net cash (used for) operating activities	<u>\$ (306,871)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING	
Food distribution program	<u>\$ 48,779</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity:

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

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

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

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

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

B. Basic Financial Statements - Government-Wide Statements:

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements:

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

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

The District has reported the following major funds:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

PROPRIETARY FUND

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

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

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

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

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

The estimated useful lives are as follows:

Food Service Fund:	
Machinery and Equipment	5 Years

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

D. Measurement Focus and Basis of Accounting:

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

E. Budgets/Budgetary Control:

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

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

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

	<u>2022 - 2023</u>
Total Revenues (Budgetary Basis)	\$ 3,997,110
Adjustments:	
Adjust for State Aid Payment	
Recognize for GAAP Statements	
in the Current Year, Previously	
Recognized for Budgetary Purposes	100,711
Adjust for State Aid Payment	
Not Recognized for GAAP	
Purpose until the Subsequent Year	(114,354)
Total Revenues (GAAP) Basis	<u>\$ 3,983,467</u>
Total Expenditures (Budgetary Basis)	\$ 4,038,043
Adjustments:	
Net Transfers (inflows)	
from General Fund	167,916
Total Expenditures (GAAP Basis)	<u>\$ 4,205,959</u>

F. Encumbrances:

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments:

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

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

H. Interfund Receivables/Payables:

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

I. Payables:

Tuition Payable - Tuition charges for the fiscal years 2022 - 2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined and certified by the State Department of Education.

Payroll deductions and withholdings payable - Funds held for payroll deductions and withholdings payable do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84, *Fiduciary Activities* and are therefore reported in the general fund. Any unremitted balances at year-end are reported as a liability.

J. Inventories:

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

Inventories in the Proprietary Funds, exclusive of the federal commodities, are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased. Inventory in the Food Service Fund at June 30, 2023, consisted of \$7,008.

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

K. Restricted Assets:

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

L. Capital Assets:

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets: (Continued)

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

M. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

N. Funds Held for Unemployment Claims:

Funds held for unemployment claims do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84. *Fiduciary Activities* and are therefore reported in the general fund. As these funds are restricted pursuant to *N.J.S.A. 43:21-7.3(g)* any employee contributions held for unemployment claims are classified as an other liability and any employer contributions held for unemployment claims are classified as restricted fund balance. Funds used for the payment for claims will reduce the outstanding liability before use of any restricted fund balance.

O. Leases and Financed Purchases:

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a financed purchase or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Compensated Absences:

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

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

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

The liability for these compensated absences recorded as liabilities in the governmental activities in the government-wide financial statements amounted to \$683,675, at June 30, 2023, representing the District's commitment to fund such costs from future operations. The current portion of this liability is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only to the amount actually due at year end as a result of employee resignations and retirements. The general fund typically has been used in prior years to liquidate the liability for compensated absences.

Q. Long-Term Obligations:

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

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

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

R. Pensions

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflows/Inflows of Resources

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

T. Equity Classifications:

Government-wide Statements

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

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

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

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

Governmental Fund Statements

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

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

Excess Surplus - This restriction was created to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024-2025 original budget certified for taxes.

Excess Surplus – Prior Year - Designated for Subsequent Year's Budget - This restriction was created to represent the June 30, 2022 audited excess surplus that will be appropriated in the 2023-2024 original budget certified for taxes.

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Equity Classifications (Continued):

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the 2023-2024 original budget certified for taxes.

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

Fund Balance Policies

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

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating and Nonoperating Revenue:

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

V. Expenditures/Expenses:

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

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

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

Proprietary Fund - By Operating and Nonoperating

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

W. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension benefits for members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased \$6,664,952 to adjust to the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

X. Use of Estimates

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

Y. GASB Pronouncements

Recently Adopted Accounting Pronouncements

Effective for the fiscal year ended June 30, 2023, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of Statement No. 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The District adopted GASB Statement No. 96 effective July 1, 2022, however, management determined that there were no material SBITA that required capitalization for the year ended June 30, 2023.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. GASB Pronouncements (Continued)

Recently Adopted Accounting Pronouncements (Continued)

The District is currently reviewing the following for applicability and potential impact on the financial statements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2. DEPOSITS AND INVESTMENTS

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

Deposits

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

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

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

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At June 30, 2023, the book value of the District's deposits was \$23,240,593 and bank balances of the District's cash and deposits amounted to \$23,219,323.

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2023, the District’s deposits which are displayed on the balance sheets and statements of net position as “cash and cash equivalents” are summarized as follows:

Insured - FDIC	\$ 250,000
Insured - GUDPA	22,990,915
	<u>\$ 23,240,915</u>
Reconciliation to Government-wide Statement of	
Net Position:	
Unrestricted Cash	\$ 12,481,254
Restricted Cash	10,759,661
	<u>\$ 23,240,915</u>

Investments

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

NOTE 3. DEPOSIT AND INVESTMENT RISK

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

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

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

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

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

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

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

At June 30, 2023 the District’s investments were not exposed to custodial credit risk, interest rate risk or foreign currency risk.

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 6,000,000
Deposits:	
Approved by Board Resolution	2,000,000
Ending balance, June 30, 2023	\$ 8,000,000

NOTE 5. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from other governments as reported on the general fund balance sheet at June 30, 2023 amounting to \$851,479, are from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet at June 30, 2023 amounting to \$135,259 are from federal sources.

NOTE 6. CAPITAL ASSETS AND DEPRECIATION

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6. CAPITAL ASSETS AND DEPRECIATION (Continued)

The following is a summarization of the governmental activities in capital assets for the year fiscal year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Balance at June 30, 2023</u>
Governmental Activities:			
Non-Depreciable:			
Land	\$ 648,206	\$ -	\$ 648,206
Depreciable:			
Buildings and Improvements	42,615,076	2,873,668	45,488,744
Land Improvements	174,800	-	174,800
Machinery & Equipment	2,289,870	1,058,414	3,348,284
Total at Historical Cost	<u>45,079,746</u>	<u>3,932,082</u>	<u>49,011,828</u>
Less: Accumulated Depreciation:			
Buildings and Improvements	(25,229,154)	(1,929,221)	(27,158,375)
Land Improvements	(174,800)	-	(174,800)
Machinery & Equipment	(737,302)	(299,861)	(1,037,163)
Total Accumulated Depreciation	<u>(26,141,256)</u>	<u>(2,229,082) *</u>	<u>(28,370,338)</u>
Depreciable Capital Assets, Net	<u>18,938,490</u>	<u>1,703,000</u>	<u>20,641,490</u>
Governmental Activities - Capital Assets, Net	<u>\$ 19,586,696</u>	<u>\$ 1,703,000</u>	<u>\$ 21,289,696</u>

* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2023 as follows:

Instruction:	
Regular	\$ 804,318
Special Education	226,933
Other Special Education	44,273
Other Instruction	41,259
Total Instruction	<u>1,116,783</u>
Support Services:	
Tuition	186,968
Student & Instruction Related Services	346,661
School Administrative Services	123,405
General & Business Administrative Services	80,222
Operation & Maintenance of Plant	260,500
Pupil Transportation	114,543
Total Support Services	<u>1,112,299</u>
Total Depreciation Expense	<u>\$ 2,229,082</u>

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6. CAPITAL ASSETS AND DEPRECIATION (Continued)

The following is a summarization of the business-type activities in capital assets for the year fiscal year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Balance at June 30, 2023</u>
Business-type Activity:			
Depreciable:			
Machinery & Equipment	\$ 366,860	\$ 193,244	\$ 560,104
Less: Accumulated Depreciation:			
Machinery & Equipment	<u>(310,051)</u>	<u>(38,678)</u>	<u>(348,729)</u>
Business-type Activity - Capital Assets, Net	<u>\$ 56,809</u>	<u>\$ 154,566</u>	<u>\$ 211,375</u>

NOTE 7. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental Activities:						
Bonds Payable	\$ 1,923,000	\$ -	\$ 275,000	\$ 1,648,000	\$ 275,000	\$ 1,373,000
Financed Purchases	152,520	-	47,489	105,031	46,546	58,485
Compensated Absences	757,405	35,985	109,715	683,675	-	683,675
Sub-total	<u>2,832,925</u>	<u>35,985</u>	<u>432,204</u>	<u>2,436,706</u>	<u>321,546</u>	<u>2,115,160</u>
Net Pension Liability	<u>3,834,698</u>	<u>2,322,208</u>	<u>787,393</u>	<u>5,369,513</u>	<u>-</u>	<u>5,369,513</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,667,623</u>	<u>\$ 2,358,193</u>	<u>\$ 1,219,597</u>	<u>\$ 7,806,219</u>	<u>\$ 321,546</u>	<u>\$ 7,484,673</u>

Bonds Payable

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7. LONG-TERM LIABILITIES (Continued)

Bonds Payable (Continued)

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

Year Ending June 30,	School Bonds Series 2013	
	Principal	Interest
2024	\$ 275,000	\$ 46,688
2025	275,000	38,438
2026	275,000	30,016
2027	275,000	21,422
2028	275,000	12,828
2029	273,000	4,266
	<u>\$ 1,648,000</u>	<u>\$ 153,658</u>

Financed Purchases

The District is currently leasing copiers for various schools.

The following is a schedule of the future minimum financed purchases payments under the finance purchases and the present value of the remaining net minimum finance purchase payments as of June 30, 2023:

	Year Ending June 30,	
	2024	\$ 46,546
	2025	35,180
	2026	19,739
	2027	<u>10,050</u>
Total Minimum Finance Purchase Payments		111,515
Less: Amount Representing Interest		<u>6,484</u>
Present Value of Net Minimum Finance Purchase Payments		<u>\$ 105,031</u>

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans and Benefits Provided

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

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Description of Plans and Benefits Provided (Continued)

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

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

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

The following represents the membership tiers for PERS and TPAF:

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential Retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income are recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91%. The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2023.

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

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF non-employer contributions are made annually by the State of New Jersey to the pension system on behalf of the District. PERS employer contributions are made annually by the District to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Annual Pension Costs (APC) (continued)

During the years ended June 30, 2023, 2022 and 2021 the District paid the required contributions to PERS of \$448,681, \$379,089 and \$331,894 respectively.

During the years ended June 30, 2023, 2022 and 2021 the District paid the required contributions to DCRP of \$16,890, \$16,425 and \$15,205, respectively.

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

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,015,928 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the Government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* (GASB No. 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

Following this method, the measurement of the collective pension expense excluding that attributable to employer paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023 the District reported in the statement of net position (accrual basis) a liability of \$5,369,513 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the District's PERS proportion was 0.0496% which was an increase of 0.0029% from its proportion measured as of June 30, 2021.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

For the year ended June 30, 2023, the District recognized in the Government-wide statement of activities (accrual basis) pension expense of \$789,506 for PERS. The pension contribution made by the District during the current 2022-2023 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2023 for contributions made subsequent to the current fiscal year end. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$ 4,579	
Changes in assumptions		787,393
Net differences between projected and actual investment earnings on pension plan investments	222,239	-
Changes in proportion	413,199	-
District contributions subsequent to measurement date	489,029	-
Total	<u>\$ 1,129,046</u>	<u>\$ 787,393</u>

\$489,029 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2024	\$ (121,090)
June 30, 2025	(61,691)
June 30, 2026	(30,086)
June 30, 2027	65,636
June 30, 2028	(144)
	<u>\$ (147,376)</u>

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

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	
	2.75 – 6.55%
	Based on years of service
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The Discount Rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make 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.

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

The following presents the District’s proportionate share of the net pension liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of PERS net pension liability	\$ 6,956,673	\$ 5,369,513	\$ 4,102,951

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2022. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Pension Plan fiduciary net position

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

Payable to the pension plan

At June 30, 2023 the District reported accounts payable to the PERS of \$489,029 for the required actuarially determined contribution to PERS for the year ended June 30, 2023.

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2022, the State's pension contribution was less than the actuarial determined amount.

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

At June 30, 2023 the State's net pension liability for TPAF associated with the District was \$52,493,159. The non-employer allocation percentages are based on the ratio of the State's contributions made as an employer and non-employer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. At June 30, 2022 the State's proportionate share of the TPAF net pension liability associated with the District was 0.1017%, which was an decrease of 0.004% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the District recognized in the Government-wide statement of activities (accrual basis) pension expense of \$3,059,535 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and an expense in accordance with GASB No. 85.

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	
	2.75-5.65%
	Based on years of service
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The Discount Rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

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

The following presents the State's proportionate share of the net pension liability attributable to the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the TPAF net pension liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
States proportionate share of the TPAF net pension liability attributable to the District	\$ 61,549,344	\$ 52,493,159	\$ 44,864,461

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2022. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Pension Plan fiduciary net position

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

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS

Plan Description and Benefits Provided

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

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

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$60,007,650,970 for this special funding situation.

Measurement Focus and Basis of Accounting

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

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.9 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2023, 2022, and 2021 were \$1,174,855, \$992,378 and \$947,704, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85.

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2021. Non-employer allocation percentages have been rounded for presentation purposes.

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

For the fiscal year ended June 30, 2023, the District recognized in the Government-wide statement of activities (accrual basis) OPEB expense of \$585,395. This amount has been included in the District's Government-wide statement of activities (accrual basis) as a revenue and expenditure in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$45,751,631. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the State's share of the OPEB liability attributable to the District was 0.0903% which was a decrease of 0.0015 from its proportion measured as of June 30, 2022.

Actuarial Assumptions

The OPEB liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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.

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:	2.75 – 4.25% based on service years	2.75 – 6.55% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021 for current disabled retirees.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Change in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 measurement date	\$ 55,098,099
Changes reconized for the fiscal year:	
Service cost	2,915,376
Interest on the total OPEB liability	1,212,469
Changes in assumptions	(12,273,286)
Difference between expected and actual experience	(38,569)
Changes of benefit terms	-
Gross benefit payments	(1,200,986)
Contributions from the member	38,528
Net changes	<u>(9,346,468)</u>
Balance, June 30, 2022 measurement date	<u>\$ 45,751,631</u>

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2022. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2022 was not provided by the pension system.

