

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

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

**Annual Comprehensive
Financial Report**

of the

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

Mount Arlington, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

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

Finance Department

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Mount Arlington Public Schools

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

Monica A. Rowland
Superintendent of Schools

Dr. Steven E. McHugh
Business Administrator/Board Secretary

October 10, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Mount Arlington School District (the "District") for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 (The approximately 160 Mount Arlington students in grades 9-12 are sent to the Roxbury Public School District and are properly included in their enrollment numbers. The Mount Arlington Public School District is responsible for paying tuition, transportation and special education costs for these students, and these costs are included in the District's financial statements). The District completed the 2023-2024 fiscal year with an average daily enrollment of 354.1 students, which is 3.0 students less the previous year's average daily enrollment.

2) ECONOMIC CONDITIONS AND OUTLOOK: Mount Arlington has many rental properties and housing developments which results in a slightly higher transient population. COVID-19, a global pandemic has devastating effects on the world causing an emergency school closure from the middle of March 2020 to June 2020. Mount Arlington Schools reopened for the 2020 to 2021 school year. However, the major financial burden to school districts nationwide continued during the 2023 to 2024 school year. Despite the continuing uncertainty with the pandemic and change in demographics from the rental properties and housing developments, the district continues to make needed building and infrastructure improvements, while enhancing our educational programs overall and being prudent and responsible with spending. The Mount Arlington Borough student population is expected to increase with the addition of multiple housing complexes that are in the planning phase.

3) MAJOR INITIATIVES: During the 2019/2020 school year, the district underwent an energy audit courtesy of Donnelly Energy and the New Jersey's Clean Energy program. As a result of this audit the district completed a direct install project for LED lighting replacements throughout the classrooms and exterior of both buildings, and the main office at MAPS. Rooftop HVAC units were also replaced, one at Decker and three at MAPS. The District completed a larger HVAC and Systems Controls project at MAPS and Decker during the summer and fall of 2022. During the spring and summer of 2023, the Decker gymnasium floor was replaced and multiple maintenance projects were completed in the Decker and MAPS schools during 2023/2024.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2024.

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

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

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

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

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

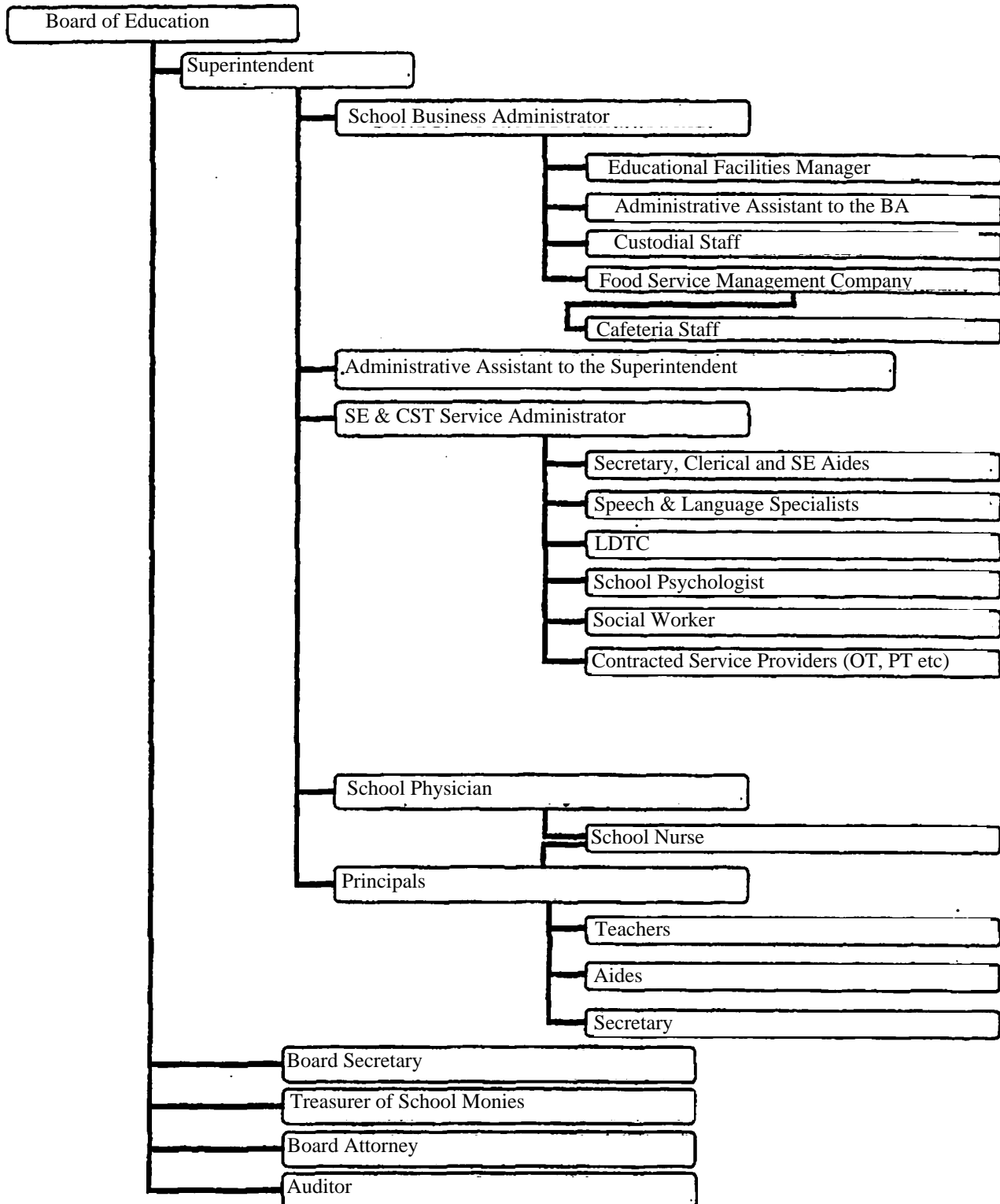
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mount Arlington Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Signed: 
Monica A. Rowland, Superintendent

Signed: 
Dr. Steven E. McHugh, Business Administrator

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ORGANIZATION CHART
JUNE 30, 2024



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Rachel Byrne	President	2026
Sheila Studint	Vice President	2024
Edwin Botero		2024
Albert Decena		2025
Melissa Eckert		2026
Albert Roldan		2025
Karl Svenningsen		2024

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

And

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

Attorney

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

Bond Counsel

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

Official Depository

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Mount Arlington School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2024, 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 accompanying 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, 2024, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
October 10, 2024

Nisivoccia LLP
NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

This section of Borough of Mount Arlington School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

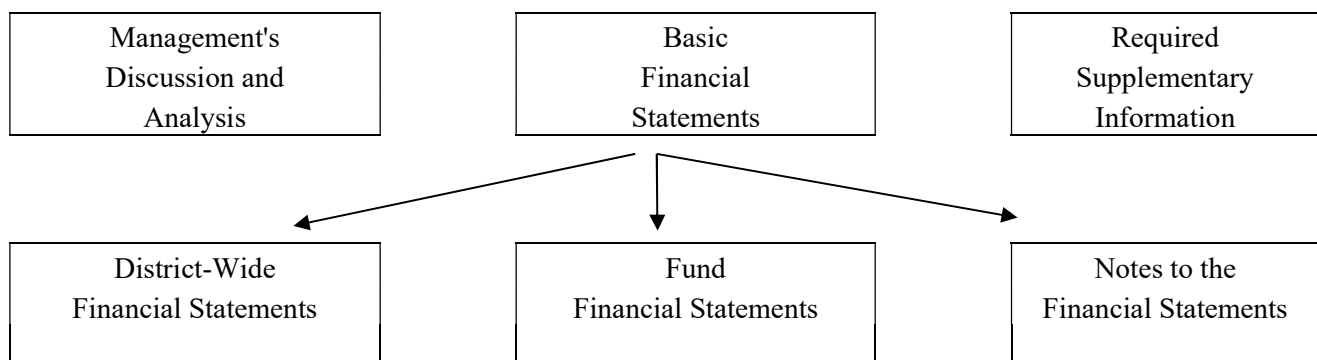
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Figure A-1

Organization of Borough of Mount Arlington School District's Financial Report



**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by 3.25% Net position from governmental activities decreased \$287,757 and net position from business-type activities increased by \$26,233. Net investment in capital assets decreased \$2,323, restricted net position increased \$329,075 and unrestricted net position decreased \$588,276.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
Current and Other Assets	\$ 4,602,916	\$ 4,894,211	\$ 143,239	\$ 171,315	\$ 4,746,155	\$ 5,065,526	
Capital Assets, Net	6,197,929	6,411,100	25,707	4,859	6,223,636	6,415,959	
Total Assets	10,800,845	11,305,311	168,946	176,174	10,969,791	11,481,485	-4.46%
Deferred Outflows of Resources	249,254	366,018			249,254	366,018	-31.90%
Other Liabilities	834,440	903,910	16,623	50,084	851,063	953,994	
Long-Term Liabilities	2,351,166	2,444,214			2,351,166	2,444,214	
Total Liabilities	3,185,606	3,348,124	16,623	50,084	3,202,229	3,398,208	-5.77%
Deferred Inflows of Resources	230,265	401,220			230,265	401,220	-42.61%
Net Position:							
Net Investment in Capital Assets	5,352,929	5,376,100	25,707	4,859	5,378,636	5,380,959	
Restricted	3,723,318	3,394,243			3,723,318	3,394,243	
Unrestricted/(Deficit)	(1,442,019)	(848,358)	126,616	121,231	(1,315,403)	(727,127)	
Total Net Position	\$ 7,634,228	\$ 7,921,985	\$ 152,323	\$ 126,090	\$ 7,786,551	\$ 8,048,075	-3.25%

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Net Position

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

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
Revenue:							
Program Revenue:							
Charges for Services	\$ 26,657	\$ 44,357	\$ 114,695	\$ 105,812	\$ 141,352	\$ 150,169	
Grants and Contributions:							
Operating	2,431,344	2,745,306	105,240	93,688	2,536,584	2,838,994	
General Revenue:							
Property Taxes	12,431,650	12,072,821			12,431,650	12,072,821	
Federal and State Aid Not Restricted	64,848	51,359			64,848	51,359	
Other	342,915	170,848	13	13	342,928	170,861	
Total Revenue	15,297,414	15,084,691	219,948	199,513	15,517,362	15,284,204	1.53%
Expenses:							
Instruction	5,938,655	5,728,936			5,938,655	5,728,936	
Pupil and Instruction Services	6,226,110	6,103,496			6,226,110	6,103,496	
Administrative Services	1,009,178	975,102			1,009,178	975,102	
Maintenance and Operations	964,676	909,402			964,676	909,402	
Transportation	964,603	991,404			964,603	991,404	
Other	481,949	361,302	193,715	219,537	675,664	580,839	
Total Expenses	15,585,171	15,069,642	193,715	219,537	15,778,886	15,289,179	3.20%
Increase/(Decrease) in Net Position	\$ (287,757)	\$ 15,049	\$ 26,233	\$ (20,024)	\$ (261,524)	\$ (4,975)	5156.76%

Governmental Activities

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

	Total Cost of Services		Net Cost of Services	
	2023/2024	2022/2023	2023/2024	2022/2023
Instruction	\$ 5,938,655	\$ 5,728,936	\$ 3,942,772	\$ 3,271,253
Pupil and Instruction Services	6,226,110	6,103,496	6,072,136	6,059,139
Administrative and Business	1,009,178	975,102	955,880	909,975
Maintenance and Operations	964,676	909,402	964,676	909,402
Transportation	964,603	991,404	709,757	768,908
Other	481,949	361,302	481,949	361,302
	<u>\$ 15,585,171</u>	<u>\$ 15,069,642</u>	<u>\$ 13,127,170</u>	<u>\$ 12,279,979</u>

Business-Type Activities

Net position from the District's business-type activities increased by \$26,233 as the food service program expenses decreased. (Refer to Figure A-4).

