

**BOROUGH OF NORTH ARLINGTON**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2024**

**BOROUGH OF NORTH ARLINGTON**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2024**

**BOROUGH OF NORTH ARLINGTON**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of North Arlington  
North Arlington, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the Borough of North Arlington which comprise the balance sheets - regulatory basis of the various funds and account group, as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2024, and the related notes to the financial statements.

#### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of North Arlington as of December 31, 2024 and 2023, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2024 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of North Arlington as of December 31, 2024 and 2023, or changes in financial position for the years then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Borough of North Arlington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2024 and 2023. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 47 percent and 46 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2024 and 2023, respectively.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of North Arlington on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Borough of North Arlington’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 Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement 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 Borough of North Arlington’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 Borough of North Arlington’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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of North Arlington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal 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 (Uniform Guidance) and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of North Arlington. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

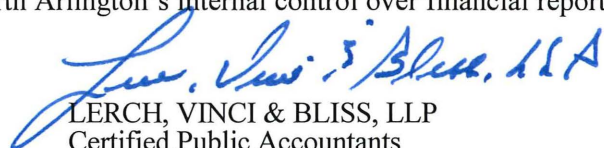
**Other Information**

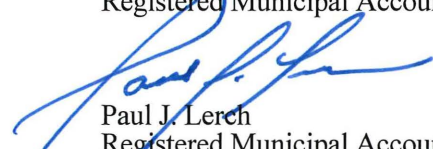
Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor’s report thereon. Our opinions on the financial statements 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 August 7, 2025 on our consideration of the Borough of North Arlington’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 Borough of North Arlington’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of North Arlington’s internal control over financial reporting and compliance.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR000457

Fair Lawn, New Jersey  
August 7, 2025

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>			
Current Fund			
Cash and Cash Equivalents	A-4	\$ 14,268,810	\$ 15,716,093
Cash - Change Funds	A-5	200	200
Due from State of New Jersey - Senior & Veterans Deductions	A-6	41,117	42,327
Grants Receivable	A-7	<u>460,003</u>	<u>483,909</u>
		<u>14,770,130</u>	<u>16,242,529</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-8	631,626	506,920
Tax Title Liens Receivable	A-9	59,713	158,745
Interfunds Receivable			
Due From Animal Control Trust Fund	B-3	46,941	37,027
Prepaid Payroll	A-25	425,251	-
Revenue Accounts Receivable	A-10	<u>34,404</u>	<u>27,930</u>
		<u>1,197,935</u>	<u>730,622</u>
Deferred Charges:			
Emergency Authorizations	A-23	<u>49,500</u>	<u>2,104,000</u>
Total Assets		<u>\$ 16,017,565</u>	<u>\$ 19,077,151</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 2,708,469	\$ 2,299,252
Encumbrances Payable - Current Fund	A-12	326,835	2,526,222
Encumbrances Payable - Grants	A-12	169,519	52,508
Accounts Payable	A-22	41,445	321,176
Fees Payable	A-13	21,204	18,990
Prepaid Taxes	A-14	335,628	184,841
Tax Overpayments	A-15	10,165	93,166
County Added and Omitted Taxes Payable	A-16	2,166	-
Interfunds Payable			
Due to Other Trust Fund	B-6	338,249	504,292
Due to General Capital Fund	C-5	537,290	504,540
Due to North Arlington Public Library	A-24	218,973	-
Reserve for Tax Appeals	A-21	1,929,974	1,956,126
Reserve for Federal and State Grants - Appropriated	A-18	615,390	833,576
Reserve for Federal and State Grants - Unappropriated	A-19	315,638	932,113
Miscellaneous Reserves	A-20	<u>-</u>	<u>125,498</u>
		<u>7,570,945</u>	<u>10,352,300</u>
Reserve for Receivables	A	1,197,935	730,622
Fund Balance	A-1	<u>7,248,685</u>	<u>7,994,229</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 16,017,565</u>	<u>\$ 19,077,151</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Surplus Anticipated	A-2	\$ 4,277,766	\$ 4,195,000
Miscellaneous Revenue Anticipated	A-2	6,668,144	6,272,896
Receipts from Delinquent Taxes	A-2	452,747	458,752
Receipts from Current Taxes	A-2	56,109,200	54,881,292
Non-Budget Revenues	A-2	557,714	213,376
Other Credits to Income:			
Interfunds Returned	A	37,027	32,833
Prior Year Senior/Vets Allowed	A-6	250	500
Unexpended Balance of Appropriation Reserves	A-11	1,454,449	1,758,573
Cancellation of Prior Year Accounts Payable	A-22	41,000	-
Statutory Excess - Animal Control Trust Fund	B-5	9,914	4,194
		<hr/>	<hr/>
Total Income		69,608,211	67,817,416
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	10,114,148	9,096,190
Other Expenses	A-3	12,143,332	12,166,491
Capital Improvements	A-3	500,000	3,304,000
Municipal Debt Service	A-3	3,836,923	3,546,415
Deferred Charges, Statutory Expenditures and Judgments	A-3	2,219,392	2,067,562
Local District School Tax	A-17	30,884,196	29,949,974
County Taxes	A-16	5,950,806	5,672,845
Increase in Prepaid Expenses	A-1	425,251	-
Prior Year Senior/Vets Disallowed	A-8	4,500	5,167
Interfunds Advanced	A	46,941	37,027
		<hr/>	<hr/>
Total Expenditures		66,125,489	65,845,671
Excess in Revenue		3,482,722	1,971,745
Adjustment to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Years	A-23, A-1	49,500	2,104,000
Statutory Excess to Surplus	A-1	3,532,222	4,075,745
Fund Balance, January 1	A	7,994,229	8,113,484
		<hr/>	<hr/>
		11,526,451	12,189,229
Less: Utilized as Anticipated Revenue	A-2	4,277,766	4,195,000
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 7,248,685	\$ 7,994,229
		<hr/>	<hr/>

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Reference</u>	<u>2024 Budget</u>	<u>Added by N.J.S. 40A:4-87</u>	<u>2024 Realized</u>	<u>Excess or (Deficit)</u>
ANTICIPATED SURPLUS	A-1	\$ 4,277,766	-	\$ 4,277,766	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	2,250		55,564	\$ 53,314
Other	A-2	7,800		13,909	6,109
Fees and Permits	A-2	35,000		61,953	26,953
Fines and Costs					
Municipal Court	A-10	300,000		333,300	33,300
Interest and Costs on Taxes	A-10	130,000		101,532	(28,468)
Parking Meters	A-10	30,000		47,011	17,011
Interest on Investments and Deposits	A-2	500,000		1,325,029	825,029
Cable Television Franchise Fees	A-10	173,835		173,835	-
New Jersey Meadowlands Commission					
Tax Sharing NJSA 13:17-74	A-10	1,290,776		1,290,776	-
Energy Receipts Tax	A-10	1,082,618		1,082,618	-
Reserve for Municipal Relief Aid	A-20	111,593		111,593	-
Uniform Construction Code Fees	A-10	250,000		373,483	123,483
State and Federal Revenues Offset with Appropriations					
Clean Communities Grant	A-19	31,178		31,178	-
Drunk Driving Enforcement Fund	A-19	3,634		3,634	-
Storm Water	A-19	15,000		15,000	-
CARES Act	A-19	8,438		8,438	-
American Rescue Plan - Reserve	A-19	841,516		841,516	-
Hazardous Waste Grant	A-19	32,347		32,347	-
Other Special Items of Revenue					
Uniform Fire Safety Act	A-10	20,000		32,406	12,406
Third Party Billing - Emergency Medical Services	A-10	360,000		378,567	18,567
Library Insurance Reimbursement	A-10	42,000		42,000	-
Reserve for Payment of Debt	A-10, C-13	262,050		262,050	-
Reserve for State Library Aid	A-20	13,905		13,905	-
Passaic Valley Sewer Commission - Fire Hydrants	A-10	34,500	-	36,500	2,000
	A-1	<u>5,578,440</u>	-	<u>6,668,144</u>	<u>1,089,704</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>400,000</u>	-	<u>452,747</u>	<u>52,747</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		19,056,974		19,821,665	764,691
Minimum Library Tax		<u>877,533</u>	-	<u>877,533</u>	-
Total Amount to be Raised for Support of Municipal Budget	A-2	<u>19,934,507</u>	-	<u>20,699,198</u>	<u>764,691</u>
Total General Revenues		<u>\$ 30,190,713</u>	<u>\$ -</u>	<u>32,097,855</u>	<u>\$ 1,907,142</u>
Non-Budget Revenue	A-1, A-2			<u>557,714</u>	
				<u>\$ 32,655,569</u>	