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2022, calculated using the discount rate 3.54%, as well as the State’s proportionate share of the OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>At 1% Decrease (2.54%)</u>	<u>At Current Discount Rate (3.54%)</u>	<u>At 1% Increase (4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 53,776,230	\$ 45,751,631	\$ 39,320,316

**NORTH ARLINGTON SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2023, calculated using the previously disclosed healthcare trend rate as well as what the total non-employer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>1 % Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 37,816,519	\$ 45,751,631	\$ 56,174,882

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

NOTE 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Funds:		
General	\$ 187,780	\$ 49,388
Special Revenue	-	187,780
Enterprise	49,388	-
Total	<u>\$ 237,168</u>	<u>\$ 237,168</u>

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

The general fund transferred a \$167,916 contribution to preschool education aid in the special revenue fund.

NOTE 11. CONTINGENT LIABILITIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

The District is also a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12. RISK MANAGEMENT

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

A. Property and Liability Insurance:

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

B. New Jersey Unemployment Compensation Insurance:

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

NOTE 13. DEFERRED COMPENSATION

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

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

NOTE 14. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund - Of the \$18,561,769 General Fund fund balance at June 30, 2023, \$8,237,846 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$3,975,035 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$8,000,000 is committed for capital reserve; \$1,196,708 is committed for year-end encumbrances; and \$827,488 is unassigned.

Special Revenue Fund – Of the \$188,340 Special Revenue Fund fund balance at June 30, 2023, \$56,540 is restricted for scholarships; \$246,154 is restricted for student activities; and (\$114,354) is unassigned.

Capital Projects Fund – The \$1,468,165 Capital Projects Fund fund balance at June 30, 2023, is restricted for capital projects.

Debt Service Fund – The \$322 Debt Service Fund fund balance at June 30, 2023 is restricted.

The total Governmental Funds fund balance is \$20,218,596.

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 14. FUND BALANCE APPROPRIATED

Fund Statements:

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

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Fund Balance/Net Position	\$ 20,218,596	\$ 490,340	\$ 20,708,936
Add: Capital Assets, Net of Accumulated Depreciation	21,289,696	-	21,289,696
Deferred Outflows of Resources	1,129,046	-	1,129,046
Less: Accounts Payable for Pension	(489,029)	-	(489,029)
Long-Term Liabilities	(2,436,706)	-	(2,436,706)
Net Pension Liability	(5,369,513)	-	(5,369,513)
Deferred Inflows of Resources	<u>(787,393)</u>	-	<u>(787,393)</u>
Total Net Position	<u>\$ 33,554,697</u>	<u>\$ 490,340</u>	<u>\$ 34,045,037</u>

NOTE 15. DEFICIT FUND BALANCES

The District has a deficit unassigned fund balance of (\$114,354) in the Special Revenue Fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund deficit balance does not alone indicate that the district is facing financial difficulties.

Pursuant to P.L. 2003, c. 97 any negative unreserved, undesignated fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District’s fund balance in the GAAP funds statements of \$20,218,596 is more than the last two state aid payments.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance for year ended June 30, 2023 is \$8,237,846.

NOTE 17. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 through February 5, 2024, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Local sources:					
Local tax levy	\$ 29,258,967	\$ -	\$ 29,258,967	\$ 29,258,967	\$ -
Tuition	-	-	-	29,281	29,281
Interest earned	-	-	-	364,825	364,825
Miscellaneous	25,000	-	25,000	233,965	208,965
Total - local sources	29,283,967	-	29,283,967	29,887,038	603,071
Federal sources:					
Special Education Medicare Reimbursement Initiative	38,942	-	38,942	83,624	44,682
Total - federal sources	38,942	-	38,942	83,624	44,682
State sources:					
Equalization aid	4,721,232	-	4,721,232	4,721,232	-
Transportation aid	184,243	-	184,243	184,243	-
Special education aid	1,574,641	-	1,574,641	1,574,641	-
Security categorical aid	224,941	-	224,941	224,941	-
Extraordinary aid	-	-	-	750,102	750,102
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	4,472,273	4,472,273
Post-retirement medical contributions	-	-	-	1,174,855	1,174,855
Long term disability insurance premium	-	-	-	1,896	1,896
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,015,928	1,015,928
Total - state sources	6,705,057	-	6,705,057	14,120,111	7,415,054
Total revenues	36,027,966	-	36,027,966	44,090,773	8,062,807
EXPENDITURES -					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	470,375	31,400	501,775	475,401	26,374
Grades 1-5	3,060,900	(31,400)	3,029,500	2,707,025	322,475
Grades 6-8	2,066,470	-	2,066,470	1,869,470	197,000
Grades 9-12	3,363,505	-	3,363,505	3,186,161	177,344
Total regular programs - instruction	8,961,250	-	8,961,250	8,238,057	723,193
Regular programs - home instruction:					
Salaries of teachers	70,000	-	70,000	61,131	8,869
Purchased professional - educational services	30,000	-	30,000	22,767	7,233
Total regular programs - home instruction	100,000	-	100,000	83,898	16,102
Regular programs - undistributed instruction:					
Other salaries for instruction	405,720	(16,560)	389,160	297,290	91,870
Purchased professional - technical services	617,449	-	617,449	350,768	266,681
Other purchased services (400-500 series)	25,000	-	25,000	-	25,000
Travel	2,000	-	2,000	1,775	225
General supplies	989,059	3,557	992,616	785,821	206,795
Textbooks	112,000	(3,557)	108,443	57,518	50,925
Total regular programs - undistributed instruction	2,151,228	(16,560)	2,134,668	1,493,172	641,496
Total regular programs	11,212,478	(16,560)	11,195,918	9,815,127	1,380,791
Special education:					
Multiple disabilities:					
Salaries of teachers	527,042	-	527,042	452,323	74,719
Other salaries for instruction	1,161,132	18,702	1,179,834	909,724	270,110
General supplies	8,514	2,000	10,514	8,828	1,686
Textbooks	3,000	(2,000)	1,000	329	671
Other objects	12,000	(2,142)	9,858	514	9,344
Total multiple disabilities	1,711,688	16,560	1,728,248	1,371,718	356,530

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Resource room/resource center:					
Salaries of teachers	\$ 1,477,585	\$ -	\$ 1,477,585	\$ 1,427,521	\$ 50,064
Other salaries for instruction	265,479	-	265,479	133,458	132,021
General supplies	8,987	2,000	10,987	10,504	483
Textbooks	2,000	(2,000)	-	-	-
Total resource room/resource center	<u>1,754,051</u>	<u>-</u>	<u>1,754,051</u>	<u>1,571,483</u>	<u>182,568</u>
Preschool disabilities - full - time:					
Salaries of teachers	146,000	3,000	149,000	148,968	32
Other salaries for instruction	186,852	-	186,852	125,285	61,567
General supplies	5,000	(3,000)	2,000	209	1,791
Total preschool disabilities - full - time	<u>337,852</u>	<u>-</u>	<u>337,852</u>	<u>274,462</u>	<u>63,390</u>
Total special education - instruction	<u>3,803,591</u>	<u>16,560</u>	<u>3,820,151</u>	<u>3,217,663</u>	<u>602,488</u>
Basic skills/remedial:					
Salaries of teachers	380,968	-	380,968	368,600	12,368
General supplies	1,000	-	1,000	1,000	-
Total basic skills/remedial	<u>381,968</u>	<u>-</u>	<u>381,968</u>	<u>369,600</u>	<u>12,368</u>
Bilingual education:					
Salaries of teachers	267,200	-	267,200	257,200	10,000
General supplies	1,000	-	1,000	948	52
Total bilingual education	<u>268,200</u>	<u>-</u>	<u>268,200</u>	<u>258,148</u>	<u>10,052</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	110,905	1,006	111,911	103,569	8,342
Supplies and materials	5,000	-	5,000	2,000	3,000
Other Objects	11,800	(1,006)	10,794	4,178	6,616
School-sponsored athletics:					
Salaries	375,596	-	375,596	309,896	65,700
Purchased services (300-500 series)	170,360	(11,353)	159,007	32,041	126,966
Supplies and materials	102,128	12,144	114,272	104,409	9,863
Other objects	12,000	(791)	11,209	6,190	5,019
Community service programs:					
Salaries	26,000	-	26,000	22,731	3,269
Total other instructional	<u>813,789</u>	<u>-</u>	<u>813,789</u>	<u>585,014</u>	<u>228,775</u>
Total - instruction	<u>16,480,026</u>	<u>-</u>	<u>16,480,026</u>	<u>14,245,552</u>	<u>2,234,474</u>
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	488,149	(31,996)	456,153	232,130	224,023
Tuition to county vocational school district - regular	186,368	49,090	235,458	235,458	-
Tuition to county vocational school district - special	118,800	-	118,800	108,000	10,800
Tuition to CSSD & regional day schools	477,946	(49,294)	428,652	389,385	39,267
Tuition to private schools for the handicapped-within state	1,972,595	(36,493)	1,936,102	1,686,022	250,080
Tuition - state facilities	-	4,500	4,500	-	4,500
Total undistributed expenditures - instruction	<u>3,243,858</u>	<u>(64,193)</u>	<u>3,179,665</u>	<u>2,650,995</u>	<u>528,670</u>
Attendance and social work services:					
Salaries	25,000	(16,158)	8,842	8,842	-
Total attendance and social work services	<u>25,000</u>	<u>(16,158)</u>	<u>8,842</u>	<u>8,842</u>	<u>-</u>
Health services:					
Salaries	489,606	(19,759)	469,847	469,847	-
Purchased professional and technical services	105,031	66,592	171,623	171,623	-
Supplies and materials	25,741	(3,124)	22,617	22,617	-
Total health services	<u>620,378</u>	<u>43,709</u>	<u>664,087</u>	<u>664,087</u>	<u>-</u>
Other support services - students-related services:					
Salaries	281,116	(2,340)	278,776	234,649	44,127
Purchased professional - educational services	3,500	1,750	5,250	5,250	-
Supplies and materials	1,866	590	2,456	2,368	88
Total other support services - students-related services	<u>286,482</u>	<u>-</u>	<u>286,482</u>	<u>242,267</u>	<u>44,215</u>
Other support services - students-extra services:					
Purchased professional - educational services	650,495	-	650,495	624,793	25,702
Total other support services - students-extra services	<u>650,495</u>	<u>-</u>	<u>650,495</u>	<u>624,793</u>	<u>25,702</u>

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Other support services - students-regular:					
Salaries of other professional staff	\$ 617,504	\$ (5,351)	\$ 612,153	\$ 554,280	\$ 57,873
Salaries of secretarial and clerical assistants	155,367	200	155,567	143,496	12,071
Purchased professional - educational services	63,816	(153)	63,663	44,657	19,006
Other purchased services (400-500 series)	2,000	(1,605)	395	395	-
Supplies and materials	5,226	967	6,193	6,193	-
Other objects	30	-	30	30	-
Total other support services - students-regular	843,943	(5,942)	838,001	749,051	88,950
Other support services - students - special services:					
Salaries of other professional staff	553,603	(24,159)	529,444	462,966	66,478
Salaries of secretarial and clerical assistants	50,051	-	50,051	45,661	4,390
Supplies and materials	8,074	3,737	11,811	11,707	104
Other objects	1,600	(1,187)	413	413	-
Total other support services - students-special services	613,328	(21,609)	591,719	520,747	70,972
Improvement of instructional services:					
Salaries of supervisors of instructions	218,673	4,036	222,709	222,709	-
Other purchased services (400-500 series)	1,500	(446)	1,054	1,054	-
Supplies and materials	56,350	(3,540)	52,810	12,873	39,937
Other objects	2,760	(50)	2,710	2,710	-
Total improvement of instructional services	279,283	-	279,283	239,346	39,937
Educational media services/school library:					
Salaries	92,609	(13,700)	78,909	-	78,909
Salaries of technology coordinators	102,038	13,700	115,738	115,654	84
Purchased professional services - educational	11,990	2,000	13,990	7,982	6,008
Supplies and materials	10,500	(2,000)	8,500	2,315	6,185
Total educational media services/school library	217,137	-	217,137	125,951	91,186
Instruction staff training services:					
Salaries of other professional staff	19,000	-	19,000	9,662	9,338
Other purchased professional services - educational	101,300	-	101,300	63,029	38,271
General Supplies	500	-	500	405	95
Other objects	800	-	800	-	800
Total instruction staff training services	121,600	-	121,600	73,096	48,504
Support services - general administration:					
Salaries	343,004	-	343,004	329,736	13,268
Unused vacation payment to terminated/retired staff	-	18,000	18,000	17,545	455
Legal services	125,000	(18,000)	107,000	95,354	11,646
Audit Fees	46,500	-	46,500	46,500	-
Architectural services	50,000	-	50,000	50,000	-
Communications/telephone	164,700	-	164,700	49,911	114,789
Miscellaneous purchased services	38,000	-	38,000	22,575	15,425
Supplies and materials	10,808	-	10,808	9,491	1,317
Judgments against the school district	20,000	-	20,000	-	20,000
Miscellaneous expenditures	28,610	-	28,610	25,216	3,394
Total support services - general administration	826,622	-	826,622	646,328	180,294
Support services - school administration:					
Salaries of principals/assistant principals	1,417,938	-	1,417,938	1,389,072	28,866
Salaries of secretarial and clerical assistants	335,934	-	335,934	320,264	15,670
Travel	1,000	-	1,000	-	1,000
General Supplies	22,501	(331)	22,170	20,002	2,168
Other objects	22,575	331	22,906	20,406	2,500
Total support services - school administration	1,799,948	-	1,799,948	1,749,744	50,204
Central services:					
Salaries	414,501	20,000	434,501	398,934	35,567
Purchased profession services	72,000	-	72,000	30,006	41,994
Purchased technical services	31,300	8,300	39,600	39,600	-
Miscellaneous purchased services (300-500 series)	23,000	(8,000)	15,000	4,829	10,171
Supplies and materials	14,000	(1,300)	12,700	9,060	3,640
Miscellaneous expenditures	10,700	1,000	11,700	8,706	2,994
Total central services:	565,501	20,000	585,501	491,135	94,366