Financial Analysis of the District's Funds

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

General Fund Budgetary Highlights

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

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

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	
Sites (Land)	\$ 611,500	\$ 611,500			\$ 611,500	\$ 611,500	
Construction in Progress		821,494				821,494	
Site Improvements	126,797	145,819			126,797	145,819	
Buildings and Building Improvements	5,453,942	4,819,537			5,453,942	4,819,537	
Machinery and Equipment	5,690	12,750	\$ 25,707	\$ 4,859	31,397	17,609	
Total Capital Assets (Net of Depreciation)	<u>\$ 6,197,929</u>	<u>\$ 6,411,100</u>	<u>\$ 25,707</u>	<u>\$ 4,859</u>	<u>\$ 6,223,636</u>	<u>\$ 6,415,959</u>	<u>-3.00%</u>

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

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2023/2024
	2023/2024	2022/2023	
General Obligation Bonds (Financed with Property Taxes)	\$ 845,000	\$ 1,035,000	
Net Pension Liability	1,133,129	1,219,674	
Compensated Absences Payable	573,037	189,540	
	<u>\$ 2,551,166</u>	<u>\$ 2,444,214</u>	<u>4.38%</u>

**BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,568,943	\$ 94,675	\$ 1,663,618
Internal Balances	(31,867)	31,867	
Receivables from Federal Government	22,821	12,299	35,120
Receivables from State Government	260,046	1,113	261,159
Other Accounts Receivable	125,650		125,650
Inventory		3,285	3,285
Restricted Cash and Cash Equivalents	2,657,323		2,657,323
Capital Assets, Net:			
Sites (Land) and Construction in Progress	611,500		611,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,586,429	25,707	5,612,136
Total Assets	<u>10,800,845</u>	<u>168,946</u>	<u>10,969,791</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	249,254		249,254
Total Deferred Outflows of Resources	<u>249,254</u>		<u>249,254</u>
LIABILITIES			
Accrued Interest Payable	15,492		15,492
Accounts Payable	600,851	13,553	614,404
Unearned Revenue	18,097	3,070	21,167
Noncurrent Liabilities:			
Due Within One Year	200,000		200,000
Due Beyond One Year	2,351,166		2,351,166
Total Liabilities	<u>3,185,606</u>	<u>16,623</u>	<u>3,202,229</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	230,265		230,265
Total Deferred Inflows of Resources	<u>230,265</u>		<u>230,265</u>
NET POSITION			
Net Investment in Capital Assets	5,352,929	25,707	5,378,636
Restricted for:			
Capital Projects	1,847,837		1,847,837
Maintenance Reserve	418,887		418,887
Tuition Reserve	350,000		350,000
Excess Surplus	1,065,995		1,065,995
Unemployment Compensation	15,870		15,870
Student Activities	18,683		18,683
Scholarships	6,046		6,046
Unrestricted/(Deficit)	(1,442,019)	126,616	(1,315,403)
Total Net Position	<u>\$ 7,634,228</u>	<u>\$ 152,323</u>	<u>\$ 7,786,551</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,802,624		\$ 775,557		\$ (3,027,067)		\$ (3,027,067)
Special Education	1,644,113		1,129,021		(515,092)		(515,092)
Other Special Instruction	246,540		91,305		(155,235)		(155,235)
School Sponsored Instruction	245,378				(245,378)		(245,378)
Support services:							
Tuition	4,230,690		127,317		(4,103,373)		(4,103,373)
Student & Instruction Related Services	1,995,420	\$ 29,455			(1,965,965)		(1,965,965)
General Administrative Services	403,740				(403,740)		(403,740)
School Administrative Services	315,703		53,298		(262,405)		(262,405)
Central Services	289,735				(289,735)		(289,735)
Plant Operations and Maintenance	964,676				(964,676)		(964,676)
Pupil Transportation	964,603				(709,757)		(709,757)
Unallocated Depreciation	315,985				(315,985)		(315,985)
Capital Outlay	117,960		254,846		(117,960)		(117,960)
Interest on Long-Term Debt	41,400				(41,400)		(41,400)
Charter Schools	6,604				(6,604)		(6,604)
Total Governmental Activities	15,585,171	29,455	2,431,344		(13,124,372)		(13,124,372)
Business-Type Activities:							
Food Service	193,715	114,695	105,240			\$ 26,220	26,220
Total Business-Type Activities	193,715	114,695	105,240			26,220	26,220
Total Primary Government	\$ 15,778,886	\$ 144,150	\$ 2,536,584	\$ -0-	(13,124,372)	26,220	(13,098,152)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net (Expenses)/Revenues and Changes in Net Position			
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Items:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 12,200,250		\$ 12,200,250
Taxes Levied for Debt Service	231,400		231,400
Federal and State Aid Not Restricted	62,050		62,050
Investment Earnings	12,138	\$ 13	12,151
Other Local Governments	125,000		125,000
Miscellaneous Income	205,777		205,777
Total General Revenues and Other Items	12,836,615	13	12,836,628
Change in Net Position	(287,757)	26,233	(261,524)
Net Position - Beginning	7,921,985	126,090	8,048,075
Net Position - Ending	\$ 7,634,228	\$ 152,323	\$ 7,786,551

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

FUND FINANCIAL STATEMENTS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICTBALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,568,943			\$ 1,568,943
Interfund Receivable	4,724			4,724
Receivables from Federal Government		\$ 22,821		22,821
Receivables from State Government	260,046			260,046
Other Accounts Receivable	650			650
Receivables from Other Governments	125,000			125,000
Restricted Cash and Cash Equivalents	2,632,594	24,729		2,657,323
Total Assets	<u>\$ 4,591,957</u>	<u>\$ 47,550</u>	<u>\$ -0-</u>	<u>\$ 4,639,507</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 31,867	\$ 4,724		\$ 36,591
Accounts Payable	485,851			485,851
Unearned Revenue		18,097		18,097
Total Liabilities	<u>517,718</u>	<u>22,821</u>		<u>540,539</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,847,837			1,847,837
Maintenance Reserve	418,887			418,887
Unemployment Compensation	15,870			15,870
Student Activities		18,683		18,683
Scholarships		6,046		6,046
Tuition Reserve - 2024-2025	50,000			50,000
Tuition Reserve - 2025-2026	300,000			300,000
Excess Surplus - 2025-2026	408,039			408,039
Excess Surplus - 2024-2025	657,956			657,956
Assigned:				
For Subsequent Year's Expenditures	171,536			171,536
Unassigned	204,114			204,114
Total Fund Balances	<u>4,074,239</u>	<u>24,729</u>		<u>4,098,968</u>
Total Liabilities and Fund Balances	<u>\$ 4,591,957</u>	<u>\$ 47,550</u>	<u>\$ -0-</u>	<u>\$ 4,639,507</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

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

Fund Balance from Previous Page	\$ 4,098,968
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	6,197,929
Interest on long term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(15,492)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as a liability in the Funds.	(1,418,037)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,133,129)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	134,254
Deferred Inflows	<u>(230,265)</u>
Net Position of Governmental Activities	<u>\$ 7,634,228</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

REVENUES	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Local Sources:				
Local Tax Levy	\$ 12,200,250		\$ 231,400	\$ 12,431,650
Other Local Governments	125,000			125,000
Tuition from Individuals	10,725			10,725
Interest Earned on Capital Reserve Funds	10,789			10,789
Interest Earned on Maintenance Reserve Funds	1,349			1,349
Restricted Miscellaneous		\$ 29,455		29,455
Unrestricted Miscellaneous	195,052			195,052
Total - Local Sources	12,543,165	29,455	231,400	12,804,020
State Sources	3,088,968			3,088,968
Federal Sources		405,093		405,093
Total Revenues	15,632,133	434,548	231,400	16,298,081
EXPENDITURES				
Current:				
Regular Instruction	2,367,421	192,539		2,559,960
Special Education Instruction	989,233	88,035		1,077,268
Other Special Instruction	281,123			281,123
School Sponsored Instruction	72,882			72,882
Support Services and Undistributed Costs:				
Tuition		127,317		127,317
Student & Instruction Related Services	4,103,373	29,476		4,230,690
General Administrative Services	1,463,993			1,493,469
School Administrative Services	316,410			316,410
	201,088			201,088

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES				
Current:				
Central Services	\$ 215,407			\$ 215,407
Plant Operations and Maintenance	958,822			958,822
Pupil Transportation	956,492			956,492
Unallocated Benefits	3,596,764			3,596,764
Transfer to Charter Schools	6,604			6,604
Capital Outlay	121,140			121,140
Debt Service:				
Principal			\$ 190,000	190,000
Interest and Other Charges			41,400	41,400
Total Expenditures	15,650,752	\$ 437,367	231,400	16,319,519
Net Change in Fund Balances	(18,619)	(2,819)		(21,438)
Fund Balance - July 1	4,092,858	27,548		4,120,406
Fund Balance - June 30	\$ 4,074,239	\$ 24,729	\$ -0-	\$ 4,098,968

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(21,438)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (329,941)
	Capital Outlays	116,770
		(213,171)
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 (+).		(383,497)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)		190,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Changes in Net Pension Liability	\$	86,545
Changes in Deferred Outflows		(117,151)
Changes in Deferred Inflows		170,955
		140,349
Change in Net Position of Governmental Activities (A-2)	\$	<u>(287,757)</u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 94,675
Intergovernmental Receivable:	
Federal	12,299
State	1,113
Interfund Receivable - General Fund	31,867
Inventory	3,285
	<hr/>
Total Current Assets	143,239
	<hr/>
Non-Current Assets:	
Capital Assets	118,635
Less: Accumulated Depreciation	(92,928)
	<hr/>
Total Non-Current Assets	25,707
	<hr/>
Total Assets	168,946
	<hr/>
LIABILITIES:	
Accounts Payable	13,553
Unearned Revenue - Prepaid Sales	1,105
Unearned Revenue - Donated Commodities	1,965
	<hr/>
Total Liabilities	16,623
	<hr/>
NET POSITION:	
Investment in Capital Assets	25,707
Unrestricted	126,616
	<hr/>
Total Net Position	\$ 152,323
	<hr/> <hr/>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 75,930
Daily Sales - Nonreimbursable Programs	<u>38,765</u>
Total Operating Revenue	<u>114,695</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	49,484
Cost of Sales - Nonreimbursable Programs	25,263
Salaries, Benefits & Payroll Taxes	94,465
Supplies, Insurance & Other Costs	12,856
Management Fee	10,440
Depreciation Expense	<u>1,207</u>
Total Operating Expenses	<u>193,715</u>
Operating Loss	<u>(79,020)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Income	13
State Sources:	
School Breakfast Program	189
School Lunch Program	2,106
School Breakfast Program - NJEIE	417
School Lunch Program - NJEIE	1,093
Federal Sources:	
National School Lunch Program	44,296
School Breakfast Program	15,352
Food Distribution Program	11,027
COVID-19 Supply Chain Assistance	30,107
COVID-19 - P-EBT Administrative Cost Program	<u>653</u>
Total Non-Operating Revenue	<u>105,253</u>
Change in Net Position	26,233
Net Position - Beginning of Year	<u>126,090</u>
Net Position - End of Year	<u><u>\$ 152,323</u></u>

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 114,767
Payments to Employees	(94,465)
Payments to Food Service Vendor	(91,892)
Payments to Suppliers	(11,174)
Net Cash (Used for) Operating Activities	(82,764)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(22,055)
Net Cash (Used for) Capital and Related Financing Activities	(22,055)
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,240
Federal Subsidy Reimbursements	73,496
Interfund Advanced - General Fund	28,535
Net Cash Provided by Noncapital Financing Activities	105,271
Cash Flows from Investing Activities:	
Interest on Investments	13
Net Cash Provided by Investing Activities	13
Net Increase/(Decrease) in Cash and Cash Equivalents	465
Cash and Cash Equivalents, July 1	94,210
Cash and Cash Equivalents, June 30	\$ 94,675
Reconciliation of Operating (Loss) to	
Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (79,020)
Adjustment to Reconcile Operating Loss to Net	
Cash (Used for) Operating Activities:	
Depreciation	1,207
Food Distribution Program	11,027
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(83)
Increase/(Decrease) in Accounts Payable	(17,073)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	72
Increase/(Decrease) in Unearned Revenue - Donated Commodities	1,106
Net Cash (Used for) Operating Activities	\$ (82,764)

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$12,133 and used \$11,027 of those commodities during the fiscal year.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,652,998	\$ 432,928
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Prior Year Encumbrances		1,620
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(84,137)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	<u>69,193</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 15,638,054</u>	<u>\$ 434,548</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,650,752	\$ 435,757
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
		<u>1,620</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,650,752</u>	<u>\$ 437,377</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Lease Assets:

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

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have a portion of their salaries withheld as summer savings until year-end. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2024, the balance in the summer savings was paid to the District employees.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

P. Compensated Absences:

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

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

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

Q. Unearned Revenue:

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

R. Lease Payable:

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

S. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

T. Fund Balance Appropriated:

General Fund: Of the \$4,074,239 General Fund fund balance at June 30, 2024, \$1,847,837 is restricted in the capital reserve account; \$418,887 has been restricted in the maintenance reserve account; \$15,870 is restricted for unemployment compensation; \$350,000 is restricted in the tuition reserve account (\$50,000 for fiscal year ending June 30, 2025 and \$300,000 for the fiscal year ending June 30, 2026); \$657,956 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2025; current year excess surplus in the amount of \$408,039 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2026; \$171,536 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2025; and \$204,114 is unassigned fund balance, which is \$84,137 less than the calculated maximum unassigned fund balance, on a budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2025.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: Of the \$24,729 Special Revenue Fund fund balance at June 30, 2023, \$18,683 is restricted for student activities and \$6,046 is restricted for scholarships.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$84,137, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,442,019 in governmental activities, which is primarily a result of unassigned and assigned fund balance offset by accrued interest payable, compensated absences payable, net pension liability, and deferred inflows and outflows in pensions.