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(Continued)**

	<u>Reference</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collection		
Revenue from Collections	A-1,A-8	\$ 56,109,200
Less: Allocated to School and County Taxes	A-16, A-17	<u>36,835,002</u>
Balance for Support of Municipal Budget Appropriations	A-3	19,274,198
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,425,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,699,198</u>
Licenses - Other		
Borough Clerk	A-10	\$ 1,270
Board of Health	A-10	<u>12,639</u>
	A-2	<u>\$ 13,909</u>
Fees and Permits		
Borough Clerk	A-10	\$ 19,425
Recreation	A-10	1,590
Board of Health	A-10	13,317
Police	A-10	<u>27,621</u>
	A-2	<u>\$ 61,953</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-10	\$ 1,061,215
Due from Other Trust Fund	B-6	10,126
Due from General Capital Fund	C-8	<u>253,688</u>
	A-2	<u>\$ 1,325,029</u>
Non Budget Revenues		
Police Admin		\$ 155,693
Library Refund PY		153,294
LOSAP Forfeitures		92,861
Worker's Compensation Refunds		49,440
Summer Camp Fees		28,090
Auction Proceeds		20,299
Insurance Claim Proceeds		18,865
Miscellaneous		9,798
FEMA Reimbursement		8,002
Prior Year Refunds		4,290
Police Range Fees		3,150
Clothing Bin Fees		2,700
Bergen County Elections Reimbursement		2,419
PVMC Rebate		2,037
Newspaper Ad Fees		1,950
Road Inspection Fees		1,650
JIF Insurance Award		1,300
SR/VETS Admin Fee		960
PILOT		<u>916</u>
	A-1,A-4	<u>\$ 557,714</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

GENERAL APPROPRIATIONS OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT FUNCTIONS					
Administrative and Executive					
Salaries and Wages	\$ 350,000	\$ 358,000	\$ 351,050	\$ 6,950	
Other Expenses	330,000	370,000	366,863	3,137	
Borough Council					
Salaries and Wages	78,000	85,500	83,998	1,502	
Elections					
Salaries and Wages	3,800	3,800	1,539	2,261	
Other Expenses	17,100	17,100	16,063	1,037	
Financial Administration					
Salaries and Wages	43,000	45,500	38,616	6,884	
Other Expenses	307,000	307,000	183,130	123,870	
Collection of Taxes					
Salaries and Wages	10,000	10,000	1,491	8,509	
Other Expenses	120,000	120,000	111,323	8,677	
Assessment of Taxes					
Salaries and Wages	38,000	33,000	27,584	5,416	
Other Expenses	47,000	77,000	61,893	15,107	
Reassessment	65,000	65,000	65,000	-	
Legal Services and Costs					
Other Expenses	195,000	210,000	200,852	9,148	
Engineering Services and Costs					
Other Expenses	100,000	120,000	75,942	44,058	
LAND USE ADMINISTRATION					
Municipal Land Use Law N.J.S.A. 40:55-D1					
Planning Board					
Salaries and Wages	3,000	3,000	-	3,000	
Other Expenses	36,000	1,000	993	7	
Zoning Commission					
Salaries and Wages	7,600	7,600	6,000	1,600	
Other Expenses	12,000	12,000	-	12,000	
CODE ENFORCEMENT ADMINISTRATION					
Rent Leveling Board					
Salaries and Wages	5,200	5,200	-	5,200	
INSURANCE					
Unemployment	45,000	45,000	-	45,000	
Liability Insurance	515,482	515,482	451,894	63,588	
Workers Compensation	490,000	490,000	487,986	2,014	
Employee Group Insurance	3,090,000	3,005,000	2,644,323	360,677	
Health Benefit Waiver	41,000	71,000	68,225	2,775	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	4,709,932	4,709,932	4,208,850	501,082	
Salaries and Wages - American Rescue Fund	841,516	841,516	841,516	-	
Other Expenses	366,000	366,000	283,685	82,315	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS					
OPERATIONS WITHIN "CAPS" (Cont'd.)					
Emergency Medical Transportation					
Salaries and Wages	\$ 915,000	\$ 950,000	\$ 941,856	\$ 8,144	
Police Dispatch/911					
Salaries and Wages	365,000	392,000	368,272	23,728	
Crossing Guards					
Salaries and Wages	282,000	372,000	356,078	15,922	
Office of Emergency Management					
Salaries and Wages	16,000	19,000	16,551	2,449	
Other Expenses	12,000	12,000	5,487	6,513	
Fire Department					
Other Expenses	245,000	323,000	189,014	133,986	
Contribution to Volunteer Fire	36,500	36,500	36,500	-	
Volunteer Emergency Squad (First Aid Organization)					
Other Expenses	120,000	120,000	103,533	16,467	
Community Emergency Response Team (CERT)					
Other Expenses	5,000	5,000	-	5,000	
Uniform Fire Safety (Ch. 383, P.L. 1983)					
Fire Official					
Salaries and Wages	42,000	45,000	39,094	5,906	
Other Expenses	10,000	10,000	4,733	5,267	
Municipal Prosecutor					
Salaries and Wages	18,000	18,000	-	18,000	
PUBLIC WORKS FUNCTION					
Streets and Roads					
Road Repair and Maintenance					
Salaries and Wages	1,180,000	1,140,000	1,108,711	31,289	
Other Expenses	335,000	335,000	322,365	12,635	
Snow Removal					
Salaries and Wages	75,000	34,300	14,371	19,929	
Other Expenses	200,000	99,000	39,933	59,067	
Shade Tree					
Other Expenses	65,000	65,000	42,300	22,700	
Sanitation					
Solid Waste Collection					
Other Expenses-Contractual	565,000	560,000	498,142	61,858	
Public Building and Grounds					
Other Expenses	425,000	493,000	437,436	55,564	
Other Expenses		49,500		49,500	
Recycling Program					
Other Expenses - Contractual	200,000	200,000	185,357	14,643	
HEALTH AND HUMAN SERVICES					
FUNCTIONS					
Board of Health					
Salaries and Wages	173,000	173,000	159,049	13,951	
Other Expenses	82,000	82,000	78,384	3,616	
Dog Warden					
Other Expenses	22,000	22,000	22,000	-	