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Administrative Information Technology:					
Supplies and materials	\$ 20,000	\$ (20,000)	\$ -	\$ -	\$ -
Total administrative information technology:	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Required maintenance for school facilities:					
Salaries	109,138	-	109,138	109,138	-
Cleaning, repair and maintenance services	1,081,984	-	1,081,984	806,750	275,234
General supplies	112,980	11,097	124,077	124,077	-
Total required maintenance for school facilities	<u>1,304,102</u>	<u>11,097</u>	<u>1,315,199</u>	<u>1,039,965</u>	<u>275,234</u>
Other operating and maintenance of plant services:					
Salaries	1,589,085	-	1,589,085	1,450,135	138,950
Purchased professional and technical services	70,000	-	70,000	-	70,000
Rental of land and buildings other than lease purchase	40,000	-	40,000	39,429	571
Other purchased property	180,811	-	180,811	131,163	49,648
Insurance	348,772	-	348,772	327,263	21,509
General supplies	168,527	(11,097)	157,430	117,581	39,849
Energy	869,679	(10,000)	859,679	572,656	287,023
Other objects	13,550	10,000	23,550	15,418	8,132
Total other operating and maintenance of plant services:	<u>3,280,424</u>	<u>(11,097)</u>	<u>3,269,327</u>	<u>2,653,645</u>	<u>615,682</u>
Student transportation services:					
Salaries of non-instruction aides	106,204	(9,000)	97,204	95,761	1,443
Salaries for pupil transportation - other	110,000	(12,747)	97,253	88,286	8,967
Cleaning, repair and maintenance services	80,000	(5,221)	74,779	74,779	-
Contracted services - (between home and school) - joint agreement	150,000	38,771	188,771	188,771	-
Contracted services - (Special education students) - joint agreement	800,000	369,663	1,169,663	1,169,663	-
General supplies	28,300	(28,300)	-	-	-
Miscellaneous purchased services	6,000	834	6,834	6,834	-
Total student transportation services	<u>1,280,504</u>	<u>354,000</u>	<u>1,634,504</u>	<u>1,624,094</u>	<u>10,410</u>
Unallocated employee benefits:					
Social Security contribution	978,689	-	978,689	948,758	29,931
Workers' compensation	140,000	2,590	142,590	142,590	-
Unemployment compensation	90,000	-	90,000	67,846	22,154
Health benefits	4,575,272	(356,590)	4,218,682	2,903,474	1,315,208
Tuition reimbursement	20,000	-	20,000	20,000	-
Other employee benefits	60,000	-	60,000	30,505	29,495
Total unallocated employee benefits	<u>5,863,961</u>	<u>(354,000)</u>	<u>5,509,961</u>	<u>4,113,173</u>	<u>1,396,788</u>
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	4,472,273	(4,472,273)
Post-retirement medical contributions	-	-	-	1,174,855	(1,174,855)
Long term disability insurance premium	-	-	-	1,896	(1,896)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,015,928	(1,015,928)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,664,952</u>	<u>(6,664,952)</u>
Total undistributed expenditures	<u>21,842,566</u>	<u>(64,193)</u>	<u>21,778,373</u>	<u>24,882,211</u>	<u>(3,103,838)</u>
Total expenditures - current expense	<u>38,322,592</u>	<u>(64,193)</u>	<u>38,258,399</u>	<u>39,127,763</u>	<u>(869,364)</u>

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
CAPITAL OUTLAY					
Equipment:					
Undistributed expenditures:					
Instruction	\$ 45,000	\$ 1,928	\$ 46,928	\$ 46,928	\$ -
Required maintenance for school facilities	70,000	(1,928)	68,072	61,819	6,253
Total equipment	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>108,747</u>	<u>6,253</u>
Facilities acquisition and construction services:					
Other professional/technical services	100,000	52,105	152,105	152,105	-
Construction services	2,177,757	(52,105)	2,125,652	2,125,652	-
Other objects	8,567	-	8,567	8,567	-
Total facilities acquisition and construction services	<u>2,286,324</u>	<u>-</u>	<u>2,286,324</u>	<u>2,286,324</u>	<u>-</u>
Total capital outlay	<u>2,401,324</u>	<u>-</u>	<u>2,401,324</u>	<u>2,395,071</u>	<u>6,253</u>
Charter schools	<u>283,395</u>	<u>64,193</u>	<u>347,588</u>	<u>339,355</u>	<u>8,233</u>
Total expenditures	<u>41,007,311</u>	<u>-</u>	<u>41,007,311</u>	<u>41,862,189</u>	<u>(854,878)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,979,345)</u>	<u>-</u>	<u>(4,979,345)</u>	<u>2,228,584</u>	<u>7,207,929</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers out - transfer to special revenue- local contribution to preschool - inclusion	<u>(167,916)</u>	<u>-</u>	<u>(167,916)</u>	<u>(167,916)</u>	<u>-</u>
Total other financing sources (uses)	<u>(167,916)</u>	<u>-</u>	<u>(167,916)</u>	<u>(167,916)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(5,147,261)</u>	<u>-</u>	<u>(5,147,261)</u>	<u>2,060,668</u>	<u>7,207,929</u>
Fund balances, July 1	<u>17,131,018</u>	<u>-</u>	<u>17,131,018</u>	<u>17,131,018</u>	<u>-</u>
Fund balances, June 30	<u>\$ 11,983,757</u>	<u>\$ -</u>	<u>\$ 11,983,757</u>	<u>\$ 19,191,686</u>	<u>\$ 7,207,929</u>
Recapitulation:					
Restricted for:					
Excess Surplus - prior year - designated for subsequent year's expenditures				\$ 3,975,035	
Excess Surplus - current year				4,262,811	
Capital reserve				8,000,000	
Assigned to:					
Year-end encumbrances				299,727	
Designated for subsequent year's expenditures				1,196,708	
Unassigned				<u>1,457,405</u>	
				19,191,686	
Reconciliation to Government Funds (GAAP)					
Last State Aid Payment not recognized on GAAP Basis				<u>(629,917)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ 18,561,769</u>	

**NORTH ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Federal sources	\$ 673,000	\$ 2,231,576	\$ 2,904,576	\$ 2,363,145	\$ 541,431
State sources	1,469,420	203,369	1,672,789	1,345,248	327,541
Local Sources	-	329,650	329,650	288,717	40,933
Total revenues	<u>2,142,420</u>	<u>2,764,595</u>	<u>4,907,015</u>	<u>3,997,110</u>	<u>909,905</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	373,360	142,218	515,578	378,339	137,239
Other salaries for instruction	72,312	13,491	85,803	63,878	21,925
Purchased prof. & tech. services	126,000	113,542	239,542	208,668	30,874
Other purchased services (400-500 series)	420,000	68,772	488,772	488,772	-
General supplies	151,000	289,734	440,734	439,914	820
Textbooks	8,000	1,636	9,636	9,636	-
Total Instruction	<u>1,150,672</u>	<u>629,393</u>	<u>1,780,065</u>	<u>1,589,207</u>	<u>190,858</u>
Support services:					
Salaries	-	313,055	313,055	231,485	81,570
Salaries of supervisors of instruction	74,000	-	74,000	74,000	-
Salaries of facilitators and math and literacy coaches	66,150	5,708	71,858	66,150	5,708
Personal services-employee benefits	150,587	72,295	222,882	123,548	99,334
Purchased educational services - Contracted Pre-K	471,840	-	471,840	471,840	-
Purchased professional - educational services	50,000	136,996	186,996	178,577	8,419
Other purchased professional services	5,000	27,373	32,373	32,153	220
Travel	1,000	4,303	5,303	303	5,000
Supplies and materials	55,000	62,895	117,895	117,895	-
Student activities	-	269,178	269,178	269,178	-
Scholarships awarded	-	60,472	60,472	60,472	-
Other objects	43,171	(1,134)	42,037	41,484	553
Total support services	<u>916,748</u>	<u>951,141</u>	<u>1,867,889</u>	<u>1,667,085</u>	<u>200,804</u>
Facilities acquisition and construction services:					
Instructional equipment	25,000	7,731	32,731	31,952	779
Noninstructional equipment	50,000	1,176,330	1,226,330	917,715	308,615
Total facilities acquisition and construction services	<u>75,000</u>	<u>1,184,061</u>	<u>1,259,061</u>	<u>949,667</u>	<u>309,394</u>
Total expenditures	<u>2,142,420</u>	<u>2,764,595</u>	<u>4,907,015</u>	<u>4,205,959</u>	<u>701,056</u>
OTHER FINANCING (USES)					
Operating transfers in - transfer from general fund:					
local contribution - inclusion	-	-	-	167,916	167,916
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,916</u>	<u>167,916</u>
Total outflows	<u>2,142,420</u>	<u>2,764,595</u>	<u>4,907,015</u>	<u>4,038,043</u>	<u>868,972</u>
Excess of revenues over expenditures	-	-	-	(40,933)	40,933
Fund balance, July 1	343,627	-	343,627	343,627	-
Fund balance, June 30	<u>\$ 343,627</u>	<u>\$ -</u>	<u>\$ 343,627</u>	<u>\$ 302,694</u>	<u>\$ 40,933</u>
<u>Recapitulation:</u>					
Restricted for:					
Scholarships				\$ 56,540	
Student activities				<u>246,154</u>	
Fund balance				<u>\$ 302,694</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**NORTH ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-3

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 44,090,773	[C-2] \$ 3,997,110
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	509,136	100,711
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(629,917)</u>	<u>(114,354)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>43,969,992</u>	[B-2] \$ <u>3,983,467</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 41,862,189	[C-2] \$ 4,038,043
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund	<u>-</u>	<u>167,916</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>41,862,189</u>	[B-2] \$ <u>4,205,959</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

PENSION AND OPEB INFORMATION

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

EXHIBIT L-1

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.03558001%	0.03236989%	0.03033906%	0.03383203%	0.03467568%	0.03360225%	0.03430233%	0.03303007%	0.03159905%
District's proportionate share of the net pension liability	\$ 5,369,513	\$ 3,834,698	\$ 4,947,507	\$ 6,096,019	\$ 6,827,469	\$ 7,822,068	\$ 10,159,366	\$ 7,414,588	\$ 5,916,206
District's covered-employee payroll	\$ 2,685,111	\$ 2,618,307	\$ 2,397,854	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	\$ 2,340,849
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.01%	68.28%	48.47%	37.89%	32.53%	30.03%	23.47%	31.46%	39.57%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

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

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

EXHIBIT L-2

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 448,681	\$ 379,089	\$ 331,894	\$ 329,088	\$ 344,911	\$ 315,713	\$ 306,352	\$ 283,970	\$ 260,498
Contributions in relation to the contractually required contribution	448,681	379,089	331,894	329,088	344,911	315,713	306,352	283,970	260,498
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,685,111	\$ 2,618,307	\$ 2,397,854	\$ 2,309,511	\$ 2,220,668	\$ 2,348,753	\$ 2,383,988	\$ 2,332,563	\$ 2,340,849
Contributions as a percentage of covered-employee payroll	16.71%	14.48%	13.84%	14.25%	15.53%	13.44%	12.85%	12.17%	11.13%

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

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

EXHIBIT L-3

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
State's proportion of the net pension liability associated with the District	0.1017%	0.1021%	0.1035%	0.1048%	0.1003%	0.1017%	0.1057%	0.1009%	0.1023%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>52,493,159</u>	<u>49,079,953</u>	<u>68,136,047</u>	<u>64,289,620</u>	<u>63,792,495</u>	<u>68,554,220</u>	<u>83,171,272</u>	<u>63,780,669</u>	<u>54,657,425</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 52,493,159</u>	<u>\$ 49,079,953</u>	<u>\$ 68,136,047</u>	<u>\$ 64,289,620</u>	<u>\$ 63,792,495</u>	<u>\$ 68,554,220</u>	<u>\$ 83,171,272</u>	<u>\$ 63,780,669</u>	<u>\$ 54,657,425</u>
District proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE STATE PROPORTIONATE SHARE OF OPEB LIABILITY
ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS***

EXHIBIT L-4

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB liability, July 1	\$ 55,098,099	\$ 62,803,282	\$ 37,387,558	\$ 42,864,268	\$ 49,249,232	\$ 52,907,997
Changes recognized for the fiscal year:						
Service cost	2,915,376	3,388,816	1,795,398	1,741,490	1,942,624	2,347,259
Interest on the total OPEB liability	1,212,469	1,429,303	1,353,009	1,704,898	1,813,035	1,559,228
Changes in assumptions	(12,273,286)	54,358	11,472,001	557,452	(4,918,889)	(6,466,539)
Difference between expected and actual experience	(38,569)	(11,429,665)	11,855,529	(8,366,884)	(4,115,173)	-
Changes of benefit terms	-	(58,645)	-	-	-	-
Gross benefit payments	(1,200,986)	(1,125,890)	(1,093,353)	(1,147,687)	(1,146,175)	(1,140,717)
Contributions from the member	38,528	36,540	33,140	34,021	39,614	42,004
Net changes	(9,346,468)	(7,705,183)	25,415,724	(5,476,710)	(6,384,964)	(3,658,765)
OPEB liability, June 30	\$ 45,751,631	\$ 55,098,099	\$ 62,803,282	\$ 37,387,558	\$ 42,864,268	\$ 49,249,232
District's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	45,751,631	55,098,099	62,803,282	37,387,558	42,864,268	49,249,232
Total OPEB liability	\$ 45,751,631	\$ 55,098,099	\$ 62,803,282	\$ 37,387,558	\$ 42,864,268	\$ 49,249,232
District's covered employee payroll	\$ 12,626,312	\$ 12,871,153	\$ 13,972,510	\$ 13,727,255	\$ 13,090,887	\$ 12,400,898
Total OPEB Liability as a percentage of covered employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