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2024 for pensions.

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

V. Net Position: (Cont'd)

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2024.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2024.

X. Revenue - Exchange and Nonexchange Transactions:

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

Y. Management Estimates:

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

Z. Operating Revenue and Expense:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

AA. Pensions

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments:

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

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

During the period ended June 30, 2024, the District did not hold any investments.

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,663,618	\$ 2,657,323	\$4,320,941

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$4,320,941 and the bank balance was \$5,202,515.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023		\$ 1,671,322
Interest Earned	\$ 10,789	
Unexpended Fund Returned	5,921	
Transferred by Board Resolution June 2024	<u>159,805</u>	
		<u>176,515</u>
Ending Balance, June 30, 2024		<u><u>\$ 1,847,837</u></u>

The June 30, 2024 capital reserve account balance does not exceed the total LRFP balance of local support costs of uncompleted capital projects.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 611,500			\$ 611,500
Construction in Progress	821,494		\$ (821,494)	
Total Capital Assets Not Being Depreciated	<u>1,432,994</u>		<u>(821,494)</u>	<u>611,500</u>
Capital Assets Being Depreciated:				
Site Improvements	467,938			467,938
Buildings and Building Improvements	9,849,665	\$ 112,840	\$ 821,494	10,783,999
Machinery and Equipment	537,564	3,930		541,494
Total Capital Assets Being Depreciated	<u>10,855,167</u>	<u>116,770</u>	<u>821,494</u>	<u>11,793,431</u>
Governmental Activities Capital Assets	<u>12,288,161</u>	<u>116,770</u>		<u>12,404,931</u>
Less Accumulated Depreciation for:				
Site Improvements	(322,119)	(19,022)		(341,141)
Buildings and Building Improvements	(5,030,128)	(299,929)		(5,330,057)
Machinery and Equipment	(524,814)	(10,990)		(535,804)
	<u>(5,877,061)</u>	<u>(329,941)</u>		<u>(6,207,002)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 6,411,100</u></u>	<u><u>\$ (213,171)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 6,197,929</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 96,580	\$ 22,055		\$ 118,635
Less Accumulated Depreciation	(91,721)	(1,207)		(92,928)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,859</u>	<u>\$ 20,848</u>	<u>\$ -0-</u>	<u>\$ 25,707</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,197
General Administrative Services	11,839
Plant Operations and Maintenance	920
Unallocated	<u>315,985</u>
	<u>\$ 329,941</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District did make transfers to capital outlay accounts.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2024	Payable in 1 Year
Serial Bonds Payable	\$ 1,035,000		\$ 190,000	\$ 845,000	\$ 200,000
Net Pension Liability	1,219,674		86,545	1,133,129	
Compensated Absences Payable	<u>189,540</u>	<u>\$ 383,497</u>		<u>573,037</u>	
	<u>\$ 2,444,214</u>	<u>\$ 383,497</u>	<u>\$ 276,545</u>	<u>\$ 2,551,166</u>	<u>\$ 200,000</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2024 is \$200,000 and the long-term portion is \$645,000. The Debt Service Fund will be used to liquidate bonds payable.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	1/15/2028	4.00%	<u>\$ 845,000</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 200,000	\$ 33,800	\$ 233,800
2026	210,000	25,800	235,800
2027	215,000	17,400	232,400
2028	220,000	8,800	228,800
	<u>\$ 845,000</u>	<u>\$ 85,800</u>	<u>\$ 930,800</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

The District did not have any Financed Purchases Payable as of June 30, 2024.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. There is no current portion of compensated absences payable and the long-term portion of compensated absences is \$573,037. The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$1,133,129. See Note 9 for further information on the PERS.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

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

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023		\$ 436,659
Interest Earned	\$ 1,349	
Transferred by Board Resolution June 2024	<u>159,025</u>	
		<u>160,374</u>
		597,033
Decreased by:		
Withdrawn by Board Resolution	<u>178,146</u>	
		<u>178,146</u>
Ending Balance, June 30, 2024		<u>\$ 418,887</u>

NOTE 9. PENSION PLANS

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

District contributions to PERS amounted to \$104,558 for fiscal year 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$3,534 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2024, the District reported a liability of \$1,133,129 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.0078%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension benefit in the amount of \$35,790 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$3,534 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ 6,154
	2020	5.16		56,006
	2021	5.13	2,489	
	2022	5.04		6,512
			<u>2,489</u>	<u>68,672</u>
Difference Between Expected and Actual Experience	2019	5.21	471	
	2020	5.16	3,120	
	2021	5.13		1,980
	2022	5.04		2,652
	2023	5.08	7,243	
			<u>10,834</u>	<u>4,632</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	17,547	
	2021	5.00	(145,937)	
	2022	5.00	173,630	
	2023	5.00	(40,022)	
			<u>5,218</u>	
Changes in Proportion	2019	5.21	7,796	
	2020	5.16		69,896
	2021	5.13		52,419
	2022	5.04	107,917	
	2023	5.08		34,646
			<u>115,713</u>	<u>156,961</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	115,000	
			<u>\$ 249,254</u>	<u>\$ 230,265</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (52,029)
2025	(103,288)
2026	(5,756)
2027	99,566
2028	(34,504)
	<u>\$ (96,011)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,472,653	\$ 1,133,129	\$ 840,680

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2024, the State of New Jersey contributed \$1,308,979 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$365,490.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$14,877,224. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.02915%, which was a decrease of 0.00199% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>14,877,224</u>
Total	<u>\$ 14,877,224</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$365,490 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	8.30	391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
	<u>\$ (12,327,824,636)</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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 – 4.25% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2022 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 pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table on the next page:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 17,542,947	\$ 14,877,224	\$ 12,632,052

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$17,284 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$23,397 for the fiscal year ended June 30, 2024.

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

The audit report for the year ended June 30, 2024 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2023 is as follows:

	<u>Morris-Essex Insurance Group</u>
Total Assets	<u>\$ 11,649,761</u>
Net Position	<u>\$ 7,344,918</u>
Total Revenue	<u>\$ 4,363,092</u>
Total Expenses	<u>\$ 3,537,129</u>
Member Dividends	<u>\$ 975,587</u>
Change in Net Position	<u>\$ (149,624)</u>

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 30	\$ 14,623	\$ 11,537	\$ 15,870
2022-2023	25	13,700	14,798	12,754
2021-2022	1	11,128	11,329	13,827

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. DEFERRED COMPENSATION

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

Lincoln Life

AXA Equitable

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of June 30, 2024 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,724	\$ 31,867
Special Revenue Fund		4,724
Proprietary Fund - Food Service Fund	31,867	
	<u>\$ 36,591</u>	<u>\$ 36,591</u>

The interfund between General Fund and Special Revenue Fund is a result of federal grants receivable as of June 30, 2023. The \$31,867, due from the General Fund is due to state and federal subsidy reimbursements not transferred to the Food Service Fund by year end.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

Arbitrage

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. TUITION RESERVE ACCOUNT

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

As of June 30, 2024 the District has \$350,000 in the tuition reserve for which \$50,000 and \$300,000 will be used to pay for tuition adjustments for the fiscal year ending June 30, 2025 and 2026, respectively.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2024 consisted of the following:

	Governmental Funds	District Contribution	Total	Business-Type Activities
	General Fund	Subsequent to the Measurement Date	Governmental Activities	Proprietary Funds
Vendors	\$ 241,676		\$ 241,676	\$ 13,553
Payroll Deductions and Withholdings	244,175		244,175	
State of New Jersey		\$ 115,000	115,000	
	<u>\$ 485,851</u>	<u>\$ 115,000</u>	<u>\$ 600,851</u>	<u>\$ 13,553</u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 18. TAX ABATEMENTS

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

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

The Borough recognized revenue in the amount of \$453,647 from this annual service charge or payment in lieu of taxes which is recorded as revenue in the Current Fund. The taxes which would have been paid on this property for 2023 without the abatement would have been \$205,275, of which \$119,805 would have been for the local school district. During fiscal year 2024, the School District received \$125,000 from the Borough from the payment in lieu of taxes as revenue recognized.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

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

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 13,252,989
Changes for Year:	
Service Cost	607,339
Interest Cost	474,398
Changes of Assumptions	27,150
Difference in Expected and Actual Experiences	(534,210)
Gross Benefit Payments by the State	(369,801)
Contributions from Members	12,157
Net Changes	<u>217,033</u>
Balance at June 30, 2023	<u>\$ 13,470,022</u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2023</u>		
	<u>At 1% Decrease (2.65%)</u>	<u>At Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
Total OPEB Liability Attributable to the District	\$ 15,791,288	\$ 13,470,022	\$ 11,606,315

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 11,182,195	\$ 13,470,022	\$ 16,463,650

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$303,141 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2023, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 485,377
	2018	9.51		502,407
	2019	9.29	\$ 73,912	
	2020	9.24	1,807,026	
	2021	9.24	10,285	
	2022	9.13		2,729,461
	2023	9.30	24,231	
			<u>1,915,454</u>	<u>3,717,245</u>
Differences between Expected and Actual Experience	2018	9.51		474,931
	2019	9.29		869,949
	2020	9.24	1,684,220	
	2021	9.24		1,977,895
	2022	9.13	281,095	
	2023	9.30		225,094
			<u>1,965,315</u>	<u>3,547,869</u>
Changes in Proportion	N/A	N/A	<u>150,541</u>	<u>1,010,855</u>
			<u>\$ 4,031,310</u>	<u>\$ 8,275,969</u>

N/A- Not Available

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

Fiscal Year Ending June 30,	Total
2024	\$ 671,737
2025	671,737
2026	583,834
2027	344,206
2028	70,455
Thereafter	<u>1,042,377</u>
	<u>\$ 3,384,346</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0083773906%	0.0093836240%	0.0081084149%	0.0081084149%	0.0083913612%
District's proportionate share of the net pension liability	\$ 1,568,477	\$ 2,106,436	\$ 2,401,480	\$ 1,953,375	\$ 1,623,833
District's covered employee payroll	\$ 549,790	\$ 567,642	\$ 570,668	\$ 553,391	\$ 592,617
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	285.29%	371.09%	420.82%	352.98%	274.01%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.0091012137%	0.0077201914%	0.0071413066%	0.0080819285%	0.0078231102%
District's proportionate share of the net pension liability	\$ 1,639,901	\$ 1,258,961	\$ 845,995	\$ 1,219,674	\$ 1,133,129
District's covered employee payroll	\$ 635,745	\$ 529,046	\$ 523,344	\$ 556,493	\$ 669,689
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	257.95%	237.97%	161.65%	219.17%	169.20%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%	62.91%	65.23%

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

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

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
Contractually required contribution	\$ 89,151	\$ 84,901	\$ 83,633	\$ 101,917	\$ 104,558
Contributions in relation to the contractually required contribution	(89,151)	(84,901)	(83,633)	(101,917)	(104,558)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 529,046	\$ 523,344	\$ 556,493	\$ 669,689	\$ 742,705
Contributions as a percentage of covered employee payroll	16.85%	16.22%	15.03%	15.22%	14.08%

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0301625284%	0.0304561326%	0.0309057303%	0.0305192044%	0.0295626153%
State's proportionate share of the net pension liability attributable to the District	\$ 16,120,890	\$ 19,249,576	\$ 24,312,415	\$ 20,577,148	\$ 18,807,092
District's covered employee payroll	\$ 3,066,789	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	525.66%	616.20%	803.95%	677.74%	587.06%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.0294929531%	0.0304049236%	0.0297759205%	0.0311376601%	0.0291523533%
State's proportionate share of the net pension liability attributable to the District	\$ 18,100,104	\$ 20,021,276	\$ 14,314,830	\$ 16,065,294	\$ 14,877,224
District's covered employee payroll	\$ 3,216,790	\$ 3,508,291	\$ 3,361,962	\$ 3,602,200	\$ 3,888,547
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	562.68%	570.68%	425.79%	445.99%	382.59%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	24.60%	35.52%	32.29%	34.68%

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 867,455	\$ 1,175,360	\$ 1,826,740	\$ 1,425,481
Contributions in relation to the contractually required contribution	(164,657)	(247,443)	(331,278)	(435,353)
Contribution deficiency/(excess)	\$ 702,798	\$ 927,917	\$ 1,495,462	\$ 990,128
District's covered employee payroll	\$ 3,123,921	\$ 3,024,130	\$ 3,036,121	\$ 3,203,630
Contributions as a percentage of covered employee payroll	27.77%	38.87%	60.17%	44.50%