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balances Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
OPERATIONS WITHIN "CAPS" (Cont'd.)					
PARKS AND RECREATION FUNCTIONS					
Recreation					
Salaries and Wages	\$ 14,000	\$ 17,000	\$ 15,469	\$ 1,531	
Other Expenses	105,000	97,000	82,740	14,260	
Celebration of Public Events					
Other Expenses	5,000	30,000	29,643	357	
Youth Center					
Salaries and Wages	75,000	75,200	75,171	29	
Other Expenses	8,000	4,500	3,656	844	
Senior Citizen Services					
Salaries and Wages	32,000	2,000	-	2,000	
Other Expenses	5,000	5,000	4,474	526	
OTHER COMMON OPERATING FUNCTIONS					
Municipal Court					
Salaries and Wages	229,000	229,000	222,526	6,474	
Other Expenses	22,000	27,000	25,537	1,463	
Public Defenders (P.L. 1997, C.256)					
Salaries and Wages	40,000	40,000	13,979	26,021	
Salary Negotiations and Costs	310,000	130,600	9,910	120,690	
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries and Wages	364,000	374,000	360,686	13,314	
Other Expenses	40,000	40,000	17,726	22,274	
UTILITY EXPENSES AND BULK PURCHASES					
Gasoline	195,000	195,000	118,505	76,495	
Electricity	240,000	240,000	193,871	46,129	
Telephone	152,000	152,000	144,242	7,758	
Street Lighting	290,000	290,000	235,814	54,186	
Water	18,000	18,000	15,392	2,608	-
Total Operations Within "CAPS"	<u>19,399,130</u>	<u>19,416,230</u>	<u>17,117,323</u>	<u>2,298,907</u>	<u>-</u>
Total Operations including Contingent-Within "CAPS"	<u>19,399,130</u>	<u>19,416,230</u>	<u>17,117,323</u>	<u>2,298,907</u>	<u>-</u>
Detail:					
Salaries and Wages	10,220,048	10,114,148	9,262,367	851,781	-
Other Expenses	<u>9,179,082</u>	<u>9,302,082</u>	<u>7,854,956</u>	<u>1,447,126</u>	<u>-</u>

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
GENERAL APPROPRIATIONS (Cont'd.)					
DEFERRED CHARGES AND					
STATUTORY EXPENDITURES -					
MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 420,000	\$ 441,000	\$ 432,545	\$ 8,455	
Public Employees' Retirement System	473,042	484,442	484,432	10	
Police and Firemen's Retirement System	1,285,950	1,285,950	1,285,950	-	
Defined Contribution Retirement Program	8,000	8,000	4,561	3,439	-
	<u>2,186,992</u>	<u>2,219,392</u>	<u>2,207,488</u>	<u>11,904</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"					
	<u>2,186,992</u>	<u>2,219,392</u>	<u>2,207,488</u>	<u>11,904</u>	<u>-</u>
Total General Appropriation for Municipal Purposes within "CAPS"	<u>21,586,122</u>	<u>21,635,622</u>	<u>19,324,811</u>	<u>2,310,811</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Lyndhurst-North Arlington Joint Meeting					
Share of Costs	177,000	177,000	131,990	45,010	
Maintenance of Free Public Library	877,533	877,533	637,985	239,548	
Passaic Valley Sewerage Commission					
Share of Costs	1,393,774	1,393,774	1,393,774	-	
Length of Service Award Program: (NJSA 40A-45.3)					
Contribution	113,100	113,100	-	113,100	-
Liability Insurance	175,341	175,341	175,341	-	-
	<u>2,736,748</u>	<u>2,736,748</u>	<u>2,339,090</u>	<u>397,658</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"					
	<u>2,736,748</u>	<u>2,736,748</u>	<u>2,339,090</u>	<u>397,658</u>	<u>-</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balances <u>Cancelled</u>
GENERAL APPROPRIATIONS (Cont'd.) OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Clean Communities Program	\$ 31,178	\$ 31,178	\$ 31,178	-	-
Drunk Driving Enforcement Fund	3,634	3,634	3,634	-	-
Storm Water	15,000	15,000	15,000	-	-
CARES Act	8,438	8,438	8,438	-	-
Hazardous Waste Grant	32,347	32,347	32,347	-	-
Reserve for State Library Aid	13,905	13,905	13,905	-	-
Total Public and Private Programs Offset by Revenues	<u>104,502</u>	<u>104,502</u>	<u>104,502</u>	-	-
Total Operations Excluded from "CAPS"	<u>2,841,250</u>	<u>2,841,250</u>	<u>2,443,592</u>	\$ 397,658	-
Detail:					
Other Expenses	<u>2,841,250</u>	<u>2,841,250</u>	<u>2,443,592</u>	<u>397,658</u>	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-	-
Total Capital Improvements Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,875,000	1,875,000	1,875,000	-	-
Payment of Bond Anticipation Notes and Capital Notes	1,562,050	1,562,050	1,562,050	-	-
Interest on Bonds	146,186	146,186	146,185	-	\$ 1
Interest on Notes	<u>255,105</u>	<u>255,105</u>	<u>253,688</u>	-	1,417
Total Municipal Debt Service - Excluded from "CAPS"	<u>3,838,341</u>	<u>3,838,341</u>	<u>3,836,923</u>	-	1,418

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

GENERAL APPROPRIATIONS (Cont'd.)	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balances <u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 7,179,591	\$ 7,179,591	\$ 6,780,515	\$ 397,658	\$ 1,418
Subtotal General Appropriations	28,765,713	28,815,213	26,105,326	2,708,469	1,418
Reserve for Uncollected Taxes	<u>1,425,000</u>	<u>1,425,000</u>	<u>1,425,000</u>	-	-
Total General Appropriations	<u>\$ 30,190,713</u>	<u>\$ 30,240,213</u>	<u>\$ 27,530,326</u>	<u>\$ 2,708,469</u>	<u>\$ 1,418</u>
			A-1	A,A-1	A-1
		<u>Budget</u> After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>		
Budget as Adopted	A-2	\$ 30,190,713			
Emergency Authoization	A-23	<u>49,500</u>			
		<u>\$ 30,240,213</u>			
Cash Disbursements	A-4		\$ 25,639,489		
Encumbrances Payable	A-12		326,835		
Appropriated Grant Reserves	A-18		139,002		
Reserve for Uncollected Taxes	A-2		<u>1,425,000</u>		
			<u>\$ 27,530,326</u>		

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-2	\$ 53,012	\$ 50,047
		<u>53,012</u>	<u>50,047</u>
OTHER TRUST FUND			
Cash	B-2	3,425,833	3,013,352
Due from Current Fund	B-6	338,249	504,292
Due from Unemployment Trust Fund	B-13	<u>116,460</u>	<u>40,033</u>
		<u>3,880,542</u>	<u>3,557,677</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-2	<u>282,014</u>	<u>260,679</u>
LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)			
Investments	B	3,580,664	3,205,364
Contributions Receivable	B	<u>105,925</u>	<u>88,600</u>
		<u>3,686,589</u>	<u>3,293,964</u>
Total Assets		<u>\$ 7,902,157</u>	<u>\$ 7,162,367</u>