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

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

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**NORTH ARLINGTON SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Public Employees' Retirement System (PERS)	Teachers Pension and Annuity Fund (TPAF)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2022	7.00%	7.00%	3.54%
As of June 30, 2021	7.00%	7.00%	2.21%
Municipal bond rate:			
As of June 30, 2022	3.54%	3.54%	3.54%
As of June 30, 2021	2.21%	2.21%	2.21%
Inflation rate:			
As of June 30, 2021			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
As of June 30, 2020			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
Long-term expected rate of return on pension plan investments:			
As of June 30, 2022	7.00%	7.00%	Not Applicable
As of June 30, 2021	7.00%	7.00%	Not Applicable

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**NORTH ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1a)	Elementary and Secondary Education act		
		Title I Part A	Title II Part A	Title III Part A
REVENUES				
Federal sources	\$ 1,186,195	\$ 194,186	\$ 34,060	\$ 13,516
State sources	1,345,248	-	-	-
Private sources	288,717	-	-	-
Total revenues	2,820,160	194,186	34,060	13,516
EXPENDITURES				
Instruction:				
Salaries of teachers	294,035	52,625	15,000	10,000
Other salaries for instruction	63,878	-	-	-
Purchased prof. & tech. services	147,966	-	19,060	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	330,807	78,131	-	3,516
Textbooks	9,636	-	-	-
Total instruction	846,322	130,756	34,060	13,516
Support services:				
Salaries	178,431	40,650	-	-
Salaries of supervisors of instruction	74,000	-	-	-
Salaries of facilitators and math and literacy coaches	66,150	-	-	-
Personal services-employee benefits	123,548	-	-	-
Purchased educational services - Contracted Pre-K	471,840	-	-	-
Purchased professional - educational services	143,092	-	-	-
Other purchased professional services	9,373	22,780	-	-
Travel	303	-	-	-
Supplies and materials	51,149	-	-	-
Scholarships awarded	60,472	-	-	-
Student activities	269,178	-	-	-
Other objects	41,484	-	-	-
Total support services	1,489,020	63,430	-	-
Facilities acquisition and construction services:				
Instructional equipment	31,952	-	-	-
Noninstructional equipment	661,715	-	-	-
Total facilities acquisition and construction services	693,667	-	-	-
Total expenditures	3,029,009	194,186	34,060	13,516
OTHER FINANCING (USES)				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	167,916	-	-	-
Total other financing (uses)	167,916	-	-	-
Total outflows	2,861,093	194,186	34,060	13,516
Excess of revenues over expenditures and other financing (uses)	(40,933)	-	-	-
Fund balance, July 1	343,627	-	-	-
Fund balance, June 30	\$ 302,694	\$ -	\$ -	\$ -

Elementary and Secondary Education Act		IDEA Basic	IDEA Preschool	CARES Emergency Relief	CRRSA ESSER II	Totals 2023
Title III Immigrant	Title IV					
\$ 14,975	\$ 14,570	\$ 504,860	\$ 19,397	\$ 6,679	\$ 374,707	\$ 2,363,145
-	-	-	-	-	-	1,345,248
-	-	-	-	-	-	288,717
<u>14,975</u>	<u>14,570</u>	<u>504,860</u>	<u>19,397</u>	<u>6,679</u>	<u>374,707</u>	<u>3,997,110</u>
-	-	-	-	6,679	-	378,339
-	-	-	-	-	-	63,878
-	13,113	-	-	-	28,529	208,668
-	-	469,375	19,397	-	-	488,772
14,975	1,457	-	-	-	11,028	439,914
-	-	-	-	-	-	9,636
<u>14,975</u>	<u>14,570</u>	<u>469,375</u>	<u>19,397</u>	<u>6,679</u>	<u>39,557</u>	<u>1,589,207</u>
-	-	-	-	-	12,404	231,485
-	-	-	-	-	-	74,000
-	-	-	-	-	-	66,150
-	-	-	-	-	-	123,548
-	-	-	-	-	-	471,840
-	-	35,485	-	-	-	178,577
-	-	-	-	-	-	32,153
-	-	-	-	-	-	303
-	-	-	-	-	66,746	117,895
-	-	-	-	-	-	60,472
-	-	-	-	-	-	269,178
-	-	-	-	-	-	41,484
<u>-</u>	<u>-</u>	<u>35,485</u>	<u>-</u>	<u>-</u>	<u>79,150</u>	<u>1,667,085</u>
-	-	-	-	-	-	31,952
-	-	-	-	-	256,000	917,715
-	-	-	-	-	256,000	949,667
<u>14,975</u>	<u>14,570</u>	<u>504,860</u>	<u>19,397</u>	<u>6,679</u>	<u>374,707</u>	<u>4,205,959</u>
-	-	-	-	-	-	167,916
-	-	-	-	-	-	167,916
<u>14,975</u>	<u>14,570</u>	<u>504,860</u>	<u>19,397</u>	<u>6,679</u>	<u>374,707</u>	<u>4,038,043</u>
-	-	-	-	-	-	(40,933)
-	-	-	-	-	-	343,627
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,694</u>

**NORTH ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1a)	CRRSA - ESSER II Learning Accel.	CRRSA - ESSER II Mental Health	ARP ESSER
REVENUES				
Federal sources	\$ -	\$ 7,322	\$ 13,750	\$ 843,974
State sources	210,756	-	-	-
Private sources	288,717	-	-	-
Total revenues	499,473	7,322	13,750	843,974
EXPENDITURES				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	101,334	7,322	11,750	22,913
Other purchased services (400-500 series)	-	-	-	-
General supplies	29,930	-	-	22,782
Textbooks	9,636	-	-	-
Total instruction	140,900	7,322	11,750	45,695
Support services:				
Salaries	-	-	-	110,130
Salaries of supervisors of instruction	-	-	-	-
Salaries of facilitators and math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	8,024
Purchased educational services - Contracted Pre-K	-	-	-	-
Purchased professional - educational services	16,352	-	2,000	118,740
Other purchased professional services	-	-	-	-
Travel	-	-	-	-
Supplies and materials	6,132	-	-	-
Scholarships awarded	60,472	-	-	-
Student activities	269,178	-	-	-
Other objects	-	-	-	-
Total support services	352,134	-	2,000	236,894
Facilities acquisition and construction services:				
Instructional equipment	-	-	-	-
Noninstructional equipment	47,372	-	-	561,385
Total facilities acquisition and construction services	47,372	-	-	561,385
Total expenditures	540,406	7,322	13,750	843,974
OTHER FINANCING (USES)				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	-	-	-	-
Total other financing (uses)	-	-	-	-
Total outflows	540,406	7,322	13,750	843,974
Excess of revenues over expenditures and other financing (uses)	(40,933)	-	-	-
Fund balance, July 1	343,627	-	-	-
Fund balance, June 30	\$ 302,694	\$ -	\$ -	\$ -

ARP Summer Learning	ARP Beyond the School Day	ARP Mental Health	Middle Grades Career Awareness	Additional or Compensatory Special Education and Related Services	Preschool Education Aid	Total Carried Forward
\$ 28,301	\$ 40,000	\$ 3,583	\$ 61,485	\$ 187,780	\$ -	\$ 1,186,195
-	-	-	-	-	1,134,492	1,345,248
-	-	-	-	-	-	288,717
<u>28,301</u>	<u>40,000</u>	<u>3,583</u>	<u>61,485</u>	<u>187,780</u>	<u>1,134,492</u>	<u>2,820,160</u>
-	-	-	5,700	-	288,335	294,035
-	-	-	-	-	63,878	63,878
-	-	3,583	1,064	-	-	147,966
-	-	-	-	-	-	-
-	-	-	41,063	187,780	49,252	330,807
-	-	-	-	-	-	9,636
<u>-</u>	<u>-</u>	<u>3,583</u>	<u>47,827</u>	<u>187,780</u>	<u>401,465</u>	<u>846,322</u>
28,301	40,000	-	-	-	-	178,431
-	-	-	-	-	74,000	74,000
-	-	-	-	-	66,150	66,150
-	-	-	437	-	115,087	123,548
-	-	-	-	-	471,840	471,840
-	-	-	6,000	-	-	143,092
-	-	-	-	-	9,373	9,373
-	-	-	-	-	303	303
-	-	-	-	-	45,017	51,149
-	-	-	-	-	-	60,472
-	-	-	-	-	-	269,178
-	-	-	-	-	41,484	41,484
<u>28,301</u>	<u>40,000</u>	<u>-</u>	<u>6,437</u>	<u>-</u>	<u>823,254</u>	<u>1,489,020</u>
-	-	-	7,221	-	24,731	31,952
-	-	-	-	-	52,958	661,715
-	-	-	7,221	-	77,689	693,667
<u>28,301</u>	<u>40,000</u>	<u>3,583</u>	<u>61,485</u>	<u>187,780</u>	<u>1,302,408</u>	<u>3,029,009</u>
-	-	-	-	-	167,916	167,916
-	-	-	-	-	167,916	167,916
<u>28,301</u>	<u>40,000</u>	<u>3,583</u>	<u>61,485</u>	<u>187,780</u>	<u>1,134,492</u>	<u>2,861,093</u>
-	-	-	-	-	-	(40,933)
-	-	-	-	-	-	343,627
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,694</u>

**NORTH ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Total Brought Forward (Ex. E-1a)	Nonpublic Nursing Services	Nonpublic Auxiliary Services Ch. 192	
			Compensatory Education	English as Second Language
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	57,008	16,352	57,223	2,506
Private sources	288,717	-	-	-
Total revenues	<u>345,725</u>	<u>16,352</u>	<u>57,223</u>	<u>2,506</u>
EXPENDITURES				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	-	-	57,223	2,506
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	-	-	-
Textbooks	9,636	-	-	-
Total instruction	<u>9,636</u>	<u>-</u>	<u>57,223</u>	<u>2,506</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of facilitators and math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Purchased educational services - Contracted Pre-K	-	-	-	-
Purchased professional - educational services	-	16,352	-	-
Other purchased professional services	-	-	-	-
Travel	-	-	-	-
Supplies and materials	-	-	-	-
Scholarships awarded	60,472	-	-	-
Student activities	269,178	-	-	-
Other objects	-	-	-	-
Total support services	<u>329,650</u>	<u>16,352</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction services:				
Instructional equipment	-	-	-	-
Noninstructional equipment	47,372	-	-	-
Total facilities acquisition and construction services	<u>47,372</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>386,658</u>	<u>16,352</u>	<u>57,223</u>	<u>2,506</u>
OTHER FINANCING (USES)				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows	<u>386,658</u>	<u>16,352</u>	<u>57,223</u>	<u>2,506</u>
Excess of revenues over expenditures and other financing (uses)	(40,933)	-	-	-
Fund balance, July 1	343,627	-	-	-
Fund balance, June 30	<u>\$ 302,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Instruction	Nonpublic Handicapped Services Ch. 193		Nonpublic Technology Services	Nonpublic Security Aid	Total Carried Forward
	Examination & Classification	Corrective Speech			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,829	13,083	18,693	6,132	29,930	210,756
-	-	-	-	-	288,717
<u>9,829</u>	<u>13,083</u>	<u>18,693</u>	<u>6,132</u>	<u>29,930</u>	<u>499,473</u>
-	-	-	-	-	-
-	-	-	-	-	-
9,829	13,083	18,693	-	-	101,334
-	-	-	-	-	-
-	-	-	-	29,930	29,930
-	-	-	-	-	9,636
<u>9,829</u>	<u>13,083</u>	<u>18,693</u>	<u>-</u>	<u>29,930</u>	<u>140,900</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	16,352
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,132	-	6,132
-	-	-	-	-	60,472
-	-	-	-	-	269,178
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,132</u>	<u>-</u>	<u>352,134</u>
-	-	-	-	-	-
-	-	-	-	-	47,372
-	-	-	-	-	47,372
<u>9,829</u>	<u>13,083</u>	<u>18,693</u>	<u>6,132</u>	<u>29,930</u>	<u>540,406</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,829</u>	<u>13,083</u>	<u>18,693</u>	<u>6,132</u>	<u>29,930</u>	<u>540,406</u>
-	-	-	-	-	(40,933)
-	-	-	-	-	343,627
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,694</u>

**NORTH ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Nonpublic Textbook Aid	SDA Emergent Needs	Scholarship Activities	Student Activities
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	9,636	47,372	-	-
Private sources	-	-	77,419	211,298
Total revenues	<u>9,636</u>	<u>47,372</u>	<u>77,419</u>	<u>211,298</u>
EXPENDITURES				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	-	-	-	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	-	-	-
Textbooks	9,636	-	-	-
Total instruction	<u>9,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of facilitators and math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Purchased educational services - Contracted Pre-K	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Travel	-	-	-	-
Supplies and materials	-	-	-	-
Scholarships awarded	-	-	60,472	-
Student activities	-	-	-	269,178
Other objects	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>60,472</u>	<u>269,178</u>
Facilities acquisition and construction services:				
Instructional equipment	-	-	-	-
Noninstructional equipment	-	47,372	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>47,372</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,636</u>	<u>47,372</u>	<u>60,472</u>	<u>269,178</u>
OTHER FINANCING (USES)				
Operating transfers in - transfer from general fund:				
local contribution - inclusion	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outflows	<u>9,636</u>	<u>47,372</u>	<u>60,472</u>	<u>269,178</u>
Excess of revenues over expenditures and other financing (uses)	-	-	16,947	(57,880)
Fund balance, July 1	-	-	39,593	304,034
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,540</u>	<u>\$ 246,154</u>

Total Carried Forward
\$ -
57,008
288,717
345,725
-
-
-
-
9,636
9,636
-
-
-
-
-
-
-
60,472
269,178
-
329,650
-
47,372
47,372
386,658
-
-
386,658
(40,933)
343,627
\$ 302,694