	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
Contractually required contribution	\$ 1,067,592	\$ 1,245,008	\$ 336,834	\$ 432,362
Contributions in relation to the contractually required contribution	(666,897)	(865,550)	(1,281,831)	(1,191,766)
Contribution deficiency/(excess)	\$ 400,695	\$ 379,458	\$ (944,997)	\$ (759,404)
District's covered employee payroll	\$ 3,508,291	\$ 3,361,962	\$ 3,602,200	\$ 3,888,547
Contributions as a percentage of covered employee payroll	30.43%	25.75%	35.58%	30.65%

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

	Fiscal Years Ending					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 709,095	\$ 585,721	\$ 526,329	\$ 549,533	\$ 993,160	\$ 844,693
Interest Cost	463,965	537,912	511,501	418,530	420,765	351,219
Change in Benefit Terms					(17,264)	
Changes in Assumptions	(1,975,109)	(1,475,905)	172,416	3,389,197	16,002	(3,555,233)
Difference in Expected and Actual Experience		(1,058,644)	(2,163,423)	2,946,339	(3,426,028)	(271,009)
Member Contributions	12,456	11,886	10,522	9,790	10,757	11,161
Gross Benefit Payments	(338,266)	(343,908)	(354,972)	(323,012)	(331,445)	(347,893)
Net Change in Total OPEB Liability	(1,127,859)	(1,742,938)	(1,297,627)	6,990,377	(2,334,053)	(2,967,062)
Total OPEB Liability - Beginning	15,732,151	14,604,292	12,861,354	11,563,727	18,554,104	16,220,051
Total OPEB Liability - Ending	<u>\$14,604,292</u>	<u>\$12,861,354</u>	<u>\$11,563,727</u>	<u>\$18,554,104</u>	<u>\$16,220,051</u>	<u>\$13,252,989</u>
District's Covered Employee Payroll *	\$ 3,628,738	\$ 3,839,375	\$ 3,745,836	\$ 4,031,635	\$ 3,918,455	\$ 4,271,889
Total OPEB Liability as a Percentage of Covered Employee Payroll	402%	335%	309%	460%	414%	310%
						296%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2023 are based on the payroll on the June 30, 2016 - 2022 census data.

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

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 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% 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 4.50% long term rate after eight years.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 12,200,250		\$ 12,200,250	\$ 12,200,250	
Other Local Governments	125,000		125,000	125,000	
Tuition From Individuals				10,725	\$ 10,725
Unrestricted Miscellaneous Revenues	62,246		62,246	195,052	132,806
Interest Earned on Maintenance Reserve	200		200	1,349	1,149
Interest Earned on Capital Reserve Funds	1,000		1,000	10,789	9,789
Total Revenues from Local Sources	12,388,696		12,388,696	12,543,165	154,469
Revenues from State Sources:					
Categorical Transportation Aid	244,283		244,283	244,283	
Extraordinary Aid	250,000		250,000	229,716	(20,284)
Categorical Special Education Aid	561,012		561,012	561,012	
Categorical Security Aid	63,610		63,610	63,610	
Nonpublic Transportation Aid				15,041	15,041
TPAF Post Retirement Contributions (Non-Budgeted)				360,319	360,319
TPAF Pension Contributions (Non-Budgeted)				1,308,979	1,308,979
TPAF Non-Contributory Insurance (Non-Budgeted)				14,928	14,928
TPAF Long-Term Disability Insurance (Non-Budgeted)				614	614
Reimbursed TPAF Social Security Contributions				305,410	305,410
Total Revenues from State Sources	1,118,905		1,118,905	3,103,912	1,985,007
TOTAL REVENUE	13,507,601		13,507,601	15,647,077	2,139,476
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	144,820	244	145,064	145,064	
Grades 1-5 - Salaries of Teachers	1,222,677		1,222,677	1,217,801	4,876
Grades 6-8 - Salaries of Teachers	839,721	(17,091)	822,630	790,304	32,326

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 500	\$	500	\$	500
Purchased Professional-Educational Services	1,500		1,500		1,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	34,385	\$ (621)	33,764	\$ 30,184	3,580
Purchased Professional-Educational Services	3,240	(588)	2,652	1,095	1,557
Purchased Technical Services		519	519	519	
Other Purchased Services (400-500 series)	89,155	(142)	89,013	81,536	7,477
General Supplies	96,531	4,678	101,209	94,551	6,658
Textbooks	11,950	(8)	11,942	5,726	6,216
Other Objects	2,400	(1,759)	641	641	
Total Regular Programs - Instruction	2,446,879	(14,768)	2,432,111	2,367,421	64,690
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	551,142	80,570	631,712	631,712	
Other Salaries for Instruction	17,192	11,902	29,094	29,094	
Purchased Professional-Educational Services	25,713	(7,492)	18,221	11,220	7,001
General Supplies	3,706	3,525	7,231	6,272	959
Total Resource Room/Resource Center	597,753	88,505	686,258	678,298	7,960
Autism:					
Salaries of Teachers	133,907		133,907	129,557	4,350
Other Salaries for Instruction	7,035	226	7,261	7,261	
General Supplies	5,908	(1,026)	4,882	3,235	1,647
Total Autism	146,850	(800)	146,050	140,053	5,997

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 136,557	\$ 750	\$ 137,307	\$ 137,307	
Other Salaries for Instruction	40,878	(1,506)	39,372	30,978	\$ 8,394
General Supplies	2,712		2,712	2,597	115
Total Preschool Disabilities - Full-Time	180,147	(756)	179,391	170,882	8,509
TOTAL SPECIAL EDUCATION - INSTRUCTION	924,750	86,949	1,011,699	989,233	22,466
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	204,640	756	205,396	205,396	
General Supplies	900	(33)	867	867	
Total Basic Skills/Remedial - Instruction	205,540	723	206,263	206,263	
Bilingual Education - Instruction:					
Salaries of Teachers	74,860		74,860	74,860	
Total Bilingual Education - Instruction	74,860		74,860	74,860	
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	27,260		27,260	21,029	6,231
Purchased Services (300-500 series)		1,445	1,445	1,445	
Supplies and Materials	400	(400)			
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	27,660	1,045	28,705	22,474	6,231
School-Sponsored Athletics - Instruction:					
Salaries	41,259		41,259	39,013	2,246
Purchased Services (300-500 series)	5,508	83	5,591	5,591	
Supplies and Materials	5,227	(95)	5,132	4,656	476
Other Objects	1,700		1,700	1,148	552
Total School-Sponsored Athletics - Instruction	53,694	(12)	53,682	50,408	3,274
TOTAL INSTRUCTION	3,733,383	73,937	3,807,320	3,710,659	96,661

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	\$ 2,762,901	\$ 402,006	\$ 3,164,907	\$ 3,164,907	\$ 61,622
Tuition to Other LEAs Within the State-Special	345,217	(15,077)	330,140	268,518	276
Tuition to County Voc. School Dist.-Regular	166,147	1,717	167,864	167,588	110,609
Tuition to Priv. Sch. for the Handicap. W/I State	1,073,482	(460,513)	612,969	502,360	172,507
Total Undistributed Expenditures - Instruction	4,347,747	(71,867)	4,275,880	4,103,373	
Undistributed Expend. - Attend. & Social Work:					
Salaries	29,654		29,654	29,564	90
Total Undist. Expend. - Attendance and Social Work	29,654		29,654	29,564	90
Undistributed Expenditures - Health Services:					
Salaries	131,857		131,857	129,557	2,300
Purchased Professional and Technical Services		4,007	4,007	307	3,700
Supplies and Materials	2,534	(136)	2,398	1,675	723
Other Objects	963	(170)	793	307	486
Total Undist. Expenditures - Health Services	135,354	3,701	139,055	131,846	7,209
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	300,988	16	301,004	285,434	15,570
Purchased Professional - Educational Services	206,442	(3,489)	202,953	170,750	32,203
Supplies and Materials	5,437	(16)	5,421	2,332	3,089
Total Undist. Expend. - Speech, OT, PT, Related Svcs	512,867	(3,489)	509,378	458,516	50,862

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	\$ 319,717	\$ (5,142)	\$ 314,575	\$ 247,241	\$ 67,334
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	319,717	(5,142)	314,575	247,241	67,334
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	65,655	5,142	70,797	70,797	
Salaries of Secretarial and Clerical Assistants	50,148		50,148	50,064	84
Supplies and Materials	1,695		1,695	1,574	121
Total Undist Expend. - Guidance	117,498	5,142	122,640	122,435	205
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	229,473		229,473	211,570	17,903
Salaries of Secretarial and Clerical Assistants	40,876		40,876	40,698	178
Other Purchased Prof. and Tech. Services	40,595	(550)	40,045	25,347	14,698
Supplies and Materials	11,117		11,117	4,279	6,838
Other Objects	350	550	900	704	196
Total Undist Expend. - Child Study Team	322,411		322,411	282,598	39,813
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	96,212		96,212	96,212	
Salaries of Other Professional Staff	8,000	81	8,081	8,081	
Total Undist. Expend.-Improv. of Inst. Serv.	104,212	81	104,293	104,293	
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	30,853	(600)	30,253		30,253
Salaries of Technology Coordinators	83,383	600	83,983	83,983	
Supplies and Materials	465	(81)	384		384
Total Undist Expend-Edu. Media Serv./Sch. Library	114,701	(81)	114,620	83,983	30,637

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Prof. And Tech. Services	\$ 39,500	\$ (876)	\$ 38,624	\$ 38,624	\$ 38,624
Other Purchased Services (400-500 series)	4,720		4,720	3,517	1,203
Other Objects	1,690		1,690		1,690
Total Undist.Expend.-Instructional Staff Training Services	45,910	(876)	45,034	3,517	41,517
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	193,300	321	193,621	193,621	
Legal Services	23,000	(2,321)	20,679	16,210	4,469
Audit Fees	33,000	1,710	34,710	33,000	1,710
Other Purchased Professional Services	8,200	3,150	11,350	11,350	
Communications / Telephone	44,787		44,787	40,926	3,861
BOE Other Purchased Services	4,244		4,244	400	3,844
Other Purch. Serv. (400-500 series other than 530 & 585)	13,650	(3,150)	10,500	7,209	3,291
General Supplies	2,300	(558)	1,742	585	1,157
Miscellaneous Expenditures	6,644	87	6,731	6,731	
BOE Membership Dues and Fees	6,000	378	6,378	6,378	
Total Undist. Expend.-Support Serv.-Gen. Admin.	335,125	(383)	334,742	316,410	18,332
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	144,781		144,781	144,781	
Salaries of Secretarial and Clerical Assistants	57,841	(1,800)	56,041	53,858	2,183
Other Purchased Services (400-500 series)	500	50	550	550	
Supplies and Materials	500	383	883	864	19
Other Objects	1,000	35	1,035	1,035	
Total Undist. Expend.-Support Serv.-School Adm.	204,622	(1,332)	203,290	201,088	2,202

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 177,699	\$ 1,900	\$ 179,599	\$ 179,599	\$ 149
Purchased Professional Services	149		149		606
Purchased Technical Services	29,298	(1,087)	28,211	27,605	1,785
Miscellaneous Purchased Services (400-500 series other than 594)	1,000	785	1,785	3,342	3,076
Supplies and Materials	2,250	1,092	3,342		
Other Objects	3,350		3,350		
Total Undist. Expend. - Central Services	213,746	2,690	216,436	215,407	1,029
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	46,224	140	46,364	46,364	
Cleaning, Repair, and Maintenance Services	137,200	72,395	209,595	147,389	62,206
General Supplies	5,000	3,346	8,346	8,346	
Other Objects	12,406	96,164	108,570	108,570	
Total Undist. Expend.- Required Maint. for School Facilities	200,830	172,045	372,875	310,669	62,206
Undist. Expend.-Custodial Services:					
Salaries	300,580	(100)	300,480	289,426	11,054
Purchased Professional and Technical Services	11,300		11,300	2,000	9,300
Cleaning, Repair, and Maintenance Services	23,400		23,400	12,430	10,970
Other Purchased Property Services	50,000	(2,622)	47,378	40,289	7,089
Insurance	135,226	258	135,484	102,644	32,840
General Supplies	35,000	(5,917)	29,083	4,637	24,446
Energy (Natural Gas)	96,200		96,200	93,000	3,200
Energy (Electricity)	92,400	14,594	106,994	55,072	51,922
Other Objects	10,875	(2,622)	8,253	7,206	1,047
Total Undist. Expend.-Custodial Services	754,981	3,591	758,572	606,704	151,868