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
 ANIMAL CONTROL FUND			
Due to Current Fund	B-3	\$ 46,941	\$ 37,027
Due to State of New Jersey	B-4	58	115
Reserve for Animal Control Expenditures	B-5	<u>6,013</u>	<u>12,905</u>
		<u>53,012</u>	<u>50,047</u>
 OTHER TRUST FUND			
Reserve for Library Expenditure	B-8	91,083	91,236
Reserve for Third Party Ambulance Billings	B-10	6,664	
Miscellaneous Reserves	B-9	<u>3,782,795</u>	<u>3,466,441</u>
		<u>3,880,542</u>	<u>3,557,677</u>
 UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Benefits	B-11	165,554	220,646
Due to Other Trust Fund	B-13	<u>116,460</u>	<u>40,033</u>
		<u>282,014</u>	<u>260,679</u>
 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)			
Net Assets Available for Benefits	B	<u>3,686,589</u>	<u>3,293,964</u>
 LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 7,902,157</u>	 <u>\$ 7,162,367</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF NORTH ARLINGTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2024 AND 2023**

ASSETS	<u>Reference</u>	<u>2024</u>	<u>2023</u>
Cash	C-2, C-3	\$ 10,077,206	\$ 7,146,019
Grants Receivable	C-4	428,880	159,762
Due from Current Fund	C-5	537,290	504,540
Deferred Charges to Future Taxation			
Funded	C-6	3,114,000	4,989,000
Unfunded	C-7	<u>9,288,218</u>	<u>8,283,012</u>
 Total Assets		 <u>\$ 23,445,594</u>	 <u>\$ 21,082,333</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 3,114,000	\$ 4,989,000
Bond Anticipation Notes Payable	C-9	8,030,000	5,669,000
Improvement Authorizations:			
Funded	C-10	554,692	1,732,852
Unfunded	C-10	3,261,610	2,946,294
Contracts Payable	C-11	4,620,322	2,416,682
Reserve for Grants Receivable	C-4		37,211
Reserve for Payment of Debt	C-13	1,208,203	262,050
Capital Improvement Fund	C-12	885,420	1,733,672
Fund Balance	C-1	<u>1,771,347</u>	<u>1,295,572</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 23,445,594</u>	 <u>\$ 21,082,333</u>

There were bonds and notes authorized but not issued of \$1,351,118 and \$2,706,912 at December 31, 2024 and 2023, respectively (Exhibit C-14).

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
Balance, January 1	C	\$ 1,295,572	\$ 811,688
Increased by:			
Premium on Issuance of Bond Anticipation Notes	C-2	54,746	30,102
Cancellation of Funded Improvement Authorization Balances	C-10	<u>421,029</u>	<u>453,782</u>
		<u>475,775</u>	<u>483,884</u>
Balance, December 31	C	<u>\$ 1,771,347</u>	<u>\$ 1,295,572</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF NORTH ARLINGTON**  
**COMPARATIVE BALANCE SHEETS - GENERAL FIXED ASSETS ACCOUNT GROUP**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Land and Improvements	\$ 9,361,901	\$ 9,361,901
Buildings and Building Improvements	9,369,274	9,118,309
Vehicles and Equipment	<u>9,862,610</u>	<u>9,668,223</u>
	<u>\$ 28,593,785</u>	<u>\$ 28,148,433</u>
 <b>LIABILITIES</b>		
Investment in General Fixed Assets	<u>\$ 28,593,785</u>	<u>\$ 28,148,433</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of North Arlington (the "Borough") was incorporated in 1840 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of North Arlington have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. However under the regulatory basis of accounting municipalities are required to follow GASB pronouncements with regard to disclosure requirements for notes to the financial statements.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

**C. Basis of Presentation – Financial Statements**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

*Current Fund* – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

*Trust Funds* - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

*Animal Control Trust Fund* - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

*Other Trust Fund* - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

*Unemployment Insurance Trust Fund* - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

*Length of Service Awards Program Fund (LOSAP)* – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

*General Capital Fund* – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

**C. Basis of Presentation – Financial Statements (Continued)**

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 presentation.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

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

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of North Arlington follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

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

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**Prepaid Items** - Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

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

**Deferred Charges** – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

**Appropriation Reserves** – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Expenditures** – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**Reserve for Uncollected Taxes** – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

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

**Pensions** – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

**Other Post-Employment Benefits (OPEB)** – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in proprietary funds and government-wide financial statements.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of North Arlington has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$3,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized. General fixed assets acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

General Fixed Assets purchased after December 31, 1986 are stated as cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1986 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets, including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation “CAP”: The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall Current Fund appropriations (with certain exceptions) by 2.5% or the “cost of living adjustment” (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum. Additionally, municipalities can bank the unused appropriation increases for use in any of the next two (2) succeeding budget years.

2010 Levy “CAP”: The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year’s amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy. Additionally, municipalities can bank the unused tax levy for use in any of the next three (3) succeeding budget years.

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2024 and 2023, the Borough Council increased the original budget by \$49,500 and \$2,334,255, respectively. In 2024, the increase was funded by an emergency resolution for sink hole repairs. In 2023, the increases were funded by additional aid allotted to the Borough as well as an emergency resolution for a Police Communication Center. In addition, the governing body approved several budget transfers during 2024 and 2023.

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**A. Cash Deposits**

The Borough’s deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Borough's deposits were \$28,107,075 and \$26,186,390 and bank and brokerage firm balances of the Borough's deposits amounted to \$28,192,957 and \$26,459,427, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	\$ 27,662,595	\$ 25,759,907
Uninsured and Collateralized	<u>530,362</u>	<u>699,520</u>
	<u>\$ 28,192,957</u>	<u>\$ 26,459,427</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, the Borough’s bank balances of \$530,362 and \$699,520 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized		
Collateral held by Borough's Agent in the Borough's Name	<u>\$ 530,362</u>	<u>\$ 699,520</u>

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (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 Local Government Services in the Department of Community Affairs for investment by local units; Local Government investment pools, 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2024 and 2023, the Borough had the following investments:

	<u>Fair</u> <u>Value</u>	<u>Book</u> <u>Value</u>
<b><u>2024</u></b>		
Lincoln Financial LOSAP Retirement Fund (Unaudited)	\$ 3,580,664	\$ 3,580,664
	<u>Fair</u> <u>Value</u>	<u>Book</u> <u>Value</u>
<b><u>2023</u></b>		
Lincoln Financial LOSAP Retirement Fund (Unaudited)	\$ 3,205,364	\$ 3,205,364

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2024 and 2023, \$3,580,664 and \$3,205,364 of the Borough’s investments were exposed to custodial credit risk as follows:

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

<u>2024</u>	<u>Fair Value</u> (LOSAP)	<u>Book Value</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 3,580,664</u>	<u>\$ 3,580,664</u>
	<u>Fair Value</u> (LOSAP)	<u>Book Value</u>
<u>2023</u>		
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 3,205,364</u>	<u>\$ 3,205,364</u>

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

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and N.J.A.C.5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2024 and 2023, the Borough’s investment in Lincoln Financial Group was rated A2 by Moody’s Investor Services, and A- by Standard and Poor’s, respectively.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of North Arlington measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2024 and 2023 are categorized as Level 2.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2024 and 2023 consisted of the following:

<u>Current Fund</u>	<u>2024</u>	<u>2023</u>
Property Taxes	\$ 631,626	\$ 506,920
Tax Title Liens	<u>59,713</u>	<u>158,745</u>
	<u>\$ 691,339</u>	<u>\$ 665,665</u>

In 2024 and 2023, the Borough collected \$452,747 and \$458,752 from delinquent taxes, which represented 69% and 75%, respectively of the prior year delinquent taxes receivable balance.