**NORTH ARLINGTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT E-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES					
Instruction:					
Salaries of teachers	\$ 288,360	\$ -	\$ 288,360	\$ 288,335	\$ 25
Other salaries for instruction	72,312	-	72,312	63,878	8,434
General supplies	50,000	(748)	49,252	49,252	-
Total instruction	410,672	(748)	409,924	401,465	8,459
Support services:					
Salaries of supervisors of instruction	74,000	-	74,000	74,000	-
Salaries of facilitators and math and literacy coaches	66,150	-	66,150	66,150	-
Personal services-employee benefits	115,087	-	115,087	115,087	-
Purchased educational services - Contracted Pre-K	471,840	-	471,840	471,840	-
Other purchased professional services	5,000	4,373	9,373	9,373	-
Travel	500	(197)	303	303	-
Supplies and materials	50,000	(4,983)	45,017	45,017	-
Other objects	43,171	(1,134)	42,037	41,484	553
Total support services	825,748	(1,941)	823,807	823,254	553
Facilities acquisition and construction services:					
Instructional equipment	25,000	(269)	24,731	24,731	-
Noninstructional equipment	50,000	2,958	52,958	52,958	-
Total facilities acquisition and construction services	75,000	2,689	77,689	77,689	-
Total expenditures	\$ 1,311,420	\$ -	\$ 1,311,420	\$ 1,302,408	\$ 9,012

CALCULATION OF BUDGET & CARRYOVER

Total revised 2022-23 Preschool Education Aid	\$ 1,143,504
Add: 2021-22 Actual Carryover - Preschool Education Aid	193,064
Add: Budgeted Transfer from the General Fund 2022-23	167,916
Total Preschool Education Aid Funds Available for	
2022-23 Budget	1,504,484
Less: 2022-23 Budgeted Preschool Education Aid	
(Including Prior Year Budgeted Carryover)	(1,311,420)
Available & Unbudgeted Funds as of June 30, 2023	193,064
Add: June 30, 2023 Unexpended Preschool Education Aid	9,012
2022-23 Actual Carryover - Preschool Education Aid	<u>\$ 202,076</u>
2022-23 Preschool Education Aid Carryover	
Budgeted for Preschool Programs 2023-24	<u>\$ -</u>
2022-23 Preschool Education Aid carryover	
Budgeted for Preschool Programs 2024-25	<u>\$ 202,076</u>

CAPITAL PROJECTS FUND

**NORTH ARLINGTON SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-1

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2023
			Prior Years	Current Year	
Improvements, renovations and additions to Queen of Peace	2018	\$ 11,613,708	\$ 9,397,527	\$ 748,016	\$ 1,468,165
		<u>\$ 11,613,708</u>	<u>\$ 9,397,527</u>	<u>\$ 748,016</u>	<u>\$ 1,468,165</u>

**NORTH ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-2

EXPENDITURES AND OTHER FINANCING USES

Construction Services	<u>\$ 748,016</u>
(Deficit) of revenues and other financing sources over expenditures	(748,016)
Fund Balance, July 1	<u>2,216,181</u>
Fund Balance, June 30	<u><u>\$ 1,468,165</u></u>

**NORTH ARLINGTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENTS, RENOVATIONS AND ADDITIONS TO THE QUEEN OF PEACE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-2a

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Transfer from capital reserve - general fund	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,000,000
Transfer from capital outlay - general fund	3,441,354	-	3,441,354	3,441,354
Transfer from capital projects - other project	1,172,354	-	1,172,354	1,172,354
Total Revenues and Other Financing Sources	<u>11,613,708</u>	<u>-</u>	<u>11,613,708</u>	<u>11,613,708</u>
Expenditures and Other Financing Uses:				
Acquisition of Building	6,400,000	-	6,400,000	6,400,000
Construction services	2,969,604	748,016	3,717,620	3,717,620
Equipment purchases	27,923	-	27,923	27,923
Total Expenditures and Other Financing Uses	<u>9,397,527</u>	<u>748,016</u>	<u>10,145,543</u>	<u>10,145,543</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,216,181</u>	<u>\$ (748,016)</u>	<u>\$ 1,468,165</u>	<u>\$ 1,468,165</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 11,613,708			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 11,613,708			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage of Completion	87.36%			
Original Target Completion Date	*			
Revised Target Completion Date	*			

* - Information not available

N/A - Not Applicable

PROPRIETARY FUND

**NORTH ARLINGTON SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023**

EXHIBIT G-1

	<u>Food Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 220,159
Accounts receivable	20,586
State	864
Federal	19,722
Interfund receivable	49,388
Inventory	7,008
Total current assets	<u>297,141</u>
Noncurrent assets:	
Equipment	560,104
Less: accumulated depreciation	<u>(348,729)</u>
Total noncurrent assets	<u>211,375</u>
Total assets	<u>508,516</u>
LIABILITIES	
Current liabilities:	
Accounts payable	18,176
NET POSITION	
Investment in capital assets	211,375
Unrestricted	278,965
Total net position	<u>\$ 490,340</u>

**NORTH ARLINGTON SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-2

	Food Service Fund
	<u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 352,831
Daily sales - reimbursable programs	137,429
Special functions	2,413
Total operating revenues	<u>492,673</u>
OPERATING EXPENSES	
Cost of sales - reimbursable programs	200,632
Cost of sales - non-reimbursable programs	138,042
Salaries and wages	248,576
Employee benefits	57,700
Supplies and materials	32,843
Insurance - Other	25,086
Uniforms	2,330
Other purchased services	80,108
Management fees	37,826
Equipment maintenance expense	7,369
Depreciation expense	38,678
Total operating expenses	<u>869,190</u>
Operating (loss)	<u>(376,517)</u>
NONOPERATING REVENUES	
State sources:	
State school breakfast program	302
State school lunch program	16,092
Federal sources:	
Food distribution program	48,779
National school breakfast program	19,654
National school lunch program	331,565
Healthy Hunger-free kids act program	11,019
Supply Chain assistance grant	100,317
Equipment Assistance grant	12,359
Local food for schools program	124
Total nonoperating revenues	<u>540,211</u>
Change in net position	163,694
Net position, July 1	326,646
Net position, June 30	<u>\$ 490,340</u>

**NORTH ARLINGTON SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-3

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 492,673
Payments to employees	(248,576)
Payments for employee benefits	(57,700)
Payments to suppliers	(493,268)
Net cash (used for) operating activities	<u>(306,871)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	16,665
Federal sources	508,441
Payments due from general fund	(49,388)
Net cash provided by non-capital financing activities	<u>475,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of assets	<u>(193,244)</u>
Net (decrease) in cash	(24,397)
Cash, July 1	244,556
Cash, June 30	<u>\$ 220,159</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:	
Operating (loss)	\$ (376,517)
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	38,678
Food distribution program	48,779
Decrease in inventories	1,711
(Decrease) in accounts payable	(19,522)
Total adjustments	<u>69,646</u>
Net cash (used for) operating activities	<u>\$ (306,871)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING	
Food distribution program	<u>\$ 48,779</u>

LONG-TERM DEBT

NORTH ARLINGTON SCHOOL DISTRICT
 LONG TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities			Interest Rate (%)	Balance, June 30, 2022	Issued	Retired	Balance, June 30, 2023
			Date	Amount						
School Bonds, Series 2013	09/12/13	\$ 3,388,000	08/01/22	\$ 275,000	3.000	\$ 275,000	\$ -	\$ 275,000	\$ -	
			08/01/23	275,000	3.000	275,000	-	-	275,000	
			08/01/24	275,000	3.000	275,000	-	-	275,000	
			08/01/25	275,000	3.125	275,000	-	-	275,000	
			08/01/26	275,000	3.125	275,000	-	-	275,000	
			08/01/27	275,000	3.125	275,000	-	-	275,000	
			08/01/28	273,000	3.125	273,000	-	-	273,000	
							1,923,000	-	275,000	1,648,000
						\$ 1,923,000	\$ -	\$ 275,000	\$ 1,648,000	

NORTH ARLINGTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT I-2

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance, June 30, 2022	Issued	Retired	Balance, June 30, 2023
			Principal	Interest					
Savin Copiers	05/31/17	5 years	\$ 35,001	\$ 4,899	6.50%	\$ 1,321	\$ -	\$ 1,321	\$ -
Savin Copiers	09/20/17	5 years	19,762	3,338	8.20%	1,520	-	1,520	-
Savin Copiers	08/07/19	5 years	101,599	12,301	4.25%	50,421	-	21,066	29,355
Savin Copiers	10/15/20	5 years	68,624	9,076	3.00%	46,525	-	13,521	33,004
Savin Copiers	03/30/22	5 years	54,370	5,930	3.00%	52,733	-	10,061	42,672
						<u>\$ 152,520</u>	<u>\$ -</u>	<u>\$ 47,489</u>	<u>\$ 105,031</u>

**NORTH ARLINGTON SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES:					
Local sources:					
Local tax levy	\$ 329,938	\$ -	\$ 329,938	\$ 329,938	\$ -
Total revenues	<u>329,938</u>	<u>-</u>	<u>329,938</u>	<u>329,938</u>	<u>-</u>
EXPENDITURES:					
Regular debt service:					
Interest	54,938	-	54,938	54,938	-
Redemption of principal	275,000	-	275,000	275,000	-
Total regular debt service	<u>329,938</u>	<u>-</u>	<u>329,938</u>	<u>329,938</u>	<u>-</u>
Total expenditures	<u>329,938</u>	<u>-</u>	<u>329,938</u>	<u>329,938</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, July 1	322	-	322	322	-
Fund balances, June 30	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ 322</u>	<u>\$ -</u>

STATISTICAL SECTION
(Unaudited)

FINANCIAL TRENDS

NORTH ARLINGTON SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)
(ACCURAL BASIS OF ACCOUNTING)

EXHIBIT J-1

	Fiscal the Fiscal Year Ended									
	2014	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net invested in capital assets	\$ 5,558,289	\$ 6,489,804	\$ 7,637,935	\$ 7,477,640	\$ 7,771,222	\$ 8,572,834	\$ 16,484,297	\$ 16,638,005	\$ 17,511,176	\$ 19,536,665
Restricted	5,805,767	8,240,148	10,406,956	13,158,375	15,458,328	15,622,391	9,561,024	11,267,023	10,831,211	10,009,027
Committed	490,250	253,214	365,886	338,675	640,289	-	-	-	-	-
Unassigned	(249,894)	(6,107,665)	(6,424,540)	(7,218,531)	(7,571,398)	(5,559,858)	(4,901,432)	(1,690,595)	1,186,290	4,009,005
Total governmental activities net position	\$ 11,604,412	\$ 8,873,501	\$ 11,986,237	\$ 13,756,159	\$ 16,298,441	\$ 18,635,367	\$ 21,143,889	\$ 26,214,433	\$ 29,528,677	\$ 33,554,697
Business-type activity										
Net invested in capital assets	\$ 46,332	\$ 133,887	\$ 105,560	\$ 89,022	\$ 60,428	\$ 32,935	\$ 30,572	\$ 39,740	\$ 56,809	\$ 211,375
Unrestricted	181,316	39,587	60,854	81,855	111,726	132,045	96,665	122,631	269,837	278,965
Total business-type activities net position	\$ 227,648	\$ 173,474	\$ 166,414	\$ 170,877	\$ 172,154	\$ 164,980	\$ 127,237	\$ 162,371	\$ 326,646	\$ 490,340
Government-wide										
Net invested in capital assets	\$ 5,604,621	\$ 6,623,691	\$ 7,743,495	\$ 7,566,662	\$ 7,831,650	\$ 8,605,769	\$ 16,514,869	\$ 16,677,745	\$ 17,567,985	\$ 19,748,040
Restricted	6,296,017	8,493,362	10,772,842	13,497,050	16,098,617	15,622,391	9,561,024	11,267,023	10,831,211	10,009,027
Unrestricted	(68,578)	(6,068,078)	(6,363,686)	(7,136,676)	(7,459,672)	(5,427,813)	(4,804,767)	(1,567,964)	1,456,127	4,287,970
Total government-wide net position	\$ 11,832,060	\$ 9,048,975	\$ 12,152,651	\$ 13,927,036	\$ 16,470,595	\$ 18,800,347	\$ 21,271,126	\$ 26,376,804	\$ 29,855,323	\$ 34,045,037

Source:
District Records

Note: (1) GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$5,767,563. The amount is not reflected in the June 30, 2014 net position,

NORTH ARLINGTON SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (ACCRUAL BASIS OF ACCOUNTING)