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 29,167		\$ 29,167	\$ 28,557	\$ 610
Cleaning, Repair, and Maintenance Services	19,428		19,428	3,410	16,018
General Supplies	1,500	\$ 968	2,468	2,468	
Total Care And Upkeep Of Grounds	50,095	968	51,063	34,435	16,628
Security:					
Cleaning, Repair, and Maintenance Services	8,700		8,700	2,100	6,600
General Supplies	4,990	1,441	6,431	4,914	1,517
Total Security	13,690	1,441	15,131	7,014	8,117
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	1,019,596	178,045	1,197,641	958,822	238,819
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	27,929		27,929	27,929	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	31,325	(225)	31,100	30,201	899
Contract. Serv.(Bet. Home & Sch.)-Vendors	450	90,781	91,231	86,736	4,495
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	2,860		2,860	405	2,455
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	448,768	17,664	466,432	466,432	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	643,324	(124,316)	519,008	344,789	174,219
Contract. Serv.(Reg. Students)-ESCs & CTSAAs	70,380	(14,743)	55,637		55,637
Total Undist. Expend.-Student Trans. Serv.	1,225,036	(30,839)	1,194,197	956,492	237,705

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 115,000	\$ 9,962	\$ 124,962	\$ 124,962	
Other Retirement Contributions - PERS	114,613	(9,962)	104,651	104,558	\$ 93
Other Retirement Contributions - Regular	25,300		25,300	17,284	8,016
Unemployment Compensation	1,725		1,725		1,725
Workers Compensation	45,042	16,673	61,715	61,715	
Health Benefits	1,276,419	(39,458)	1,236,961	1,232,775	4,186
Tuition Reimbursement	36,500	(3,159)	33,341	16,329	17,012
Other Employee Benefits	5,000	43,969	48,969	48,891	78
TOTAL UNALLOCATED BENEFITS	1,619,599	18,025	1,637,624	1,606,514	31,110
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				360,319	(360,319)
TPAF Pension Contributions (Non-Budgeted)				1,308,979	(1,308,979)
TPAF Non-Contributory Insurance (Non-Budgeted)				14,928	(14,928)
TPAF Long-Term Disability Insurance (Non-Budgeted)				614	(614)
Reimbursed TPAF Social Security Contributions				305,410	(305,410)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				1,990,250	(1,990,250)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,619,599	18,025	1,637,624	3,596,764	(1,959,140)
TOTAL UNDISTRIBUTED EXPENDITURES	10,667,795	93,675	10,761,470	11,812,349	(1,050,879)
TOTAL GENERAL CURRENT EXPENSE	14,401,178	167,612	14,568,790	15,523,008	(954,218)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Undistributed:					
Undist. Expend.-Support Serv. - Inst. Staff	\$ 15,937		\$ 15,937	\$ 4,140	\$ 11,797
Total Equipment	15,937		15,937	4,140	11,797
Facilities Acquisition and Construction Serv.:					
Construction Services	112,840		112,840	112,840	
Bldgs. Other than Lease Purchase Agreements		\$ 3,930	3,930	3,930	
Assessment for Debt Service on SDA Funding	230		230	230	
Total Facilities Acquisition and Const. Serv.	113,070	3,930	117,000	117,000	
TOTAL CAPITAL OUTLAY	129,007	3,930	132,937	121,140	11,797
Transfer of Funds to Charter Schools		6,604	6,604	6,604	
		6,604	6,604	6,604	
TOTAL EXPENDITURES	14,530,185	178,146	14,708,331	15,650,752	(942,421)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,022,584)	(178,146)	(1,200,730)	(3,675)	1,197,055
Fund Balance, July 1	4,162,051		4,162,051	4,162,051	
Fund Balance, June 30	\$ 3,139,467	\$ (178,146)	\$ 2,961,321	\$ 4,158,376	1,197,055

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 408,039	
Excess Surplus - Restricted For 2024-2025				657,956	
Capital Reserve				1,847,837	
Maintenance Reserve				418,887	
Tuition Reserve 2024-2025				50,000	
Tuition Reserve 2025-2026				300,000	
Unemployment Compensation				15,870	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				171,536	
Unassigned Fund Balance				288,251	
				<u>4,158,376</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(84,137)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,074,239</u>	

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 41,815	\$ 41,815	\$ 29,322	(12,493)
Federal Sources	\$ 148,140	315,804	463,944	403,606	(60,338)
Total Revenues	148,140	357,619	505,759	432,928	(72,831)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	42,938	41,063	84,001	62,702	21,299
Purchased Professional and Technical Services		4,687	4,687	3,200	1,487
Tuition	85,474	41,843	127,317	127,317	
General Supplies	8,000	40,105	48,105	40,927	7,178
Total Instruction	136,412	127,698	264,110	234,146	29,964
Support Services:					
Personal Services - Employee Benefits		32,201	32,201	22,400	9,801
Purchased Professional and Technical Services	11,728	155,083	166,811	136,564	30,247
Purchased Professional and Educational Services					
Supplies and Materials		13,161	13,161	13,161	
Scholarships Awarded		1,000	1,000	1,000	
Student Activities		28,476	28,476	28,476	
Total Support Services	11,728	229,921	241,649	201,601	40,048
Total Expenditures	\$ 148,140	\$ 357,619	\$ 505,759	\$ 435,747	\$ 70,012
Deficit of Revenue Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ (2,819)	\$ (2,819)

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,647,077	\$ 432,928
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Prior Year Encumbrances		1,620
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(84,137)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	69,193	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,632,133</u>	<u>\$ 434,548</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,650,752	\$ 435,747
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Prior Year Encumbrances		1,620
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,650,752</u>	<u>\$ 437,367</u>

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	I.D.E.A. Part B		Elementary and Secondary Education Act			
	Basic	Preschool	Title IA	Title II - Part A	Title III	Title IV
REVENUES:						
Local Sources						
Federal Sources	\$ 127,317	\$ 4,476	\$ 60,567	\$ 7,744	\$ 2,052	\$ 13,196
Total Revenues	127,317	4,476	60,567	7,744	2,052	13,196
EXPENDITURES:						
Instruction:						
Salaries of Teachers			35,000			
Purchased Professional and Technical Services						
Tuition	127,317		3,167		2,052	
General Supplies						
Total Instruction	127,317		38,167		2,052	
Support Services:						
Personal Services - Employee Benefits			22,400			9,719
Purchased Professional and Technical Services		4,476		7,744		3,477
Supplies and Materials						
Scholarships Awarded						
Student Activities						
Total Support Services		4,476	22,400	7,744		13,196
Total Expenditures	\$ 127,317	\$ 4,476	\$ 60,567	\$ 7,744	\$ 2,052	\$ 13,196

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	American Recovery Act					
	CRSSA - Learning Acceleration	ESSER III	Learning Acceleration	Summer Learning and Enrichment	Comprehensive Beyond the School Day	Mental Health
REVENUES:						
Local Sources						
Federal Sources	\$ 5,963	\$ 99,903	\$ 25,606	\$ 9,513	\$ 16,280	\$ 12,800
Total Revenues	5,963	99,903	25,606	9,513	16,280	12,800
EXPENDITURES:						
Instruction:						
Salaries of Teachers				9,513		
Purchased Professional and Technical Services	3,200					
Tuition					5,280	
General Supplies	2,763	25,000				
Total Instruction	5,963	25,000		9,513	5,280	
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services		72,963	25,606		11,000	12,800
Supplies and Materials		1,940				
Scholarships Awarded						
Student Activities						
Total Support Services		74,903	25,606		11,000	12,800
Total Expenditures	\$ 5,963	\$ 99,903	\$ 25,606	\$ 9,513	\$ 16,280	\$ 12,800

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	NJ - High Impact Tutoring	Local Grants	Student Activities	Scholarship	Totals
REVENUES:					
Local Sources	\$ 18,189	\$ 2,665	\$ 26,617	\$ 40	\$ 29,322
Federal Sources					403,606
Total Revenues	18,189	2,665	26,617	40	432,928
EXPENDITURES:					
Instruction:					
Salaries of Teachers	18,189				62,702
Purchased Professional and Technical Services					3,200
Tuition					127,317
General Supplies		2,665			40,927
Total Instruction	18,189	2,665			234,146
Support Services:					
Personal Services - Employee Benefits					22,400
Purchased Professional and Technical Services					136,564
Supplies and Materials					13,161
Scholarships Awarded				1,000	1,000
Student Activities			28,476		28,476
Total Support Services			28,476	1,000	201,601
Total Expenditures	\$ 18,189	\$ 2,665	\$ 28,476	\$ 1,000	\$ 435,747

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 94,675
Intergovernmental Receivable:	
Federal	12,299
State	1,113
Interfund Receivable - General Fund	31,867
Inventory	3,285

Total Current Assets	<u>143,239</u>
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Non-Current Assets:

Capital Assets	118,635
Less: Accumulated Depreciation	<u>(92,928)</u>

Total Non-Current Assets	<u>25,707</u>
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Total Assets	<u>168,946</u>
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LIABILITIES:

Accounts Payable	13,553
Unearned Revenue - Prepaid Sales	1,105
Unearned Revenue - Donated Commodities	<u>1,965</u>

Total Liabilities	<u>16,623</u>
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NET POSITION:

Investment in Capital Assets	25,707
Unrestricted	<u>126,616</u>

Total Net Position	<u><u>\$ 152,323</u></u>
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BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 75,930
Daily Sales - Nonreimbursable Programs	38,765
	<hr/>
Total Operating Revenue	114,695
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	49,484
Cost of Sales - Nonreimbursable Programs	25,263
Salaries, Benefits & Payroll Taxes	94,465
Supplies, Insurance & Other Costs	12,856
Management Fee	10,440
Depreciation Expense	1,207
	<hr/>
Total Operating Expenses	193,715
	<hr/>
Operating Loss	(79,020)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	13
State Sources:	
School Breakfast Program	189
School Lunch Program	2,106
School Breakfast Program - NJEIE	417
School Lunch Program - NJEIE	1,093
Federal Sources:	
National School Lunch Program	44,296
School Breakfast Program	15,352
Food Distribution Program	11,027
COVID-19 Supply Chain Assistance	30,107
COVID-19 - P-EBT Administrative Cost Program	653
	<hr/>
Total Non-Operating Revenue	105,253
	<hr/>
Change in Net Position	26,233
	<hr/>
Net Position - Beginning of Year	126,090
	<hr/>
Net Position - End of Year	\$ 152,323
	<hr/> <hr/>

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 114,767
Payments to Employees	(94,465)
Payments to Food Service Vendor	(91,892)
Payments to Suppliers	(11,174)
Net Cash (Used for) Operating Activities	<u>(82,764)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(22,055)
Net Cash (Used for) Capital and Related Financing Activities	<u>(22,055)</u>
Cash Flows from Noncapital Financing Activities:	
State Subsidy Reimbursements	3,240
Federal Subsidy Reimbursements	73,496
Interfund Advance - General Fund	28,535
Net Cash Provided by Noncapital Financing Activities	<u>105,271</u>
Cash Flows from Investing Activities:	
Interest on Investments	13
Net Cash Provided by Investing Activities	<u>13</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	465
Cash and Cash Equivalents, July 1	<u>94,210</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 94,675</u></u>
Reconciliation of Operating (Loss) to	
Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (79,020)
Adjustment to Reconcile Operating Loss to Net	
Cash (Used for) Operating Activities:	
Depreciation	1,207
Food Distribution Program	11,027
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(83)
Increase/(Decrease) in Accounts Payable	(17,073)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	72
Increase/(Decrease) in Unearned Revenue - Donated Commodities	1,106
Net Cash (Used for) Operating Activities	<u><u>\$ (82,764)</u></u>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$12,133 and used \$11,027 of those commodities during the fiscal year.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITY

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance June 30, 2023	Matured	Balance June 30, 2024
			June 30, 2024							
			Date	Amount						
Refunding Bonds	09/14/05	\$ 3,260,000		\$ 200,000		4.000%				
			1/15/2025		210,000		4.000%			
			1/15/2026		215,000		4.000%			
			1/15/2027		220,000		4.000%			
			1/15/2028					\$ 1,035,000	\$ 190,000	\$ 845,000
								\$ 1,035,000	\$ 190,000	\$ 845,000