**NOTE 5 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 46,941	\$ 875,539	\$ 37,027	\$ 1,008,832
Trust Fund				
Animal Control		46,941		37,027
Other Trust	454,709		544,325	
Unemployment		116,460		40,003
General Capital Fund	<u>537,290</u>	<u>-</u>	<u>504,540</u>	<u>-</u>
Total	<u>\$ 1,038,940</u>	<u>\$ 1,038,940</u>	<u>\$ 1,085,892</u>	<u>\$ 1,085,862</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues received in one fund but owed to another fund.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2024</u></b>			
Current Fund			
Emergency Authorization – Sink Hole Repairs	<u>\$ 49,500</u>	<u>\$ 49,500</u>	<u>          -</u>
<b><u>2023</u></b>			
Current Fund			
Emergency Authorization – Police Communication Equipment (1)	<u>\$2,104,000</u>	<u>          -</u>	<u>          -</u>

(1) Funded by a capital ordinance in 2024.

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year’s budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year’s budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in the budget for the succeeding year were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,698,065	\$ 4,300,000	\$ 5,363,993	\$ 4,277,766
Non-Cash Surplus	<u>550,620</u>	<u>-</u>	<u>2,630,236</u>	<u>-</u>
	<u>\$ 7,248,685</u>	<u>\$ 4,300,000</u>	<u>\$ 7,994,229</u>	<u>\$ 4,277,766</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2024 and 2023.

	Balance January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<b><u>2024</u></b>				
Land and Improvements	\$ 9,361,901			\$ 9,361,901
Buildings and Building Improvements	9,118,309	\$ 250,965		9,369,274
Machinery and Equipment	<u>9,668,223</u>	<u>194,387</u>	<u>-</u>	<u>9,862,610</u>
	<u>\$ 28,148,433</u>	<u>\$ 445,352</u>	<u>\$ -</u>	<u>\$ 28,593,785</u>
	Balance January 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<b><u>2023</u></b>				
Land and Improvements	\$ 8,475,959	\$ 885,942		\$ 9,361,901
Buildings and Building Improvements	8,906,646	211,663		9,118,309
Machinery and Equipment	<u>9,453,721</u>	<u>214,502</u>	<u>-</u>	<u>9,668,223</u>
	<u>\$ 26,836,326</u>	<u>\$ 1,312,107</u>	<u>\$ -</u>	<u>\$ 28,148,433</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law (N.J.S.A. 40A:2 et. seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds and Notes	\$ 11,144,000	\$ 10,658,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,301,103</u>	<u>354,950</u>
Net Debt Issued	9,842,897	10,303,050
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,351,118</u>	<u>2,706,912</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,194,015</u>	<u>\$ 13,009,962</u>

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.437% and 0.547% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2024</u></b>			
General Debt	\$ 12,495,118	\$ 1,301,103	\$ 11,194,015
School Debt	<u>1,098,000</u>	<u>1,098,000</u>	<u>-</u>
Total	<u>\$ 13,593,118</u>	<u>\$ 2,399,103</u>	<u>\$ 11,194,015</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2023</u></b>			
General Debt	\$ 13,364,912	\$ 354,950	\$ 13,009,962
School Debt	<u>1,373,000</u>	<u>1,373,000</u>	<u>-</u>
Total	<u>\$ 14,737,912</u>	<u>\$ 1,727,950</u>	<u>\$ 13,009,962</u>

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2024</u>	<u>2023</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 91,066,655	\$ 84,870,224
Net Debt	<u>11,194,015</u>	<u>13,009,962</u>
Remaining Borrowing Power	<u>\$ 79,872,640</u>	<u>\$ 71,860,262</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

The Borough's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
\$2,800,000, 2010 General Improvement Encap Bonds, due in annual installments of \$200,000 through December 15, 2024, interest at 4.00% to 4.25%		\$ 200,000
\$7,634,000, 2013 General Improvement Bonds, due in annual installments of \$609,000 to \$650,000 through August 15, 2027, interest at 3.00% to 3.375%	\$ 1,859,000	2,509,000
\$7,105,000, 2018 General Improvement Bonds, due in annual installments of \$1,000,000 to \$1,255,000 through October 1, 2025, interest at 2.500% to 2.625%	<u>1,255,000</u>	<u>2,280,000</u>
	<u>\$ 3,114,000</u>	<u>\$ 4,989,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2024 is as follows:

Calendar Year	General Bonds		Total
	Principal	Interest	
2025	\$ 1,880,000	\$ 92,560	\$ 1,972,560
2026	625,000	40,866	665,866
2027	<u>609,000</u>	<u>20,554</u>	<u>629,554</u>
Total	<u>\$ 3,114,000</u>	<u>\$ 153,980</u>	<u>\$ 3,267,980</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2024 and 2023 were as follows:

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<b><u>2024</u></b>					
General Capital Fund					
Bonds Payable	\$ 4,989,000	\$ -	\$ 1,875,000	\$ 3,114,000	\$ 1,880,000
General Capital Fund Long-Term Liabilities	<u>\$ 4,989,000</u>	<u>\$ -</u>	<u>\$ 1,875,000</u>	<u>\$ 3,114,000</u>	<u>\$ 1,880,000</u>
	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<b><u>2023</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,839,000	\$ -	\$ 1,850,000	\$ 4,989,000	\$ 1,875,000
General Capital Fund Long-Term Liabilities	<u>\$ 6,839,000</u>	<u>\$ -</u>	<u>\$ 1,850,000</u>	<u>\$ 4,989,000</u>	<u>\$ 1,875,000</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough’s short-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance,
			<u>December 31, 2023</u>			<u>December 31, 2024</u>
<b><u>2024</u></b>						
Various Improvements and Acquisitions	4.50%	8/2/2024	\$ 19,000		\$ 19,000	
Various Improvements and Acquisitions	4.50%	8/1/2025		\$ 914,750		\$ 914,750
	4.50%	8/2/2024	1,614,750		1,614,750	-
Various Interior Renovations	4.50%	8/1/2025		550,000		550,000
	4.50%	8/2/2024	800,000		800,000	-
Acquisition of a New Pumper Fire Engine	4.50%	8/1/2025		200,000		200,000
	4.50%	8/2/2024	350,000		350,000	-
Acquisition of New Automotive Vehicles	4.50%	8/2/2024	71,251		71,251	-
Various Interior Renovations	4.50%	8/2/2024	67,000		67,000	-
Various Acquisitions	4.50%	8/1/2025		369,000		369,000
	4.50%	8/2/2024	469,000		469,000	-
Various Interior Renovations	4.50%	8/1/2025		674,950		674,950
	4.50%	8/2/2024	779,749		779,749	-
Various Public Improvements and Acquisitions	4.50%	8/1/2025		349,200		349,200
	4.50%	8/2/2024	399,200		399,200	-
Fisher Field Playground and Park Improvements	4.50%	8/1/2025		1,049,100		1,049,100
	4.50%	8/2/2024	1,099,050	-	1,099,050	-
Various Public Improvements and Acquisitions	4.50%	8/1/2025		2,000,000		2,000,000
Acquisition & Install Police Communication Sys	4.50%	8/1/2025	-	1,923,000	-	1,923,000
			<u>\$ 5,669,000</u>	<u>\$ 8,030,000</u>	<u>\$ 5,669,000</u>	<u>\$ 8,030,000</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