EXHIBIT J-2

Fiscal Year Ended

	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,137,148	\$ 8,144,720	\$ 7,707,118	\$ 7,916,139	\$ 8,134,638	\$ 13,311,480	\$ 13,405,553	\$ 15,496,228	\$ 15,356,620	\$ 15,647,175
Special education	2,125,927	2,030,437	2,087,676	2,280,091	2,555,923	4,431,786	4,053,783	4,760,291	4,616,042	4,613,785
Other special instruction	615,017	577,696	588,059	609,695	510,821	965,266	889,890	975,631	872,356	922,336
Other instruction	444,908	623,595	610,957	631,310	496,872	857,983	733,434	764,327	808,329	800,748
Support Services:										
Tuition	1,471,542	1,116,382	1,117,382	1,399,033	2,060,032	2,868,242	3,401,398	2,569,489	2,541,885	2,837,963
Student & instruction related services	1,948,821	2,183,141	2,533,610	2,567,552	2,494,633	3,726,990	3,511,121	4,743,413	5,434,908	6,071,293
School administrative services	1,110,678	1,086,513	1,125,000	1,126,157	1,248,889	1,800,020	1,616,163	1,989,661	1,582,989	1,445,416
General and business administrative services	6,076,278	8,792,870	10,031,717	13,061,424	12,710,658	2,829,179	2,942,498	2,464,859	2,418,488	2,507,708
Plant operations and maintenance	2,613,962	2,204,459	2,239,083	2,891,272	2,566,275	3,424,949	3,316,804	3,733,036	4,404,949	4,800,089
Pupil transportation	485,894	435,590	428,947	530,894	730,209	1,028,972	1,099,031	1,157,150	1,366,576	1,738,637
Charter Schools	9,521	-	16,810	61,554	74,557	100,781	177,007	190,675	295,945	339,355
Unallocated Depreciation	1,173,628	931,412	998,833	914,915	903,206	101,845	93,870	83,341	69,108	58,732
Interest on long-term liabilities	54,067	158,154	120,549	114,429	107,327	101,845	93,870	83,341	69,108	58,732
Total governmental activities expenses	26,267,391	28,284,969	29,605,741	34,104,465	34,594,040	35,447,493	35,240,552	38,928,101	39,768,195	41,783,237
Business-type activity:										
Food service	543,508	590,338	553,038	542,446	550,097	609,365	475,563	394,130	831,500	869,190
Total business-type activities expense	543,508	590,338	553,038	542,446	550,097	609,365	475,563	394,130	831,500	869,190
Total government-wide expenses	\$ 26,810,899	\$ 28,875,307	\$ 30,158,779	\$ 34,646,911	\$ 35,144,137	\$ 36,056,858	\$ 35,716,115	\$ 39,322,231	\$ 40,599,695	\$ 42,652,427
Program Revenues										
Governmental activities:										
Charges for Services	28,811	5,422	17,375	12,701	8,784	-	-	164,047	198,590	288,717
Operating grants and contributions	1,054,037	1,063,165	1,065,556	953,931	871,316	3,676,185	2,476,743	5,476,918	13,869,546	14,353,897
Capital grants and contributions	-	-	-	-	-	-	-	102,357	168,726	949,667
Total governmental activities program revenues	1,082,848	1,068,587	1,082,931	966,632	880,100	3,676,185	2,476,743	5,743,322	14,236,862	15,592,281
Business-type activity:										
Charges for services	335,816	320,498	310,183	312,361	328,435	368,890	242,923	549	130,091	492,673
Food service	217,092	215,666	235,795	234,548	222,939	233,301	194,897	428,715	865,684	540,211
Operating grants and contributions	552,908	536,164	545,978	546,909	551,374	602,191	437,820	429,264	995,575	1,032,884
Total business type activities program revenues	1,635,756	1,604,751	1,628,909	1,513,541	1,431,474	4,278,376	2,914,563	6,172,586	15,232,637	16,625,165
Total government-wide program revenues	\$ 25,184,543	\$ 27,216,382	\$ 28,522,810	\$ 33,137,833	\$ 33,713,940	\$ 31,771,308	\$ 32,763,809	\$ 32,763,809	\$ 25,531,333	\$ 26,190,956
Net (Expense)/Revenue	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)	(37,743)	164,275	163,694
Governmental activities										
Business-type activity										
Total government-wide net expense	\$ (25,175,143)	\$ (27,270,556)	\$ (28,529,870)	\$ (33,133,370)	\$ (33,712,663)	\$ (31,778,482)	\$ (32,801,532)	\$ (32,801,532)	\$ (25,367,058)	\$ (26,027,262)

NORTH ARLINGTON SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (ACCURAL BASIS OF ACCOUNTING)

EXHIBIT J-2

	Fiscal the Fiscal Year Ended									
	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 22,426,020	\$ 22,874,540	\$ 23,344,581	\$ 24,028,320	\$ 25,234,582	\$ 25,775,293	\$ 26,290,798	\$ 27,805,889	\$ 28,685,262	\$ 29,258,967
Taxes levied for debt service	805,957	533,154	491,331	410,429	363,386	514,529	516,868	517,637	81,226	329,938
Federal and State aid not restricted	3,913,837	6,657,791	7,549,492	9,988,004	10,343,307	7,387,921	8,135,438	9,032,021	55,028	-
Investment earnings	33,409	11,340	17,592	26,686	85,424	166,243	115,173	34,177	20,254	364,825
Miscellaneous income	55,456	183,139	99,998	181,337	17,408	264,248	214,054	420,555	15,424	263,246
Prior Year Payables Cancelled	33,665	3,900	100,652	82,264	16,095	-	-	-	-	-
Special Items	(129,353)	(8,830)	-	190,715	196,020	-	-	-	(11,617)	-
Transfers	30,149	-	29,900	-	-	-	-	-	-	-
Total governmental activities	<u>27,169,140</u>	<u>30,255,034</u>	<u>31,633,546</u>	<u>34,907,755</u>	<u>36,256,222</u>	<u>34,108,234</u>	<u>35,272,331</u>	<u>37,810,279</u>	<u>28,845,577</u>	<u>30,216,976</u>
Total government-wide	<u>\$ 27,169,140</u>	<u>\$ 30,255,034</u>	<u>\$ 31,633,546</u>	<u>\$ 34,907,755</u>	<u>\$ 36,256,222</u>	<u>\$ 34,108,234</u>	<u>\$ 35,272,331</u>	<u>\$ 37,810,279</u>	<u>\$ 28,845,577</u>	<u>\$ 30,216,976</u>
Change in Net Position										
Governmental activities	\$ 1,984,597	\$ 3,038,652	\$ 3,110,736	\$ 1,769,922	\$ 2,542,282	\$ 2,336,926	\$ 2,508,522	\$ 5,046,470	\$ 3,314,244	\$ 4,026,020
Business-type activity	9,400	(54,174)	(7,060)	4,463	1,277	(7,174)	(37,743)	(37,743)	164,275	163,694
Total government-wide	<u>\$ 1,993,997</u>	<u>\$ 2,984,478</u>	<u>\$ 3,103,676</u>	<u>\$ 1,774,385</u>	<u>\$ 2,543,559</u>	<u>\$ 2,329,752</u>	<u>\$ 2,470,779</u>	<u>\$ 5,008,727</u>	<u>\$ 3,478,519</u>	<u>\$ 4,189,714</u>

Source:
 District Records

Note:

- (1) GASB 68 was implemented in the 2015 fiscal year where additional on-behalf TPAF pension expense and offsetting contribution is reported.
- (2) GASB 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.

NORTH ARLINGTON SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 4,172,524	\$ 6,414,012	\$ 9,267,429	\$ 12,147,676	\$ 13,997,569	\$ 8,435,087	\$ 10,561,296	\$ 13,173,253	\$ 14,271,081	\$ 16,237,846
Committed	490,250	253,214	365,886	338,675	640,289	-	-	-	-	-
Assigned	-	-	-	-	-	396,448	514,540	843,732	574,478	299,727
Unassigned	321,595	318,266	299,509	306,372	308,732	413,484	269,426	1,466,656	1,776,323	2,024,196
Total general fund	\$ 4,984,369	\$ 6,985,492	\$ 9,932,824	\$ 12,792,723	\$ 14,946,590	\$ 9,245,019	\$ 11,345,262	\$ 15,483,641	\$ 16,621,882	\$ 18,561,769
All Other Governmental Funds:										
Restricted-Special Revenue fund	-	-	-	-	-	-	-	386,856	343,627	302,694
Unassigned:										
Special revenue fund	-	-	-	-	-	-	-	(113,093)	(100,711)	(114,354)
Capital projects fund	1,633,243	1,826,136	1,139,527	1,010,699	1,445,332	8,889,241	1,451,724	1,449,631	2,216,181	1,468,165
Debt Service fund	22,219	22,219	1	1	60	134	75	257,283	322	322
Total all other governmental funds	\$ 1,655,462	\$ 1,848,355	\$ 1,139,528	\$ 1,010,700	\$ 1,445,392	\$ 8,889,375	\$ 1,451,799	\$ 1,980,677	\$ 2,459,419	\$ 1,656,827

Source:
 District Records

NORTH ARLINGTON SCHOOL DISTRICT
 CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal the Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 23,231,977	\$ 23,407,694	\$ 23,835,912	\$ 24,438,749	\$ 25,597,968	\$ 26,289,822	\$ 26,807,666	\$ 28,323,526	\$ 28,766,488	\$ 29,588,905
Tuition Charges	28,811	5,422	17,375	12,701	8,784	-	-	-	-	-
Interest Earnings	33,409	11,340	17,592	26,686	85,424	166,243	115,173	34,177	20,254	364,825
Miscellaneous	55,456	183,139	99,998	181,337	213,428	264,248	214,054	420,555	15,424	263,246
Local Sources	25,800	28,085	18,558	11,845	-	-	-	164,047	198,590	288,717
State sources	4,246,952	4,580,144	4,804,195	5,176,211	5,815,127	661,802	703,778	1,216,223	1,234,272	2,446,769
Federal sources	695,122	717,211	744,400	648,381	760,673	7,573,746	8,316,993	9,835,338	13,391,937	15,330,935
Total revenue	28,317,527	28,933,035	29,538,030	30,495,910	32,481,404	34,955,861	36,157,664	39,993,866	43,026,965	48,283,397
Expenditures										
Instruction	10,452,901	10,487,777	10,132,490	10,662,799	11,007,281	-	-	-	-	-
Regular	-	-	-	-	-	8,311,725	8,904,618	9,690,077	10,628,687	11,404,334
Special	-	-	-	-	-	2,716,405	2,570,969	2,809,256	3,054,171	3,217,663
Other special instruction	-	-	-	-	-	592,743	551,892	561,164	559,064	627,748
School-sponsored/other instructional	-	-	-	-	-	574,160	490,334	485,938	564,724	585,014
Support Services	-	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	2,763,740	3,253,440	2,457,421	2,377,885	2,650,995
Student & instruction related services	-	-	-	-	-	2,591,950	2,480,645	3,384,721	4,248,998	4,915,265
School administration	-	-	-	-	-	1,324,587	1,341,096	1,497,197	1,668,639	1,749,744
Other administration	-	-	-	-	-	1,255,794	1,170,916	998,663	1,022,712	1,137,463
Operations and maintenance	-	-	-	-	-	2,824,362	2,699,005	2,943,693	3,335,419	3,693,610
Student transportation	-	-	-	-	-	991,483	1,051,224	1,106,681	1,278,405	1,624,094
Employee benefits	-	-	-	-	-	7,111,959	7,041,860	8,198,017	9,993,199	10,778,125
Charter schools	9,521	-	16,810	61,554	74,557	100,781	177,007	190,675	295,945	339,355
Undistributed	13,585,234	13,234,101	13,981,547	15,525,897	16,655,626	-	-	-	-	-
Special Revenue	1,054,037	1,063,165	1,066,356	953,931	906,311	-	-	-	-	-
Debt Service	872,067	533,154	513,549	510,429	513,327	514,455	516,927	517,316	338,187	329,938
Capital Outlay	4,040,464	1,533,459	1,720,125	132,493	806,601	1,554,430	8,537,517	186,560	33,450	4,092,754
Total Expenditures	30,014,224	26,851,656	27,430,077	27,847,103	29,963,703	33,228,574	40,787,450	35,027,379	39,399,485	47,146,102
Excess (Deficiency) of revenues over (under) expenditures	(1,696,697)	2,081,379	2,107,953	2,648,807	2,517,701	1,727,287	(4,629,786)	4,966,487	4,227,480	1,137,295
Other Financing sources (uses)										
Refunding of Bonds	(1,150,000)	-	-	-	-	-	-	-	-	-
Proceeds from Borrowing	3,388,000	-	-	-	-	-	-	-	-	-
Transfers in and Prior Year Payables cancelled	63,814	3,900	130,552	182,264	576,095	-	-	-	-	-
Transfers out	-	-	-	(100,000)	(560,000)	-	-	-	-	-
Finance purchases (Non-budgeted)	18,992	108,737	-	-	54,763	-	101,599	68,624	54,370	-
Total other financing sources (uses)	2,320,806	112,637	130,552	82,264	70,858	-	101,599	68,624	54,370	-
Net change in fund balances	\$ 624,109	\$ 2,194,016	\$ 2,238,505	\$ 2,731,071	\$ 2,588,559	\$ 1,727,287	\$ (4,528,187)	\$ 5,035,111	\$ 4,281,850	\$ 1,137,295
Debt service as a percentage of noncapital expenditures	2.91%	1.99%	1.87%	1.83%	1.71%	1.55%	1.27%	1.48%	0.86%	0.70%

Source:
 District Records (GAAP Basis)

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

EXHIBIT J-5

Description	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tuition	\$ 29,281	\$ -	\$ -	\$ -	\$ 7,568	\$ 8,784	\$ 12,701	\$ 17,375	\$ 48,422	\$ 28,811
Interest on investments	364,825	20,254	34,177	115,173	166,243	85,424	26,686	17,592	11,340	33,409
Insurance Refunds	-	-	-	-	-	-	68,137	7,326	34,805	9,474
Accounts Payable Cancelled	-	-	-	-	-	-	46,483	40,722	64,224	17,701
Prior year refunds	-	-	35,869	28,997	34,569	8,109	6,038	6,189	11,560	9,366
Health Benefits	-	-	-	-	-	-	-	-	-	-
Gate Receipts	-	-	-	-	-	6,389	8,155	8,319	7,117	6,530
Miscellaneous	233,965	15,424	384,686	185,057	222,111	2,910	38,473	18,349	2,382	-
Custodial Overtime	-	-	-	-	-	-	14,051	19,093	20,051	12,385
Total	\$ 628,071	\$ 35,678	\$ 454,732	\$ 329,227	\$ 430,491	\$ 111,616	\$ 220,724	\$ 134,965	\$ 199,901	\$ 117,676

Source:
District Records

REVENUE CAPACITY

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

EXHIBIT J-6

Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2014	\$ 1,481,585,175	\$ 1,479,070,755	100.17%
2015	1,474,919,975	1,472,416,866	100.17%
2016	1,475,277,675	1,540,759,974	95.75%
2017	1,605,684,400	1,583,983,822	101.37%
2018	1,643,069,600	1,639,953,688	100.19%
2019	1,711,820,000	1,738,947,582	98.44%
2020	1,872,644,600	1,713,952,558	109.26%
2021	1,874,097,900	1,940,669,646	96.57%
2022	2,089,658,200	2,154,814,453	96.98%
2023	2,375,200,975	2,286,200,820	103.89%

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

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

EXHIBIT J-7

Assessment Year	Direct Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	North Arlington School District	Borough of North Arlington	North Arlington Library	Bergen County	
2014	1.554	1.052	0.033	0.229	2.87
2015	1.600	1.139	0.033	0.241	3.01
2016	1.637	1.170	0.035	0.257	3.10
2017	1.558	1.085	0.032	0.249	2.92
2018	1.572	1.064	0.033	0.236	2.91
2019	1.549	1.040	0.034	0.248	2.87
2020	1.471	1.011	0.032	0.240	2.75
2021	1.524	0.984	0.035	0.259	2.80
2022	1.402	0.886	0.034	0.249	2.571
2023	1.322	0.833	0.036	0.251	2.442