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 231,400		\$ 231,400	\$ 231,400	
Total Revenues	231,400		231,400	231,400	
EXPENDITURES:					
Regular Debt Service:					
Interest	41,400		41,400	41,400	
Redemption of Principal	190,000		190,000	190,000	
Total Regular Debt Service	231,400		231,400	231,400	
Total Expenditures	231,400		231,400	231,400	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,611,901	\$ 3,799,984	\$ 4,070,389	\$ 4,536,369	\$ 4,486,100	\$ 5,077,769	\$ 4,928,979	\$ 4,705,613	\$ 5,376,100	\$ 5,352,929
Restricted	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316	4,061,744	3,394,243	3,723,318
Unrestricted/(Deficit)	(839,382)	(719,554)	(630,135)	(1,013,833)	(544,061)	(1,636,699)	(1,249,543)	(860,424)	(848,358)	(1,442,019)
Total Governmental Activities Net Position	\$ 4,664,697	\$ 5,385,597	\$ 5,998,127	\$ 6,166,039	\$ 6,054,118	\$ 6,206,967	\$ 6,954,752	\$ 7,906,933	\$ 7,921,985	\$ 7,634,228
Business-type Activities:										
Investment in Capital Assets	\$ 15,987	\$ 13,384	\$ 10,781	\$ 8,178	\$ 10,253	\$ 8,820	\$ 7,386	\$ 6,066	\$ 4,859	\$ 25,707
Unrestricted	37,259	38,537	26,765	36,785	48,410	45,530	72,918	126,122	121,231	126,616
Total Business-Type Activities Net Position	\$ 53,246	\$ 51,921	\$ 37,546	\$ 44,963	\$ 58,663	\$ 54,350	\$ 80,304	\$ 132,188	\$ 126,090	\$ 152,323
District-wide:										
Net Investment in Capital Assets	\$ 3,627,888	\$ 3,813,368	\$ 4,081,170	\$ 4,544,547	\$ 4,496,353	\$ 5,086,589	\$ 4,936,365	\$ 4,711,679	\$ 5,380,959	\$ 5,378,636
Restricted	1,892,178	2,305,167	2,557,873	2,643,503	2,112,079	2,765,897	3,275,316	4,061,744	3,394,243	3,723,318
Unrestricted/(Deficit)	(802,123)	(681,015)	(603,370)	(977,048)	(495,651)	(1,591,169)	(1,176,625)	(734,302)	(727,127)	(1,315,403)
Total District Net Position	\$ 4,717,943	\$ 5,437,518	\$ 6,035,673	\$ 6,211,002	\$ 6,112,781	\$ 6,261,317	\$ 7,035,056	\$ 8,039,121	\$ 8,048,075	\$ 7,786,551

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,708,862	\$ 3,926,699	\$ 4,505,342	\$ 4,819,145	\$ 4,428,175	\$ 4,144,767	\$ 4,285,075	\$ 4,193,989	\$ 3,706,469	\$ 3,802,624
Special Education	891,387	982,122	1,189,732	1,357,508	1,336,955	1,488,759	1,291,898	1,392,520	1,514,736	1,644,113
Other Special Instruction	51,575	74,419	89,471	26,899	72	277	75	69,155	274,342	246,540
School Sponsored Instruction	104,470	109,371	131,214	148,393	135,465	112,118	27,563	205,375	233,389	245,378
Support Services:										
Tuition	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,079,325	4,044,092	3,842,620	4,182,865	4,230,690
Student & Instruction Related Services	1,248,399	1,139,183	1,258,706	1,336,810	1,457,721	1,284,655	1,450,079	1,544,076	1,920,631	1,995,420
General Administrative Services	319,315	320,743	357,010	331,226	322,243	323,416	340,114	325,743	366,084	403,740
School Administrative Services	246,605	290,653	182,029	335,958	386,069	335,442	341,783	323,569	334,341	315,703
Central Services	206,505	222,618	210,617	221,107	232,077	236,097	252,593	215,870	274,677	289,735
Plant Operations and Maintenance	716,039	715,012	858,359	835,882	1,117,615	872,705	814,754	979,786	909,402	964,676
Pupil Transportation	465,746	470,149	490,019	518,530	601,438	680,311	720,379	723,976	991,404	964,603
Unallocated Depreciation	278,359	200,695	241,797	241,797	256,441	256,441	288,653	299,428	315,985	315,985
Capital Outlay	230	230	230	12,431	230	230	230	5,476	45,317	117,960
Interest on Long-Term Debt	96,142	90,467	85,217	79,050	69,841	66,284	59,500	52,608	45,317	41,400
Charter Schools	51,762	40,342	42,772	29,325	25,994		13,832	30,845		6,604
Total Governmental Activities Expenses	11,895,353	12,065,918	12,897,973	13,963,637	14,314,643	13,880,827	13,930,620	14,205,036	15,069,642	15,585,171
Business-type Activities:										
Food Service	133,598	144,867	169,352	162,071	171,364	137,789	97,121	219,537	205,611	193,715
Total Business-type Activities Expenses	133,598	144,867	169,352	162,071	171,364	137,789	97,121	219,537	205,611	193,715
Total District Expenses	12,028,951	12,210,785	13,067,325	14,125,708	14,486,007	14,018,616	14,027,741	14,424,573	15,275,253	15,778,886
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)						36,793	16,456	98,147	44,357	29,455
Operating Grants and Contributions	2,212,445	2,537,058	3,242,679	3,499,827	3,042,296	2,656,469	2,853,391	2,934,805	2,745,306	2,431,344
Capital Grants and Contributions	117,781	176,672								
Total Governmental Activities Program Revenues	2,330,226	2,713,730	3,242,679	3,499,827	3,042,296	2,693,262	2,869,847	3,032,952	2,789,663	2,460,799

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

For Fiscal Year Ending June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type Activities:										
Charges for Services:										
Food Service	\$ 89,042	\$ 93,790	\$ 98,441	\$ 109,254	\$ 113,760	\$ 68,371	\$ 3,719	\$ 5,816	\$ 105,812	\$ 114,695
Operating Grants and Contributions	42,594	49,709	56,457	59,984	67,241	64,895	119,334	265,591	93,688	105,240
Total Business-type Activities Revenues	131,636	143,499	154,898	169,238	181,001	133,266	123,053	271,407	199,500	219,935
Total District Program Revenues	2,461,862	2,857,229	3,397,577	3,669,065	3,223,297	2,826,528	2,992,900	3,304,359	2,989,163	2,680,734
Net (Expense)/Revenue										
Governmental Activities	(9,565,127)	(9,352,188)	(9,655,294)	(10,463,810)	(11,272,347)	(11,187,565)	(11,060,773)	(11,172,084)	(12,279,979)	(13,124,372)
Business-type Activities	(1,962)	(1,368)	(14,454)	7,167	9,637	(4,523)	25,932	51,870	(6,111)	26,220
Total District-wide Net (Expense)/Revenue	(9,567,089)	(9,353,556)	(9,669,748)	(10,456,643)	(11,262,710)	(11,192,088)	(11,034,841)	(11,120,214)	(12,286,090)	(13,098,152)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	9,467,364	9,738,377	9,933,144	10,227,375	10,578,174	10,789,737	11,329,224	11,555,808	11,839,021	12,200,250
Taxes Levied for Debt Service	233,463	238,400	232,600	231,800	235,799	234,400	232,800	236,000	233,800	231,400
Unrestricted Grants and Contributions	58,384	59,947	64,155	64,986	52,283	50,903	50,912	70,837	51,359	62,050
Tuition Charges				44,293	8,786					
Investment Earnings	948	958	2,402	51,212	98,234	49,866	1,380	472	3,329	12,138
Other Local Governments					150,000	150,000	150,000	125,000	125,000	125,000
Miscellaneous Income	17,006	35,406	35,523	12,056	37,150	17,498	44,242	93,968	42,519	205,777
Total Governmental Activities	9,777,165	10,073,088	10,267,824	10,631,722	11,160,426	11,292,404	11,808,558	12,082,085	12,295,028	12,836,615
Business-type Activities:										
Investment Earnings	117	43	79	250	555	210	22	14	13	13
Capital Asset Adjustment					3,509					
Total Business-type Activities	117	43	79	250	4,064	210	22	14	13	13
Total District-wide	9,777,282	10,073,131	10,267,903	10,631,972	11,164,490	11,292,614	11,808,580	12,082,099	12,295,041	12,836,628
Change in Net Position										
Governmental Activities	212,038	720,900	612,530	167,912	(111,921)	104,839	747,785	910,001	15,049	(287,757)
Business-type Activities	(1,845)	(1,325)	(14,375)	7,417	13,701	(4,313)	25,954	51,884	(6,098)	26,233
Total District	\$ 210,193	\$ 719,575	\$ 598,155	\$ 175,329	\$ (98,220)	\$ 100,526	\$ 773,739	\$ 961,885	\$ 8,951	\$ (261,524)

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT

FUND BALANCES

GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Restricted	\$1,892,177	\$2,305,166	\$2,557,872	\$2,643,502	\$2,112,079	\$2,730,763	\$3,240,320	\$4,028,946	\$3,366,695	\$3,698,589
Assigned	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799	342,911	485,780	171,536
Unassigned	375,228	330,947	369,164	411,266	409,331	271,909	400,886	565,375	240,383	204,114
Total General Fund	<u>\$2,690,183</u>	<u>\$3,178,952</u>	<u>\$3,682,887</u>	<u>\$3,484,689</u>	<u>\$3,655,440</u>	<u>\$3,230,134</u>	<u>\$4,038,005</u>	<u>\$4,937,232</u>	<u>\$4,092,858</u>	<u>\$4,074,239</u>
All Other Governmental Funds:										
Restricted	\$	1	\$	1	\$	35,134	\$	32,778	\$	24,729
Committed		57,106								
Unassigned/(Deficit)	(119,566)									
Total All Other Governmental Funds	<u>\$ (119,565)</u>	<u>\$ 57,107</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 35,134</u>	<u>\$ 34,996</u>	<u>\$ 32,778</u>	<u>\$ 27,548</u>	<u>\$ 24,729</u>
Total All Governmental Funds:										
Restricted	\$1,892,178	\$2,305,167	\$2,557,873	\$2,643,503	\$2,112,079	\$2,765,897	\$3,275,316	\$4,061,724	\$3,394,243	\$3,723,318
Committed		57,106								
Assigned	422,778	542,839	755,851	429,921	1,134,030	227,462	396,799	342,911	485,780	171,536
Unassigned	255,662	330,947	369,164	411,266	409,331	271,909	400,886	565,375	240,383	204,114
Total All Governmental Funds	<u>\$2,570,618</u>	<u>\$3,236,059</u>	<u>\$3,682,888</u>	<u>\$3,484,690</u>	<u>\$3,655,440</u>	<u>\$3,265,268</u>	<u>\$4,073,001</u>	<u>\$4,970,010</u>	<u>\$4,120,406</u>	<u>\$4,098,968</u>

Source: School District Financial Reports.

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

For Fiscal Year Ending June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax Levy	\$ 9,700,827	\$ 9,976,777	\$ 10,165,744	\$ 10,459,175	\$ 10,813,973	\$ 11,024,137	\$ 11,562,024	\$ 11,791,808	\$ 12,072,821	\$ 12,431,650
Tuition Charges				44,293	8,786	36,793	3,250	100,616	13,000	10,725
Interest Earnings	948	958	2,402	7,682	25,177	49,866	1,380	472	1,499	12,138
Miscellaneous	19,581	41,214	40,500	56,386	110,207	17,498	57,448	133,662	75,706	224,507
Other Sources					150,000	150,000	150,000	125,000	125,000	125,000
State Sources	1,534,795	1,683,742	1,645,719	1,738,238	2,023,664	2,051,214	2,188,712	2,906,400	2,809,445	3,088,968
Federal Sources	148,442	156,210	160,676	152,401	153,799	148,772	254,013	366,672	602,471	405,093
Total Revenues	11,404,593	11,858,901	12,015,041	12,458,175	13,285,606	13,478,280	14,216,827	15,424,630	15,699,942	16,298,081
Expenditures										
Instruction:										
Regular Instruction	2,171,983	2,127,790	2,148,358	2,260,339	2,371,048	2,408,127	2,420,740	2,729,472	2,620,205	2,559,960
Special Education Instruction	523,612	552,087	610,295	674,543	747,091	811,810	754,572	866,766	1,036,192	1,077,268
Other Instruction	37,522	39,184	43,211	12,260	72	277	75	69,155	274,342	281,123
School Sponsored Instruction	60,237	60,756	63,191	72,092	76,494	67,771	15,530	101,546	71,256	72,882
Support Services:										
Tuition	3,509,957	3,483,215	3,255,458	3,669,576	3,944,307	4,188,299	4,044,092	3,842,620	4,182,865	4,230,690
Student & Instruction Related Services	1,009,145	896,226	983,581	1,045,488	1,001,166	1,027,685	1,192,348	1,316,547	1,471,690	1,493,469
General Administrative Services	270,740	269,352	297,104	279,932	281,261	273,301	293,910	285,175	295,338	316,410
School Administrative Services	153,263	160,935	136,061	168,787	176,025	182,324	189,232	192,545	197,986	201,088
Central Services	163,540	175,367	165,980	172,233	191,380	186,854	202,326	179,910	208,378	215,407
Plant Operations and Maintenance	651,266	629,589	756,645	734,788	844,291	766,167	727,317	838,155	890,285	958,822
Pupil Transportation	460,759	464,854	490,019	518,530	597,490	675,197	713,409	718,130	981,175	956,492
Unallocated Benefits	1,656,084	1,750,544	1,923,232	2,164,199	2,367,512	2,384,137	2,608,681	3,115,279	3,250,382	3,596,764
Charter Schools	51,762	40,342	42,772	29,325	25,994		13,832	30,845		6,604
Capital Outlay	900,795	304,819	419,705	622,481	254,925	710,113	230	5,476	835,652	121,140
Debt Service:										
Principal	135,000	145,000	145,000	150,000	160,000	165,000	170,000	180,000	185,000	190,000
Interest and Other Charges	98,462	93,400	87,600	81,800	75,800	69,400	62,800	56,000	48,800	41,400
Total Expenditures	11,854,127	11,193,460	11,568,212	12,656,373	13,114,856	13,916,462	13,409,094	14,527,621	16,549,546	16,319,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	(449,534)	665,441	446,829	(198,198)	170,750	(438,182)	807,733	897,009	(849,604)	(21,438)