	Purpose	Rate (%)	Maturity Date	Balance December 31, 2022	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2023
<b>2023</b>							
	Various Improvements and Acquisitions	4.50%	8/2/2024		\$ 19,000	-	\$ 19,000
		4.50%	8/8/2023	\$ 636,000		\$ 636,000	-
	Various Improvements and Acquisitions	4.50%	8/2/2024		1,614,750	-	1,614,750
		4.50%	8/8/2023	2,300,000		2,300,000	-
	Various Interior Renovations	4.50%	8/2/2024		800,000	-	800,000
		4.50%	8/8/2023	900,000		900,000	-
	Acquisition of a New Pumper Fire Engine	4.50%	8/2/2024		350,000	-	350,000
		4.50%	8/8/2023	400,000		400,000	-
	Acquisition of New Automotive Vehicles	4.50%	8/2/2024		71,251	-	71,251
		4.50%	8/8/2023	121,251		121,251	-
	Various Interior Renovations	4.50%	8/2/2024		67,000		67,000
		4.50%	8/8/2023	117,000		117,000	-
	Various Acquisitions	4.50%	8/2/2024		469,000		469,000
		4.50%	8/8/2023	519,000		519,000	-
	Various Interior Renovations	4.50%	8/2/2024		779,749		779,749
		4.50%	8/8/2023	879,749		879,749	-
	Various Public Improvements and Acquisitions	4.50%	8/2/2024	-	399,200		399,200
	Fisher Field Playground and Park Improvements	4.50%	8/2/2024	-	1,099,050		1,099,050
				<u>\$ 5,873,000</u>	<u>\$ 5,669,000</u>	<u>\$ 5,873,000</u>	<u>\$ 5,669,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>2024</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
	Installation of Police Communication System	\$1,998,260	2025
	Seagrave Fire Apparatus	880,000	2025
<u>2023</u>			
	Installation of Police Communication System	\$1,998,260	2025
	2023 Road Program	754,291	2024

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,379,145 and \$2,359,030 at December 31, 2024 and 2023, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the Borough has reserved in the Other Trust Fund \$1,439,824 and \$1,439,824, respectively, to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2024 and 2023 were as follows:

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<b><u>2024</u></b>					
Compensated Absences	\$ 2,359,030	\$ 20,115		\$ 2,379,145	
Net OPEB Liability (1)	23,359,630			23,359,630	
Net Pension Liability - PERS (1)	5,126,497			5,126,497	
Net Pension Liability - PFRS (1)	<u>10,673,205</u>	<u>-</u>	<u>-</u>	<u>10,673,205</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 41,518,362</u>	<u>\$ 20,115</u>	<u>\$ -</u>	<u>\$ 41,538,477</u>	<u>\$ -</u>

- (1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<b><u>2023</u></b>					
Compensated Absences	\$ 2,064,343	\$ 294,687		\$ 2,359,030	
Net OPEB Liability	21,734,449	2,817,265	\$ 1,192,084	23,359,630	
Net Pension Liability - PERS	5,295,759	273,256	442,518	5,126,497	
Net Pension Liability - PFRS	<u>12,015,435</u>	<u>22,983</u>	<u>1,365,213</u>	<u>10,673,205</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 41,109,986</u>	<u>\$ 3,408,191</u>	<u>\$ 2,999,815</u>	<u>\$ 41,518,362</u>	<u>\$ -</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

**Police and Firemen’s Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Public Employees’ Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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:

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

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 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 a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2024 was not available and for June 30, 2023 is \$14.6 billion, and the plan fiduciary net position as a percentage of the total pension liability is 65.22% at June 30, 2023. The collective net pension liability of the participating employers for local PFRS at June 30, 2024 was not available and for June 30, 2023 is \$13.1 billion and the plan fiduciary net position as a percentage of total pension liability is 70.16% at June 30, 2023.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

**Actuarial Methods and Assumptions**

In the July 1, 2022 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2024 and 2023 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2024 and 2023 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2024, 2023 and 2022 were equal to the required contributions.

During the years ended December 31, 2024, 2023 and 2022, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2024	\$ 1,285,950	\$ 473,042	\$ 4,561
2023	1,365,213	442,518	915
2022	1,143,970	441,903	751

For the years ended December 31, 2024, 2023 and 2022 the Borough was not required to contribute for long-term disability insurance premiums (LTDI) for PERS.

(1) Includes the Library portion of the bill.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2023 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2023 and 2022. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2023, the Borough reported a liability of \$5,126,497, for its proportionate share of the PERS 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. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough's proportionate share was 0.03539 percent, which was an increase of 0.00030 from its proportionate share measured as of June 30, 2022 of 0.03509 percent.

**Public Employees Retirement System (PERS) (Continued)**

For the years ended December 31, 2023, the pension system has determined the Borough's pension expense to be \$72,869, for PERS based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$442,518. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<b>2023</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 49,016	\$ 20,955
Changes of Assumptions	11,262	310,688
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,608	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>374,827</u>	<u>307,901</u>
Total	<u>\$ 458,713</u>	<u>\$ 639,544</u>

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

At December 31, 2023 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending December 31,	Total
2024	\$ (198,263)
2025	(45,264)
2026	96,244
2027	(38,180)
2028	4,632
Thereafter	-
	<u>\$ (180,831)</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as 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 date:

	<u>2023</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

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.

***Mortality Rates***

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

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

<u>Asset Class</u>	<b>2023</b>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

***Discount Rate***

The discount rate used to measure the total pension liability for PERS 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 on 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 NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PERS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2023</u>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>6,673,608</u>	\$ <u>5,126,497</u>	\$ <u>3,809,701</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2023. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2023, the Borough reported a liability of \$10,673,205, for its proportionate share of the PFRS 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, 2023. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough’s proportionate share was 0.09660 percent, which was a decrease of 0.00837 from its proportionate share measured as of June 30, 2022 of 0.10497 percent.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

For the years ended December 31, 2023, the pension system has determined the Borough pension expense to be \$560,905 for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$1,365,213. At December 31, 2023, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 457,005	\$ 509,017
Changes of Assumptions	23,037	720,697
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	543,566	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>994,537</u>	<u>1,151,492</u>
Total	<u>\$ 2,018,145</u>	<u>\$ 2,381,206</u>

At December 31, 2023 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	(499,232)
2025	(286,892)
2026	626,534
2027	(90,031)
2028	(93,058)
Thereafter	<u>(20,382)</u>
	<u>\$ (363,061)</u>

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

*Actuarial Assumptions*

The Borough’s total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as 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 date:

	<u>2023</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

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.