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

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

EXHIBIT J-8

Taxpayers	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Fort Point Investments LLC	\$ 136,169,300	1	5.96%	Information not available		
Riverview Gdns C/O S.Geltman & Co.	58,056,000	2	2.54%			
100 LLC % Home Dynamix LLC	36,124,800	3	1.58%			
RC Meadowlands LLC	27,836,800	4	1.22%			
Pegasus 450 Belleville Tpke LLC	19,778,600	5	0.87%			
Canterbury At Arlington Inc	15,741,000	6	0.69%			
Lta Realty LLC	13,845,200	7	0.61%			
Ridge Road Manor LLC	10,524,800	8	0.46%			
Schuyler Resources LLC	9,394,000	9	0.41%			
Segal Garden 2016 LLC	8,163,500	10	0.36%			
Total	<u>\$ 335,634,000</u>		<u>14.70%</u>			

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

EXHIBIT J-9

Year Ended December 31,	Total Tax Levy	Current Tax Collections ⁽¹⁾	Percent of Tax Levy Collected
2014	\$ 23,231,977	\$ 23,231,977	100.00%
2015	23,407,694	23,407,694	100.00%
2016	23,835,912	23,835,912	100.00%
2017	24,438,749	24,438,749	100.00%
2018	25,597,968	25,597,968	100.00%
2019	26,289,822	26,289,822	100.00%
2020	26,807,666	26,807,666	100.00%
2021	28,323,526	28,323,526	100.00%
2022	28,766,488	28,766,488	100.00%
2023	29,588,905	29,588,905	100.00%

Source:

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

Note:

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

DEBT CAPACITY

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

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Finance Purchases	Bond Anticipation Notes (BANs)			
2014	\$ 5,052,000	\$ 100,640	\$ -	\$ 5,152,640	0.47%	\$ 243
2015	4,677,000	137,342	-	4,814,342	0.44%	306
2016	4,284,000	103,503	-	4,387,503	0.38%	276
2017	3,888,000	68,090	-	3,956,090	0.33%	249
2018	3,482,000	83,903	-	3,565,903	0.29%	223
2019	3,066,000	50,282	-	3,116,282	0.24%	199
2020	2,638,000	115,689	-	2,753,689	0.19%	167
2021	2,198,000	144,642	-	2,342,642	0.31%	143
2022	1,923,000	152,520	-	2,075,520	0.26%	127
2023	1,648,000	105,031	-	1,753,031	(1)	(1)

Source:

Details regarding the District's outstanding liabilities can be found in the notes to the basic financial

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

Note:

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

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 5,052,000	\$ -	\$ 5,052,000	0.34%	\$ 323
2015	4,677,000	-	4,677,000	0.32%	297
2016	4,284,000	-	4,284,000	0.29%	269
2017	3,888,000	-	3,888,000	0.24%	245
2018	3,482,000	-	3,482,000	0.21%	218
2019	3,066,000	-	3,066,000	0.18%	199
2020	2,638,000	-	2,638,000	0.14%	167
2021	2,198,000	-	2,198,000	0.12%	143
2022	1,923,000	-	1,923,000	0.09%	(1)
2023	1,648,000	-	1,648,000	0.07%	(1)

Source:

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

EXHIBIT J-12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
North Arlington Municipality ⁽¹⁾	\$ 14,910,131	100.00%	\$ 14,910,131
County of Bergen ⁽²⁾	839,785,818	1.03%	<u>8,649,794</u>
Subtotal, overlapping debt			<u>23,559,925</u>
North Arlington School District, Direct Debt			<u>1,648,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 25,207,925</u></u>

Source:

- (1) North Arlington Municipality's Chief Financial Officer and Annual Debt Statement
- (2) Bergen county Treasurer's office

Note:

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

EXHIBIT J-14

<u>Year Ended December 31,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
2014	15,632	\$ 1,092,973,808	\$ 69,919	5.60
2015	15,723	1,092,669,885	69,495	4.60
2016	15,904	1,169,516,544	73,536	5.80
2017	15,868	1,203,571,932	75,849	4.10
2018	16,009	1,235,686,683	77,187	3.30
2019	15,683	1,325,636,941	84,527	2.80
2020	16,457	1,441,452,173	87,589	9.20
2021	16,339	755,809,462	46,258	7.60
2022	16,309	790,970,191	48,499	4.00
2023	(1)	(1)	(1)	(1)

Source:

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

Note:

(1) Information not available at time of audit.

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

EXHIBIT J-15

Employer	2022			2013		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
	Information Not Available			Information Not Available		

OPERATING INFORMATION

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

EXHIBIT J-16

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	98	100	107	101	130	111	108	139	140	148
Special education	37	34	39	37	23	33	36	36	39	42
Other special education	2	40	42	61	66	50	57	64	66	75
Other Instruction - Supervisors	6	5	7	6	4	4	4	3	3	3
Support Services:										
Student & instruction related services	6	20	20	16	22	23	22	22	22	26
General administration	8	4	4	3	3	3	2	2	2	2
School administrative services	-	12	12	13	17	14	17	18	19	20
Other administrative services	6	2	2	1	1	1	1	1	1	1
Central services	11	6	6	6	6	7	6	6	6	6
Administrative Information Technology	1	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	17	17	17	17	16	16	20	22	22	25
Student transportation	1	1	1	1	1	1	1	1	1	1
Other support services	36	-	-	-	-	-	-	-	-	-
Total	229	243	259	264	291	265	276	316	323	351

Source:
 Provided by Human Resources

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

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	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	Senior High School				
2014	1,748	\$ 25,101,693	\$ 14,360	-2.61%	156	15:1:1	11:0:1	7.8:1	1,660	1,660	1.64%	95.56%
2015	1,734	24,785,043	14,294	-0.46%	158	14:6:1	11:2:1	7.5:1	1,645	1,645	-1.09%	95.75%
2016	1,764	25,196,403	14,284	-0.01%	143	13:7:1	13:0:1	10:1:1	1,685	1,685	2.37%	95.31%
2017	1,761	27,204,181	15,448	0.08%	142	15:1	13:1	12:1	1,790	1,790	5.87%	95.46%
2018	1,775	28,643,775	16,137	0.04%	148	15:1	13:1	11:1	1,697	1,697	-5.48%	95.74%
2019	1,833	31,159,689	16,999	3.27%	144	13:1	13:1	11:1	1,761	1,761	3.63%	95.76%
2020	1,835	31,733,006	17,293	0.11%	144	13:1	13:1	13:1	1,770	1,770	0.51%	96.88%
2021	1,903	34,323,503	18,037	3.71%	175	12:8:1	12:1	13:1	1,865	1,865	5.09%	98.00%
2022	1,961	39,027,848	19,902	4.14%	179	12:8:1	12:1	13:1	1,825	1,825	-2.19%	93.06%
2023	1,994	42,723,410	21,426	7.11%	179	(1)	(1)	(1)	1,884	1,884	3.13%	94.48%

Source:
 District records and school performance reports

Note:
 Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certificated staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

(1) Information not available at time of the audit

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

EXHIBIT J-18

District/Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary</u>										
Washington										
Square Feet	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274	34,274
Capacity (students)	236	236	236	236	236	236	236	236	236	236
Enrollment	339	316	326	355	354	354	355	334	306	294
Roosevelt										
Square Feet	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024	25,024
Capacity (students)	189	189	189	189	189	189	189	189	189	189
Enrollment	256	251	238	239	221	221	234	120	131	131
Jefferson										
Square Feet	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836	24,836
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	306	305	311	299	293	293	299	172	167	178
Susan B Anthony										
Square Feet								52,039	52,039	52,039
Capacity (students)								325	325	325
Enrollment								248	275	292
<u>Middle School</u>										
Veterans Middle School										
Square Feet	52,039	52,039	52,039	52,039	52,039	52,039	52,039	72,160	72,160	72,160
Capacity (students)	260	260	260	260	260	260	260	490	490	490
Enrollment	364	382	404	406	402	402	410	470	458	482
<u>High School</u>										
North Arlington High School										
Square Feet	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623	89,623
Capacity (students)	510	510	510	510	510	510	510	510	510	510
Enrollment	483	480	485	462	505	505	535	569	573	586

Number of Schools at June 30, 2023

Elementary = 4

Middle School = 1

High School = 1

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

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

EXHIBIT J-19

School Facilities*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	\$ 119,627	\$ 98,529	\$ 81,297	\$ 106,870	\$ 127,972	\$ 194,596	\$ 109,782	\$ 107,893	\$ 184,159	\$ 127,805
Washington	87,347	71,941	59,360	78,032	93,440	80,997	80,057	92,784	272,220	105,610
Roosevelt	86,680	71,393	58,908	77,441	92,731	85,057	147,372	54,059	57,628	146,010
Jefferson	181,629	149,597	123,435	-	-	-	-	-	-	-
Anthony	251,858	207,440	171,162	162,267	194,307	255,372	161,122	129,703	171,771	168,398
Veterans Middle School	312,824	257,656	212,592	279,459	334,639	194,216	571,410	168,931	156,012	460,416
High School										
Total School Facilities	\$ 1,039,965	\$ 856,556	\$ 706,754	\$ 704,069	\$ 843,089	\$ 810,238	\$ 1,069,743	\$ 553,370	\$ 841,790	\$ 1,008,239

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

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

**NORTH ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
(UNAUDITED)**

EXHIBIT J-20

	Coverage	Deductible/ Retention
School Package Policy-School Alliance Insurance Fund	\$99,717,259.00	\$2,500.00
Property- Blanket Building & Contents	500,000,000	2,500
Flood (A & V Zones)	25,000,000	500,000
Flood (Except A & V Zones)	10,000,000	2,500
Earthquake	25,000,000	2,500
Boiler & Machinery	100,000,000	2,500
Blanket Dishonesty Bond	500,000	1,000
Money & Securities (Inside and Outside Premises)	50,000	1,000
Computer Fraud	50,000	1,000
Comprehensive General Liability		
Per Occurrence	\$5,000,000	None
Aggregate	5,000,000	None
Communicable Disease - Member Aggregate	500,000	None
Comprehensive Automobile Liability	5,000,000	None
Auto Physical Damage	Actual Cash Value	1,000
Cyber Liability - 3rd Party Liability	2,000,000	10,000
Cyber Liability - 1st Party Liability	750,000	10,000
Commercial Environmental Impairment Liability- School Alliance Insurance Fund		
Pollution Liability - each claim	\$1,000,000	\$50,000
Sewage Backup Liability - per operations	\$1,000,000	\$50,000
Catastrophe Management	250,000	50,000
Pool Aggregate	10,000,000	
School Leaders Professional Liability-School Alliance Insurance Fund		
Each Loss	\$5,000,000	\$5,000
Annual Aggregate	5,000,000	
IEP Hearing Limit of Liability	100,000	5,000
Crisis Fund Member Sublimit	25,000	N/A
Excess Liability- School Alliance Insurance Fund		
Excess Policy per occ/agg	\$15,000,000	None
Excess Liability- New Jersey Unshared Excess Program		
Per Occurrence	\$30,000,000	None
Aggregate	30,000,000	
Student Accident Insurance- Monarch Management Corp.		
Mandatory Plan- Excess	\$25,000	None
Catastrophic Plan- Excess	7,500,000	25,000
NFIP Flood Insurance (River Road Buildings 1 & 2) -American Bankers Ins. Co of Florida		
Building	\$500,000	\$50,000
Contents	500,000	50,000
Public Official Bond- Western Surety		
Business Administrator/Board Secretary- Samantha Dembowski	\$250,000	None

Source: District's Records

Source:
District's Records

SINGLE AUDIT SECTION

EXHIBIT K-1

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, and each major fund, of the Board of Education of the North Arlington School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the Board of Education of the North Arlington School District’s basic financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Donohue, Gironde, Doris & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants



MAURICIO CANTO

Certified Public Accountant

Licensed Public School Accountant

No. 2541

Secaucus, New Jersey

February 5, 2024

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Board of Education of the North Arlington School District, in the County of Bergen, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the North Arlington School District’s major federal and state programs for the year ended June 30, 2022. The Board of Education of the North Arlington School District’s major federal and state programs are identified in the Summary of Auditor’s Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Board of Education of the North Arlington School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 Board of Education of the North Arlington School 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 each major federal and state program. Our audit does not provide a legal determination of the Board of Education of the North Arlington School 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 Board of Education of the North Arlington School District’s federal and state programs.