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

	For Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Transfers In	\$ 40,000		\$ 57,106							
Transfers Out	(40,000)		(57,106)							
Capital Reserve - Return of Prior Year Unexpended Funds										\$ -
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	<u>\$ (449,534)</u>	<u>\$ 665,441</u>	<u>\$ 446,829</u>	<u>\$ (198,198)</u>	<u>\$ 170,750</u>	<u>\$ (438,182)</u>	<u>\$ 807,733</u>	<u>\$ 897,009</u>	<u>\$ (849,604)</u>	<u>\$ (21,438)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.13%	2.19%	2.09%	1.93%	1.83%	1.77%	1.74%	1.63%	1.49%	1.43%

Source: School District Financial Reports.

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

<u>Fiscal Year Ending June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Prior Year Refunds</u>	<u>Other Local Governments</u>	<u>Other</u>	<u>Total</u>
2015		\$ 6,317	\$ 17		\$ 11,620	\$ 17,954
2016		6,388			29,976	36,364
2017		16,016	4,785		17,124	37,925
2018	\$ 44,293	51,212	5,639		6,417	107,561
2019	8,786	98,234	26,137	\$ 150,000	11,013	294,170
2020	36,793	49,866	15,956	150,000	1,542	254,157
2021	3,250	1,380	1,265	150,000	42,720	198,615
2022	100,616	1,571		125,000	86,404 *	313,591
2023	13,000	3,329		125,000	29,519	170,848
2024	10,725	26,973		125,000	180,217 **	342,915

* included dividends from the Morris Essex Insurance Fund

** included cancellation of prior year accounts payable

Source: Borough of Mount Arlington School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 9,834,500	\$ 589,915,700	\$ 6,500	\$ 63,866,600	\$ 234,200	\$ 20,700,000	\$ 684,557,500	\$ 25,110,900	\$ 684,557,500	\$ 1.417	\$ 754,562,774
2015	9,050,700	597,336,100	6,500	62,998,700	234,200	20,700,000	690,326,200	25,110,900	690,326,200	1.445	754,562,774
2016	8,615,000	598,737,300	6,500	63,553,700	234,200	20,700,000	691,846,700	26,318,600	691,846,700	1.469	755,909,710
2017	19,452,000	603,740,800	6,300	63,559,700	234,200	20,700,000	707,693,000	62,729,600	707,693,000	1.478	782,394,403
2018	17,360,200	613,631,900	6,300	63,559,700	234,200	20,700,000	715,492,300	63,480,000	715,492,300	1.511	790,492,834
2019	13,883,400	632,927,500		63,559,700	234,200	20,700,000	731,304,800	64,149,700	731,304,800	1.507	842,788,988
2020	14,412,400	632,512,400		64,134,100	234,200	20,700,000	731,993,100	64,089,500	731,993,100	1.580	861,348,774
2021	13,840,400	634,753,800		64,217,100	234,200	20,700,000	733,745,500	64,122,700	733,745,500	1.607	863,611,973
2022	14,132,000	636,116,000		64,217,100	234,200	20,700,000	735,399,300	63,035,200	735,399,300	1.642	887,332,265
2023 *	23,014,800	903,735,100		83,251,900		64,484,600	1,074,486,400	108,800,700	1,074,486,400	1.157	934,712,400

* Revaluation Year

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

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

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

Source: Municipal Tax Assessor.

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

Borough of Mount Arlington School District Direct Rate				Overlapping Rates		
Year Ended December 31,	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Mount Arlington	Morris County	Total Direct and Overlapping Tax Rate
2014	\$ 1.383	\$ 0.034	\$ 1.417	\$ 0.834	\$ 0.282	\$ 2.533
2015	1.411	0.035	1.445	0.845	0.279	2.569
2016	1.436	0.034	1.469	0.845	0.279	2.593
2017	1.445	0.033	1.478	0.818	0.287	2.583
2018	1.478	0.033	1.511	0.854	0.287	2.652
2019	1.475	0.032	1.507	0.840	0.301	2.648
2020	1.548	0.032	1.580	0.840	0.307	2.727
2021	1.575	0.032	1.607	0.838	0.306	2.751
2022	1.610	0.032	1.642	0.845	0.310	2.797
2023	* 1.135	0.022	1.157	0.592	0.222	1.971

* Revaluation Year

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

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

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

Source: Municipal Tax Collector and School Business Administrator.

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 9,700,827	\$ 9,700,827	100.00%	-0-
2016	9,976,777	9,976,777	100.00%	-0-
2017	10,165,744	10,165,744	100.00%	-0-
2018	10,459,175	10,459,175	100.00%	-0-
2019	10,813,974	10,813,974	100.00%	-0-
2020	11,024,137	11,024,137	100.00%	-0-
2021	11,562,024	11,562,024	100.00%	-0-
2022	11,791,808	11,791,808	100.00%	-0-
2023	12,072,821	12,072,821	100.00%	-0-
2024	12,431,650	12,431,650	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases	Total District		
2015	\$ 2,335,000	\$ -0-	\$ 2,335,000	0.51%	\$ 446
2016	2,190,000	-0-	2,190,000	0.44%	404.96
2017	2,045,000	-0-	2,045,000	0.38%	352.34
2018	1,895,000	-0-	1,895,000	0.33%	323.16
2019	1,735,000	-0-	1,735,000	0.30%	296.68
2020	1,570,000	-0-	1,570,000	0.26%	269.48
2021	1,400,000	-0-	1,400,000	0.22%	237.09
2022	1,220,000	-0-	1,220,000	0.19%	206.50
2023	1,035,000	-0-	1,035,000	0.16%	174.51
2024	845,000	-0-	845,000	0.13%	142.47

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

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 2,335,000	\$ -0-	\$ 2,335,000	0.341%	\$ 446.29
2016	2,190,000	-0-	2,190,000	0.317%	404.96
2017	2,045,000	-0-	2,045,000	0.296%	352.34
2018	1,895,000	-0-	1,895,000	0.268%	323.16
2019	1,735,000	-0-	1,735,000	0.242%	296.68
2020	1,570,000	-0-	1,570,000	0.215%	269.48
2021	1,400,000	-0-	1,400,000	0.191%	237.09
2022	1,220,000	-0-	1,220,000	0.166%	206.50
2023	1,035,000	-0-	1,035,000	0.141%	174.51
2024	845,000	-0-	845,000	0.079%	142.47

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

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

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

Source: School District Financial Reports.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Mount Arlington	\$ 5,907,965	100.00%	\$ 5,907,965
Morris County General Obligation Debt	326,425,422	0.87%	<u>2,835,971</u>
Subtotal, Overlapping Debt			8,743,935
Borough of Mount Arlington School District Direct Debt			<u>1,035,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,778,935</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024

Equalized valuation basis	
2023	\$ 1,091,292,301
2022	932,301,344
2021	884,563,593
	<u>\$2,908,157,238</u>
Average Equalized Valuation of Taxable Property	\$ 969,385,746
Debt Limit (3% of average equalization value) ^a	29,081,572
Net Bonded School Debt as of June 30, 2024	845,000
Legal Debt Margin	<u>\$ 28,236,572</u>

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 22,658,156	\$ 22,757,769	\$ 22,757,769	\$ 22,987,186	\$ 23,690,772	\$ 24,646,951	\$25,443,403	\$ 25,802,667	\$ 26,776,282	\$ 29,081,572
Total Net Debt Applicable to Limit	2,335,000	2,190,000	2,045,000	1,895,000	1,735,000	1,570,000	1,400,000	1,220,000	1,035,000	845,000
Legal Debt Margin	<u>\$ 25,272,883</u>	<u>\$ 20,567,769</u>	<u>\$ 20,712,769</u>	<u>\$ 21,092,186</u>	<u>\$ 21,955,772</u>	<u>\$ 23,076,951</u>	<u>\$24,043,403</u>	<u>\$ 24,582,667</u>	<u>\$ 25,741,282</u>	<u>\$ 28,236,572</u>
Total Net Debt Applicable to the Limit	10.31%	9.62%	8.99%	8.24%	7.32%	6.37%	5.50%	4.73%	3.87%	2.91%

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

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

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2015	\$ 5,232	\$ 461,975,136	\$ 88,298	5.00%
2016	5,408	493,490,816	91,252	4.30%
2017	5,804	542,929,376	93,544	3.60%
2018	5,864	570,238,816	97,244	3.60%
2019	5,848	579,770,720	99,140	2.90%
2020	5,826	595,574,502	102,227	8.90%
2021	5,905	636,364,135	107,767	5.70%
2022	5,908	659,315,076	111,597	3.60%
2023	5,931	661,881,807 ***	111,597 **	3.80%
2024	5,931 *	661,881,807 ***	111,597 **	N/A

* - Latest population available (2023) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2022) was used for calculation purposes.

***- Latest available population data (2023) and latest Morris County per capita personal income (2022) was used for calculation purposes

N/A - Not Available

Source:

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

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

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

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

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

2023			2014		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	10,552	3.85%	Novartis	6,200	2.41%
Novartis	6,500	2.37%	Picatinny Arsenal	5,841	2.27%
Picatinny Arsenal	6,000	2.19%	Atlantic Health System	5,576	2.17%
Barclays	3,374	1.23%	Automatic Data Processing, Inc.	1,947	0.76%
Bayer Healthcare, LLC	2,713	0.99%	County of Morris	1,838	0.72%
Automatic Data Processing, Inc.	2,400	0.88%	Wyndham Worldwide	1,546	0.60%
Accenture	2,344	0.86%	BASF Corporation	1,500	0.58%
PricewaterhouseCoopers	2,095	0.76%	Accenture	1,498	0.58%
Cigna	1,686	0.62%	Chilton Memorial	1,440	0.56%
Deloitte & Touche	1,646	0.60%	Deloitte & Touche	1,336	0.52%
Total	39,310	14.35%		28,722	11.17%
Total County Labor Force	273,903			257,024	

Source: Morris County Economic Development Corporation

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

UNAUDITED

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction:										
Regular	29.1	29.6	29.9	29.9	29.0	29.5	29.5	29.5	29.5	29.5
Special Education	21.6	22.2	22.2	24.5	23.2	23.6	24.0	24.5	24.5	24.5
Other Special Instruction										
Support Services:										
Student & Instruction Related Services	3.9	3.9	3.9	3.9	3.5	3.5	3.5	3.5	3.5	3.5
General Administrative Services	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
School Administrative Services	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central Services	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	5.2	5.2	5.2	5.2	5.0	5.0	5.0	5.0	5.0	5.0
Pupil Transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	64.7	66.3	66.6	68.9	66.1	67.5	67.9	68.4	68.4	68.4

Source: District Personnel Records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICTOPERATING STATISTICSLAST TEN FISCAL YEARSUNAUDITEDPupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	516.0	\$ 10,719,870	\$ 20,775	-0.47%	39.9	1:07	1:08	347.3	332.2	1.41%	95.66%
2016	522.0	10,650,241	20,403	-1.79%	39.9	1:07	1:08	346.4	331.4	-0.26%	95.67%
2017	521.0	10,915,907	20,952	2.69%	39.9	1:07	1:08	351.5	335.8	1.47%	95.53%
2018	543.0	11,802,092	21,735	3.74%	40.1	1:07	1:08	347.7	332.4	-1.08%	95.60%
2019	546.0	12,624,131	23,121	6.38%	40.5	1:07	1:08	367.2	348.8	5.61%	94.99%
2020	524.0	12,971,949	24,756	7.07%	48.0	1:07	1:08	361.8	350.9	-1.47%	96.99%
2021	480.0	13,176,064	27,450	10.88%	48.0	1:07	1:08	330.0	309.3	-8.79%	93.73%
2022	472.0	14,286,145	30,267	10.26%	48.0	1:07	1:08	353.2	328.6	7.03%	93.04%
2023	514.5	15,480,094	30,088	-0.59%	48.0	1:07	1:08	351.1	327.9	-0.59%	93.39%
2024	514.5	15,966,979	31,034	3.15%	48.0	1:07	1:08	351.1	327.9	0.00%	93.39%

* - Includes High School Enrollment

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

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

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

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

Note: Enrollment based on annual October District count.