*Mortality Rates*

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans’ target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>2023</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

***Discount Rate***

The discount rate used to measure the total pension liability for PFRS 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2023</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>14,871,242</u>	\$ <u>10,673,205</u>	\$ <u>7,177,243</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2023. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

*Special Funding Situation – PFRS*

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,966,662. For the years ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$223,704, which is less than the actual contributions the State made on behalf of the Borough of \$224,910. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Borough was 0.09660 percent, which was a decrease of 0.00837 from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.10497 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Pension Plan Fiduciary Net Position***

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

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

**State Health Benefit Program Fund – Local Government Retired (the Plan)** (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

**BOROUGH OF NORTH ARLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level coverage.

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 above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership and Contributing Employers**

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	65,613
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>34,771</u>
Total	<u>100,384</u>
Contributing Employers	574
Contributing Nonemployers	1

**Measurement Focus and Basis of Accounting**

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

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2024 was not available and for June 30, 2023 is \$15.0 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.79)% at June 30, 2023.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2022 which was rolled forward to June 30, 2023.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2022 OPEB actuarial valuations, the actuarial assumptions and methods used in this valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$431.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$55.6 million for fiscal year 2023.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2024, 2023 and 2022 were \$1,288,948, \$1,192,084 and \$1,119,753, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2024, 2023 and 2022 were \$13,456, \$5,460 and \$26,640, respectively.

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2024 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2023 and 2022. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2023, the Borough reported a liability of \$23,359,630, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2023 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2023. As of the measurement date of June 30, 2023 the Borough's proportionate share was 0.15567 percent, which was an increase of 0.02109 from its proportionate share measured as of June 30, 2022 of 0.13458 percent.

For the years ended December 31, 2023, the Plan has determined the Borough's OPEB (benefit) to be \$(283,465), based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$1,192,084. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<b>2023</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 1,077,226	\$ 6,343,712
Changes of Assumptions	3,025,948	6,603,019
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		3,854
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>5,889,246</u>	<u>891,236</u>
Total	<u>\$ 9,992,420</u>	<u>\$ 13,841,821</u>

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

At December 31, 2023 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (1,925,852)
2025	(1,173,890)
2026	(369,589)
2027	192,700
2028	(419,801)
Thereafter	<u>(152,969)</u>
	<u>\$ (3,849,401)</u>

***Actuarial Assumptions***

The Borough’s total OPEB liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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 date:

	<u>2023</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Rate For All Future Years	2.75% to 6.55% Based on Years of Service
PFRS:	
Rate For All Future Years	3.25% to 16.25% Based on Years of Service

\*Salary increases are based on years of service within the respective pension plan.

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

100% of active members are considered to participate in the plan upon retirement.

***Mortality Rates***

Pre-retirement and post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

*Health Care Trends*

The trend rate for pre-Medicare medical benefits is initially 6.50% and decreases to a 4.50% long-term trend rate after 9 years. For post-65 medical benefits PPO, the trend is, increasing to 14.80% in Fiscal Year 2026 and decreasing to 4.50% in Fiscal Year 2033. For HMO the trend is increasing to 17.40% in Fiscal Year 2026 and decreasing 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 trend rate after 7 years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2023 measurement date was 3.65%. This represents the municipal bond return rate as chosen by the State. 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.

*Sensitivity of Net OPEB Liability to Changes in the Discounts Rate*

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2023 calculated using the discount rate of 3.65% as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.65% or 1-percentage-point higher 4.65% than the current rate:

<u>2023</u>	<u>1% Decrease 2.65%</u>	<u>Current Discount Rate 3.65%</u>	<u>1% Increase 4.65%</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 27,057,897	\$ 23,359,630	\$ 20,384,944

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2023. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate*

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2023 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2023</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 19,852,937	\$ 23,359,630	\$ 27,849,269

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2023. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

***OPEB Plan Fiduciary Net Position***

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

**NOTE 14 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of North Arlington is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker’s compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough 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 Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	-	\$ 8,740	\$ 76,427 (1)	\$ 165,554
2023	-	13,400	25,663 (1)	220,646
2022	\$ 45,000	11,749	17,869 (1)	221,256

(1) Due to delays in processing unemployment claims by the State of New Jersey, claims may exist and be owed by the Borough which are not reported.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 15 CONTINGENT LIABILITIES**

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2024 and 2023, the Borough has reserved \$1,929,974 and \$1,956,126, respectively, in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2024 and 2023 significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of North Arlington Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 10, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of North Arlington approved the adoption of the Plan at the general election held on November 17, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of North Arlington has approved a contribution amount of \$1,900 and \$1,850 for 2024 and 2023, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,900 and \$1,850 for both 2024 and 2023, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$105,925 and \$88,600 for 2024 and 2023, respectively.

**BOROUGH OF NORTH ARLINGTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

**NOTE 19 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

The Borough issued bond anticipation notes in the amount of \$7,478,000 to temporarily finance expenditures related to various improvements. The bond anticipation notes were issued at an interest rate of 3.75%. These notes dated July 30, 2025 will mature on July 30, 2026.

**Debt Authorized**

On July 10, 2025 the Borough adopted a bond ordinance authorizing the issuance of \$2,683,000 in bonds or bond anticipation notes to fund various capital improvements and acquisition of equipment.

On July 10, 2025 the Borough introduced a bond ordinance authorizing the issuance of \$1,467,000 in bonds or bond anticipation notes to fund the acquisition of property.

**CURRENT FUND**

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF CASH - COLLECTOR/TREASURER**

Balance, December 31, 2023		\$ 15,716,093
Increased by Receipts:		
Revenue Accounts Receivable	\$ 5,084,669	
Miscellaneous Revenue Not Anticipated	557,714	
Due from State of NJ Senior Citizens' and Veterans Deductions	48,960	
Taxes Receivable	56,325,106	
Fees Payable	22,999	
Prepaid Taxes	335,628	
Tax Overpayments	46,685	
Reserve for Federal and State Grants - Unappropriated	315,638	
Grant Receipts	19,899	
General Capital Fund Receipts Deposited in Current Fund	32,750	
Other Trust Receipts Deposited in Current Fund	348,375	
Receipts From General Capital Fund	<u>515,738</u>	
		<u>63,654,161</u>
		79,370,254
Decreased by Disbursements:		
2024 Budget Appropriations	25,639,489	
2023 Appropriation Reserves	1,006,607	
Tax Overpayments	129,686	
County Taxes Payable	5,948,640	
Local District School Taxes	30,884,196	
Reserve for Federal and State Grants - Appropriated	192,327	
Encumbrances Payable - Grants	43,843	
Fees Payable	20,785	
Reserve for Tax Appeals	26,152	
Accounts Payable	280,176	
Prepaid Payroll	425,251	
Payments to Other Trust Fund	<u>504,292</u>	
		<u>65,101,444</u>
Balance, December 31, 2024		<u>\$ 14,268,810</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2023</u>	Balance, December 31, <u>2024</u>
Tax Collector	\$ 200	\$ 200
	<u>\$ 200</u>	<u>\$ 200</u>