Auditor's 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 Board of Education of the North Arlington School 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance 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 Board of Education of the North Arlington School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Board of Education of the North Arlington School 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 Board of Education of the North Arlington School 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, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the North Arlington School 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 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Donohue, Gironda, Doria & Tomkins LLC

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



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

Secaucus, New Jersey
February 5, 2024

NORTH ARLINGTON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT K-3
 SCHEDULE A

FEDERAL AGENCY NUMBER	FEDERAL AGENCY TITLE	FEDERAL AGENCY NUMBER	FEDERAL AGENCY TITLE	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023		
											(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR
10.185	U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: Local Food for Schools Cooperative Agreement Program	*	124	\$	07/01/22 06/30/23	\$	124	\$ (124)	\$	\$	\$	\$	
10.559	Summer Food Service Program for Children	231N304N1099	819,737		07/01/21 06/30/22	(53,125)	53,125	-	-	-	-	-	
10.559	School Breakfast Program	231N304N1099	17,198		07/01/22 06/30/23	-	17,198	(19,654)	-	-	(1,856)	-	
10.555	School Lunch Program	231N304N1099	331,565		07/01/22 06/30/23	-	331,565	(31,565)	-	-	(17,300)	-	
10.555	Healthy Living Education Program	231N304N1099	11,019		07/01/22 06/30/23	-	10,457	(11,019)	-	-	(562)	-	
10.555	Simple Change Practices (SCA) Funding	231N304N1099	100,317		07/01/22 06/30/23	(53,125)	495,958	(462,555)	-	-	(19,722)	-	
10.565	Child Nutrition Cluster	231N304N1099	48,779		07/01/22 06/30/23	-	48,779	(48,779)	-	-	-	-	
10.579	Commodity Supplemental Food Program	231N304N1099	12,359		07/01/22 06/30/23	-	12,359	(12,359)	-	-	-	-	
	Child Nutrition Discretionary Equipment Assistance					(53,125)	557,220	(523,817)	-	-	(19,722)	-	
	TOTAL U.S. DEPARTMENT OF AGRICULTURE					(53,125)	557,220	(523,817)	-	-	(19,722)	-	
	TOTAL ENTERPRISE FUND												
21.027	U.S. DEPARTMENT OF TREASURY PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: Additional or Compensatory Special Education and Related Services for Students with Disabilities	S010A200030	187,780		07/01/22 06/30/23	-	93,890	(187,780)	-	-	(93,890)	-	
	TOTAL U.S. DEPARTMENT OF TREASURY						93,890	(187,780)	-	-	(93,890)	-	
	TOTAL U.S. DEPARTMENT OF EDUCATION												
84.010A	Elementary and Secondary Education Act (ESEA): Title I, Part A, Base	S010A190030	194,186		07/01/22 06/30/23	27,551	179,381	(194,186)	-	(27,551)	(14,805)	-	
84.367A	Title II, Part A Teacher & Principal Training	S367A190029	34,060		07/01/22 06/30/23	6,750	29,297	(34,060)	-	(6,750)	(4,763)	-	
84.365A	Title III, Part A English Language Acquisition	S365A190030	13,516		07/01/22 06/30/23	4,500	12,006	(13,516)	-	(4,500)	(1,510)	-	
84.365A	Title III, Part A Immigrant	S365A190030	14,975		07/01/22 06/30/23	4,500	14,975	(14,975)	-	(4,500)	(1,510)	-	
84.424	Title IV, Student Support	S424A190031	14,570		07/01/22 06/30/23	-	26,997	(28,497)	-	(4,500)	(1,510)	-	
84.027	IDEA, Basic	H027A200100	504,403		07/01/21 06/30/22	(26,066)	534,635	(504,860)	-	-	3,709	-	
84.173	IDEA, Preschool	H173A200114	19,397		07/01/22 06/30/23	(26,066)	19,397	(19,397)	-	-	3,709	-	
84.425D	IDEA Cluster						554,032	(524,223)	-	-	3,709	-	
84.425D	CARES Emergency Relief Grant	S425D200027	159,562		03/13/20 09/30/22	6,791	-	(6,679)	(112)	-	-	-	
84.425D	ESSER II	S425D200027	374,707		09/30/24 09/30/24	(23,082)	397,789	(374,707)	-	-	-	-	
84.425D	CRSA-ESSER II - Learning Acceleration	S425D210028	7,322		03/13/20 09/30/24	(5,141)	12,463	(7,322)	-	-	-	-	
84.425D	CRSA-ESSER II - Mental Health	S425D210028	13,750		09/30/24 09/30/24	(2,500)	16,250	(13,750)	-	-	-	-	
84.425U	ARP ESSER	S425D210028	843,974		03/13/20 09/30/24	-	843,974	(843,974)	-	-	-	-	
84.425U	ARP Summer Learning	S425D210028	28,301		09/30/24 09/30/24	-	28,301	(28,301)	-	-	-	-	
84.425U	ARP Beyond School Day	S425D210028	40,000		03/13/20 09/30/24	-	40,000	(40,000)	-	-	-	-	
84.425U	ARP Mental Health	S425D210028	3,583		03/13/20 09/30/24	(23,922)	3,583	(3,583)	-	-	-	-	
84.048	Middle Grades Career Awareness and Explore Comp		61,485		07/01/22 06/30/23	(10)	43,238	(61,485)	-	-	(18,227)	-	
	TOTAL U.S. DEPARTMENT OF EDUCATION					(11,207)	2,187,825	(2,175,365)	(112)	(38,801)	(41,369)	3,709	
	TOTAL SPECIAL REVENUE FUND					(11,207)	2,281,715	(2,363,145)	(112)	(38,801)	(135,259)	3,709	
	GENERAL FUND												
93.778	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED-THROUGH STATE DEPARTMENT OF HUMAN SERVICES: Special Education Medicaid Initiative (SEMI)	2005N5JMAP	83,624		07/01/22 06/30/23	(27,468)	111,092	(83,624)	-	-	-	-	
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					(27,468)	111,092	(83,624)	-	-	-	-	
	TOTAL GENERAL FUND					(27,468)	111,092	(83,624)	-	-	-	-	
	TOTAL FEDERAL AWARDS					\$ (91,800)	\$ 2,950,027	\$ (2,970,586)	\$ (112)	\$ (38,801)	\$ (154,981)	\$ 3,709	

* Not available
 Note: There were no expenditures passed through to subrecipients.

NORTH ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROGRAM NUMBER	PROGRAM AWARD OR AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO CUMULATIVE TOTAL EXPENDITURES
									(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	
GENERAL FUND												
STATE DEPARTMENT OF EDUCATION												
Equalization Aid	23-495-034-5120-078	\$ 4,721,232	07/01/22 06/30/23	\$ -	\$ -	\$ 4,721,232	\$ (4,721,232)	\$ -	\$ -	\$ -	\$ 472,123	\$ (4,721,232)
Special Education Categorical Aid	23-495-034-5120-089	1,574,641	07/01/22 06/30/23	-	-	1,574,641	(1,574,641)	-	-	-	139,370	(1,574,641)
Security Aid	23-495-034-5120-084	224,941	07/01/22 06/30/23	-	-	6,520,814	(224,941)	-	-	-	611,495	(224,941)
State Aid Cluster												
Transportation Aid	23-495-034-5120-014	184,243	07/01/22 06/30/23	-	-	184,243	(184,243)	-	-	-	18,424	(184,243)
Extracurricular Aid	23-495-034-5120-044	750,102	07/01/22 06/30/23	-	-	-	(750,102)	-	-	-	-	(750,102)
Emergency Aid	23-495-034-5120-064	666,629	07/01/21 06/30/23	(666,629)	-	-	-	-	-	-	-	(666,629)
One-half TPAF Post-Retirement Medical Contributions	23-495-034-5120-044	1,174,855	07/01/21 06/30/23	-	-	666,629	(1,174,855)	-	-	-	-	(1,174,855)
One-half TPAF Pension Contribution	23-495-034-5094-001	4,472,273	07/01/22 06/30/23	-	-	4,472,273	(4,472,273)	-	-	-	-	(4,472,273)
One-half TPAF Long Term Disability Insurance	23-495-034-5094-002	1,896	07/01/22 06/30/23	-	-	1,896	(1,896)	-	-	-	-	(1,896)
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	963,224	07/01/22 06/30/23	(47,952)	-	914,551	(1,015,928)	(101,377)	-	-	-	(1,015,928)
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003		07/01/21 06/30/22			47,952						(963,224)
TOTAL GENERAL FUND				(714,581)		13,988,213	(14,120,111)				629,917	
SPECIAL REVENUE FUND												
STATE DEPARTMENT OF EDUCATION												
Preschool Education Aid	23-100-034-5120-064	1,143,504	07/01/22 06/30/23	-	167,916	1,143,504	(1,302,488)	-	9,012	-	114,354	(1,134,492)
Preschool Education Aid - General Fund Contribution	23-100-034-5120-065	167,916	07/01/22 06/30/23	-	(167,916)	167,916	-	-	193,064	-	-	-
Preschool Education Aid	22-100-034-5120-064	1,007,124	07/01/21 06/30/22	193,064	-	-	-	-	-	-	-	-
New Jersey Nonpublic Aid:												
Textbook Aid	23-100-034-5120-064	9,636	07/01/22 06/30/23	-	-	9,636	(9,636)	-	-	-	-	(9,636)
Nursing Aid	23-100-034-5120-070	16,352	07/01/22 06/30/23	-	-	16,352	(16,352)	-	-	-	-	(16,352)
Technology Aid	23-100-034-5120-373	6,132	07/01/22 06/30/23	-	-	6,132	(6,132)	-	-	-	-	(6,132)
Nonpublic Auxiliary Services (Chapter 192) Cluster:												
Compensatory Education	23-100-034-5120-067	70,862	07/01/22 06/30/23	-	-	70,862	(57,223)	-	-	13,639	-	(57,223)
Compensatory Education	22-100-034-5120-067	57,331	07/01/22 06/30/23	6,629	-	-	-	(6,629)	-	-	-	(57,331)
English as a Second Language	23-100-034-5120-067	4,009	07/01/22 06/30/23	1,827	-	4,009	(2,506)	-	-	1,503	-	(2,506)
English as a Second Language	22-100-034-5120-067	3,054	07/01/21 06/30/22	8,456	-	74,871	(59,279)	(8,456)	-	15,142	-	(3,054)
Total Nonpublic Auxiliary Services Aid Ch. 192												
Nonpublic Handicapped Services (Chapter 193) Cluster:												
Supplemental Instruction	23-100-034-5120-066	16,520	07/01/22 06/30/23	-	-	16,520	(9,829)	-	-	6,691	-	(9,829)
Supplemental Instruction	22-100-034-5120-066	16,520	07/01/21 06/30/22	5,451	-	-	-	(5,451)	-	-	-	(16,520)
Examination and Classification	23-100-034-5120-066	31,463	07/01/22 06/30/23	-	-	31,463	(13,083)	-	-	18,380	-	(13,083)
Examination and Classification	22-100-034-5120-066	28,811	07/01/21 06/30/22	15,162	-	-	-	(15,162)	-	-	-	(28,811)
Corrective Speech	23-100-034-5120-066	24,180	07/01/22 06/30/23	5,208	-	24,180	(18,693)	-	-	5,487	-	(18,693)
Corrective Speech	22-100-034-5120-066	26,970	07/01/21 06/30/22	25,821	-	72,163	(41,605)	(25,821)	-	30,338	-	(26,970)
Total Nonpublic Handicapped Aid Ch. 193												
Security Aid	23-100-034-5120-509	29,930	07/01/22 06/30/23	-	-	29,930	(29,930)	-	-	-	-	(29,930)
SDA Emergent Needs		47,372	07/01/22 06/30/23	-	-	47,372	(47,372)	-	-	-	-	(47,372)
TOTAL SPECIAL REVENUE FUND				227,341		1,567,876	(1,513,164)		202,076		114,354	
ENTERPRISE FUND												
STATE DEPARTMENT OF AGRICULTURE												
State School Lunch Program	23-100-010-3350-023	16,092	07/01/22 06/30/23	(1,135)	-	16,393	(16,092)	-	-	-	-	(16,092)
State School Breakfast Program	23-100-010-3350-023	302	07/01/22 06/30/23	-	-	272	(302)	-	-	-	-	(302)
TOTAL ENTERPRISE FUND				(1,135)		16,665	(16,394)					
TOTAL STATE FINANCIAL ASSISTANCE				\$ (488,375)		\$ 15,567,754	(15,649,669)		\$ 202,076		\$ 45,700	\$ 744,271
LESS:												
One-half TPAF Post-Retirement Medical Contributions	23-495-034-5094-001	1,174,855	07/01/22 06/30/23	-	-	-	1,174,855	-	-	-	-	1,174,855
One-half TPAF Pension Contribution	23-495-034-5094-002	4,472,273	07/01/22 06/30/23	-	-	-	4,472,273	-	-	-	-	4,472,273
One-half TPAF Long Term Disability Insurance	23-495-034-5094-004	1,896	07/01/22 06/30/23	-	-	-	1,896	-	-	-	-	1,896
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT												
												\$ (10,000,645)

* Not available

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. EXPENDITURES PASSED THROUGH TO SUBRECIPIENTS

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

NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$120,781) for the General Fund, (\$181,559) for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 83,624	\$ 13,999,330	\$ 14,082,954
Special Revenue Fund	2,363,145	1,331,605	3,694,750
Food Service Fund	523,817	16,394	540,211
Total Awards and Financial Assistance	<u>\$ 2,970,586</u>	<u>\$ 15,347,329</u>	<u>\$ 18,317,915</u>

NOTE 6. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 7. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$4,472,273 reported as TPAF Pension Contributions, \$1,896 reported as TPAF Long-Term Disability Insurance, and \$1,174,855 reported as TPAF Post-Retirement Medical Contributions represent the amounts paid by the State on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions in the amount of \$1,015,928 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2023.

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

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

Section 1 - Summary of Auditors' Results

FINANCIAL STATEMENT SECTION

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

FEDERAL AWARDS SECTION

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

<u>FAL Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A200100	IDEA Cluster:
84.173	H173A200114	IDEA, Basic
84.425D	S425D200027	IDEA, Preschool
84.425D	S425D200027	CARES Emergency Relief Grant
84.425D	S425D210027	ESSER II
84.425D	S425D210027	CRRSA-ESSER II - Learning Acceleration
84.425U	S425D210027	CRRSA-ESSER II - Mental Health
84.425U	S425D210027	ARP ESSER
84.425U	S425D210027	ARP Summer Learning
84.425U	S425D210027	ARP Beyond School Day
84.425U	S425D210027	ARP Mental Health

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

Section 1 - Summary of Auditors' Results

STATE FINANCIAL ASSISTANCE SECTION

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

State Grant/Project Number(s)	Name of State Program
23-495-034-5120-078	State Aid Cluster:
23-495-034-5120-089	Equalization Aid
23-495-034-5120-084	Special Education Categorical Aid
23-495-034-5120-014	Security Aid
23-495-034-5095-003	Transportation Aid
	Reimbursed TPAF Social Security Contributions

Section II - Financial Statement Findings

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

No matters were reported

Section III - Federal Awards and State Financial Assistance Findings

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

FEDERAL AWARDS

No matters were reported.

STATE FINANCIAL ASSISTANCE

No matters were reported.

**NORTH ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT K-7

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

STATUS OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENTS

No matters were reported in prior year.

FEDERAL AWARDS

No matters were reported in prior year.

STATE FINANCIAL ASSISTANCE

No matters were reported in prior year.