Source: Borough of Mount Arlington School District records.

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

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>District Building</u>					
Edith M. Decker School (1975)					
Square Feet	24,094	24,094	24,094	24,094	24,094
Capacity (students)	142	142	142	142	142
Enrollment	124	103	129	138	138
Mount Arlington Public School (1917)					
Square Feet	49,138	49,138	49,138	49,138	49,138
Capacity (students)	339	339	339	339	339
Enrollment	249	251	218	205	205

Number of Schools at June 30, 2024
 Elementary = 1
 Middle School = 1

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

Source: Borough of Mount Arlington School District Facilities Office.

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

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

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Edith M. Decker School	N/A	\$ 40,332	\$ 52,391	\$ 56,392	\$ 64,539	\$ 70,125
Mount Arlington School	N/A	98,251	89,201	158,653	152,451	163,624
Grand Total		<u>\$138,583</u>	<u>\$141,592</u>	<u>\$215,045</u>	<u>\$216,990</u>	<u>\$ 233,749</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Edith M. Decker School	N/A	\$109,408	\$ 82,738	\$120,589	\$100,641	\$ 130,481
Mount Arlington School	N/A	91,135	68,920	56,225	138,303	180,188
Grand Total		<u>\$200,543</u>	<u>\$151,658</u>	<u>\$176,814</u>	<u>\$238,944</u>	<u>\$ 310,669</u>

N/A - Not Applicable.

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

Source: Mount Arlington School District records.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024
UNAUDITED

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

Source: Mount Arlington School District records.

SINGLE AUDIT SECTION



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ
 973.298.8500
 nisivoccia.com
 Independent Member
 BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Mount Arlington School District (the "District"), in the County of Morris, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
 October 10, 2024

Nisivoccia LLP
 NISIVOCCIA LLP

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



Mount Arlington, NJ
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 973.298.8500
 nisivoccia.com
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Report on Compliance For Each Major State Program
 and Report on Internal Control Over Compliance Required by NJOMB-15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Borough of Mount Arlington School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Mount Arlington, New Jersey
October 10, 2024

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			Amount Provided to Subrecipients
			From	To		Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue		
Special Revenue Fund:												
U.S. Department of Education - Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I												
Subtotal Title I	84.010A	ESEA-3410-24	7/1/2023	9/30/2024	\$ 60,567		\$ 60,567	\$ (60,567)				
Title IIA												
Subtotal Title I	84.367A	ESEA-3410-24	7/1/2023	9/30/2024	12,526			(7,744)	\$ (2,494)			
Title III - Immigrant	84.365	ESEA-3410-24	7/1/2023	9/30/2024	2,052			(2,052)				
Title III - Immigrant	84.365	ESEA-3410-23	7/1/2022	9/30/2023	2,748				(86)			
Subtotal Title III - Immigrant								(2,052)	(2,138)			
Title IV	84.424A	ESEA-3410-24	7/1/2023	9/30/2024	18,677		13,196	(13,196)				
Title IV	84.424A	ESEA-3410-23	7/1/2022	9/30/2023	20,000		3,606					
Subtotal Title IV							16,802	(13,196)				
Subtotal Elementary and Secondary Education Act							82,619	(83,559)	(4,632)			
Special Education Cluster:												
COVID-19 ARP - I.D.E.A. Part B, Basic	84.027x	IDEA-3410-22	7/1/2021	9/30/2022	15,852		15,852		(15,852)			
COVID-19 ARP - I.D.E.A. Part B, Preschool	84.173x	IDEA-3410-22	7/1/2021	9/30/2022	1,350		1,350		(1,350)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-24	7/1/2023	9/30/2024	127,317		127,317	(127,317)				
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3410-23	7/1/2022	9/30/2023	107,234		14,091		(14,091)			
I.D.E.A. Part B, Preschool	84.173	IDEA-3410-24	7/1/2023	9/30/2024	4,476		4,476	(4,476)				
Subtotal Special Education Cluster							163,086	(131,793)				
Education Stabilization Fund:												
COVID-19 - CRRSA - Learning Acceleration	84.425D	N/A	3/13/2020	9/30/2023	25,000		18,750	(5,963)				
COVID-19 - CRRSA - Mental Health	84.425D	N/A	3/13/2020	9/30/2023	45,000		2,410		(2,410)			
COVID-19 - ARP - ESSER III	84.425U	N/A	3/13/2020	9/30/2024	270,095		122,842	(99,903)				
COVID-19 - ARP - Accelerated Learning												
Coaching and Educator Support	84.425U	N/A	3/13/2020	9/30/2024	50,000		50,000	(25,606)				
COVID-19 - ARP - Evidence-Based Summer												
Learning and Enrichment Activities	84.425U	N/A	3/13/2020	9/30/2024	40,000		12,513	(9,513)				

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2024		Amount Provided to Subrecipients
			From	To				(Accounts Receivable)	Unearned Revenue	
Special Revenue Fund:										
U.S. Department of Education - Passed-through State Department of Education:										
Special Revenue Fund:										
Education Stabilization Fund:										
COVID-19 - ARP - Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	N/A	3/13/2020	9/30/2024	\$ 40,000	\$ 21,000	\$ (16,280)			
COVID-19 - NJTSS Mental Health Support Staffing	84.425U	N/A	3/13/2020	9/30/2024	45,000	19,495	(12,800)			
NJ - High Impact Tutoring	84.425C	N/A	10/11/2023	8/31/2024	27,990		(18,189)	\$ (18,189)		
Total Educational Stabilization Fund						247,010	(188,254)	(18,189)		
Total U.S. Department of Education						492,715	(403,606)	(22,821)		
U.S. Department of Treasury - Passed-through State Department of Education:										
COVID 19 - Additional or Compensatory Special Education and Related Services (ASCERS)	21.027	N/A	7/1/2022	6/30/2023	127,903	63,654				
Total U.S. Department of Treasury						63,654				
Total Special Revenue Fund						556,369	(403,606)	(22,821)		
Enterprise Fund:										
U.S. Department of Agriculture - Passed-through State Department of Agriculture:										
Enterprise Fund										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/2023	6/30/2024	12,133	12,133	(10,168)		\$ 1,965	
Food Distribution Program	10.555	N/A	7/1/2022	6/30/2023	18,513	859	(859)			
National School Lunch Program	10.555	N/A	7/1/2023	6/30/2024	44,296	35,453	(44,296)	(8,843)		
National School Lunch Program	10.555	N/A	7/1/2022	6/30/2023	48,314	10,213	(10,213)			
School Breakfast Program	10.553	N/A	7/1/2023	6/30/2024	15,352	11,896	(15,352)	(3,456)		
School Breakfast Program	10.553	N/A	7/1/2022	6/30/2023	11,798	2,739	(2,739)			
COVID -19 Supply Chain Assistance	10.555	N/A	7/1/2022	9/30/2024	42,788	12,542	(30,107)			
Total Child Nutrition Cluster						84,976	(100,782)	(12,299)	1,965	
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	7/1/2023	6/30/2024	653	653	(653)			
Total Total Enterprise Fund						85,629	(101,435)	(12,299)	1,965	
TOTAL FEDERAL AWARDS						\$ 641,998	\$ (505,041)	\$ (35,120)	\$ 1,965	\$ -0-

N/A - Not Available/Applicable

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2023		Balance at June 30, 2024			MEMO			
		From	To		Budgetary Unearned Revenue/	(Accounts Receivable)	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:													
General Fund:													
Categorical Special Education Aid	23-495-034-5120-089	7/1/2022	6/30/2023	\$ 502,240	\$ (45,417)	\$ 45,417					\$ 502,240		
Categorical Security Aid	23-495-034-5120-084	7/1/2022	6/30/2023	50,873	(4,600)	4,600					50,873		
Categorical Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023	212,050	(19,176)	19,176					212,050		
Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/2022	6/30/2023	8,424	(8,424)	8,424					8,424		
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/2022	6/30/2023	224,075	(224,075)	224,075					224,075		
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/2022	6/30/2023	283,603	(27,734)	27,734					283,603		
Categorical Special Education Aid	24-495-034-5120-089	7/1/2023	6/30/2024	561,012		506,689	\$ (561,012)			\$ (54,323)	561,012		
Categorical Security Aid	24-495-034-5120-084	7/1/2023	6/30/2024	63,610		57,450	(63,610)			(6,160)	63,610		
Categorical Transportation Aid	24-495-034-5120-014	7/1/2023	6/30/2024	244,283		220,629	(244,283)			(23,654)	244,283		
Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/2023	6/30/2024	15,041			(15,041)	\$ (15,041)		(15,041)	15,041		
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/2023	6/30/2024	229,716			(229,716)	(229,716)		(229,716)	229,716		
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/2023	6/30/2024	305,410		290,121	(305,410)	(15,289)		(15,289)	305,410		
On-Behalf TPAF Post Retirement Medical Contributions	24-495-034-5094-001	7/1/2023	6/30/2024	360,319		360,319	(360,319)				360,319		
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/2023	6/30/2024	1,308,979		1,308,979	(1,308,979)				1,308,979		
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/2023	6/30/2024	14,928		14,928	(14,928)				14,928		
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/2023	6/30/2024	614		614	(614)				614		
Total General Fund State Aid					(329,426)	3,089,155	(3,103,912)	(260,046)		(344,183)	4,385,177		
Total General Fund					(329,426)	3,089,155	(3,103,912)	(260,046)		(344,183)	4,385,177		
State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	24-100-010-3350-023	7/1/2023	6/30/2024	2,106		1,690	(2,106)	(416)		(416)	2,106		
State School Lunch Program	23-100-010-3350-023	7/1/2022	6/30/2023	2,239	(486)	486					2,239		
State School Breakfast Program	24-100-010-3350-021	7/1/2023	6/30/2024	189		144	(189)	(45)		(45)	189		
State School Breakfast Program	23-100-010-3350-021	7/1/2022	6/30/2023	234	(62)	62					234		
State School Lunch Program - NJEIE	24-100-010-3350-023	7/1/2023	6/30/2024	1,093		631	(1,093)	(462)		(462)	1,093		
State School Breakfast Program - NJEIE	24-100-010-3350-021	7/1/2023	6/30/2024	417		227	(417)	(190)		(190)	417		
Total State Department of Agriculture					(548)	3,240	(3,805)	(1,113)		(1,113)	6,278		
Total State Awards Subject to Single Audit Determination					(322,018)	3,092,395	(3,107,717)	(261,159)	\$ -0-	\$ (345,296)	4,391,455		
Less: State Awards Not Subject to Single Audit Major Program Determination													
Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/2023	6/30/2024	360,319		\$ 360,319							
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/2023	6/30/2024	1,308,979		1,308,979							
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/2023	6/30/2024	14,928		14,928							
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/2023	6/30/2024	614									
Subtotal - On-Behalf TPAF Pension System Contributions						1,684,840							
Total State Awards Subject to Single Audit Major Program Determination						\$ (1,422,877)							

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

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Mount Arlington School District under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,944) for the general fund and \$1,620 for the Special Revenue Fund of which \$133 is for local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,088,968	\$ 3,088,968
Special Revenue Fund	\$ 405,093		405,093
Food Service Enterprise Fund	101,435	3,805	105,240
Total Financial Assistance	<u>\$ 506,528</u>	<u>\$ 3,092,773</u>	<u>\$ 3,599,301</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Borough of Mount Arlington School District had no loan balances outstanding at June 30, 2024.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

The District was not subject to the single audit provisions of the New Jersey's OMB Circular 15-08 for the fiscal year ended June 30, 2024 as state grant expenditures were less than the single audit threshold of \$750,000 identified in New Jersey's OMB Circular 15-08.

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

_____ Yes	_____ X	No
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BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award	Budgetary
		Start	End	Amount	Expenditures
State Aid Public:					
Categorical Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	\$ 561,012	\$ 561,012
Categorical Security Aid	24-495-034-5120-084	7/1/23	6/30/24	63,610	63,610
Dollar threshold used to distinguish between Type A and B programs				\$ 750,000	
Auditee qualified as low-risk auditee?			Yes	X	No

BOROUGH OF MOUNT ARLINGTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year audit findings.