**STATEMENT OF AMOUNT DUE FROM STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2023		\$ 42,327
Increased by:		
Senior Citizen and Veterans Deductions per Tax Billing	\$ 52,000	
Senior Citizen and Veterans Deductions Allowed per Tax Collector Prior Year	<u>250</u>	
		<u>52,250</u>
Decreased by:		
Received in Cash from State of New Jersey	48,960	
Senior Citizen and Veterans Deductions Disallowed per Tax Collector PY	<u>4,500</u>	
		<u>53,460</u>
Balance, December 31, 2024		<u>\$ 41,117</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2023	Cash Receipts	Cancelled	Balance, December 31, 2024
Municipal Alliance	\$ 10,000			\$ 10,000
Bullet Proof Vest Partnership	9,847			9,847
Assistance to Firefighters	9,463			9,463
Fire Department Saver Grant	74,437			74,437
Bergen County Open Space - Daniel Morris and Columbus Park Improvements	19,250			19,250
Body Worn Camera Grant	8,152			8,152
Municipal Alliance on Alcohol and Drug Abuse	4,507		\$ 4,007	500
CARES Act Grant Fire Dept	19,899	\$ 19,899		-
Municipal Alliance State Share	4,507			4,507
Bergen County Open Space Grant- Fischer Field	69,668			69,668
Child, Centennial Park	43,604			43,604
BC CDBG Beech & Argyle STS Tree Planting	17,115			17,115
River Road Redevelopment Project Parcel	188,840			188,840
DMHAS Youth Leadership Grant	4,620	-	-	4,620
	<u>\$ 483,909</u>	<u>\$ 19,899</u>	<u>\$ 4,007</u>	<u>\$ 460,003</u>
			Appropriated Grant Reserves	<u>\$ 4,007</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2023</u>	<u>2024</u> <u>Levy</u>	<u>Added/</u> <u>Omitted</u> <u>Taxes</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2024</u>
					<u>2023</u>	<u>2024</u>				
2016	\$ 19									\$ 19
2017	17									17
2018	17									17
2019	18									18
2020	17									17
2021	16									16
2022	49,709				\$ -	\$ 9,103		\$ 40,590		16
2022	<u>457,107</u>	<u>-</u>	<u>-</u>	<u>\$ 4,500</u>	<u>-</u>	<u>443,644</u>	<u>\$ 250</u>	<u>17,699</u>	<u>-</u>	<u>14</u>
	506,920	-	-	4,500	-	452,747	250	58,289	-	134
2023	<u>-</u>	<u>\$ 56,773,710</u>	<u>\$ 20,534</u>	<u>-</u>	<u>\$ 184,841</u>	<u>55,872,359</u>	<u>52,000</u>	<u>\$ 37,525</u>	<u>\$ 16,027</u>	<u>631,492</u>
	<u>\$ 506,920</u>	<u>\$ 56,773,710</u>	<u>\$ 20,534</u>	<u>\$ 4,500</u>	<u>\$ 184,841</u>	<u>\$ 56,325,106</u>	<u>\$ 52,250</u>	<u>\$ 95,814</u>	<u>\$ 16,027</u>	<u>\$ 631,626</u>

Analysis of 2024 Tax Levy

Tax Yield

General Purpose Tax	\$ 56,773,710
Added Taxes (54:4-63.1 et seq.)	<u>20,534</u>
	<u>\$ 56,794,244</u>

Tax Levy

Local District School Tax (Abstract)	\$ 30,884,196
County Taxes (Abstract)	5,692,782
County Open Space	255,858
Due County for Added Taxes(54:4-63.1 et seq.)	<u>2,166</u>
	\$ 36,835,002
Local Tax for Municipal Purposes (Abstract)	19,056,974
Minimum Library Tax	877,533
Additional Tax Levied	<u>24,735</u>
	\$ 19,959,242
	<u>\$ 56,794,244</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2023		\$	158,745
Increased by:			
Transfers from Current Taxes Receivable		\$	16,027
Interest and Cost on Tax Sale			<u>130</u>
			<u>16,157</u>
Decreased by:			
Cancelled			<u>115,189</u>
Balance, December 31, 2024		\$	<u>59,713</u>

EXHIBIT A-10

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2023</u>	Accrued in <u>2023</u>	<u>Collected</u>	Balance, December 31, <u>2024</u>
Borough Clerk				
Alcoholic Beverage Licenses		\$ 55,564	\$ 55,564	
Licenses - Other		1,270	1,270	
Fees and Permits		19,425	19,425	
Board of Health				
Licenses - Other		12,639	12,639	
Fees and Permits		13,317	13,317	
Police				
Fees and Permits		27,621	27,621	
Recreation			-	
Fees and Permits		1,590	1,590	
Parking Meters		47,011	47,011	
Construction Code Official				
Fees and Permits		373,483	373,483	
Interest on Investments and Deposits		1,061,215	1,061,215	
Interest and Costs on Taxes		101,532	101,532	
Municipal Court				
Fines and Costs	\$ 27,930	339,774	333,300	\$ 34,404
Cable TV Franchise Fees		173,835	173,835	
New Jersey Meadowlands Commission				
Tax Sharing N.J.S.A. 13:17-74		1,290,776	1,290,776	
Energy Receipts Tax		1,082,618	1,082,618	
Uniform Fire Safety Act		32,406	32,406	
Library Insurance Reimbursement		42,000	42,000	
Passaic Valley Sewer Commission - Fire Hydrants		36,500	36,500	
Third Party Billing-Emergency Medical Services	-	<u>378,567</u>	<u>378,567</u>	-
	<u>\$ 27,930</u>	<u>\$ 5,091,143</u>	<u>\$ 5,084,669</u>	<u>\$ 34,404</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF 2023 APPROPRIATION RESERVES**

	Balance, December 31, <u>2023</u>	Encumbrances Payable <u>Restored</u>	<u>Transfers</u>	Budget After <u>Modification</u>	<u>Cancelled</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>							
Administration & Executive	\$ 7,947		\$ (5,000)	2,947			\$ 2,947
Borough Council	3,137			3,137			3,137
Elections	3,800			3,800			3,800
Financial Administration	12,487			12,487			12,487
Collection of Taxes	5,180			5,180			5,180
Assessment of Taxes	4,349			4,349			4,349
Planning Board	3,000			3,000		\$ 2,333	667
Zoning Commission	5,600	\$ 2,000		7,600		2,000	5,600
Rent Leveling Board	5,200			5,200			5,200
Construction Code Officials	4,884			4,884			4,884
Police Department	67,821		(15,000)	52,821			52,821
Police- Dispatch 911	15,928		(5,000)	10,928			10,928
Emergency Medical Transportation	5,133			5,133			5,133
Office of Emergency Management	4,949			4,949			4,949
Fire Official	5,565			5,565			5,565
Municipal Prosecutor	800	1,800		2,600		1,050	1,550
Crossing Guards	12,217			12,217			12,217
Streets & Roads - Repair & Maintenance	2,318			2,318			2,318
Streets & Roads - Snow Removal	50,000		(25,000)	25,000			25,000
Board of Health	24,280			24,280			24,280
Recreation	262			262			262
Senior Citizens Services	21,234		(15,000)	6,234			6,234
Youth Center	15,681			15,681			15,681
Salary Negotiations and Costs	43,000			43,000			43,000
Municipal Court	555			555			555
Public Defender	19,540			19,540			19,540
<b>Other Expenses</b>							
Administration & Executive	2,570	10,339	10,000	22,909		12,982	9,927
Financial Administration	90,154	12,532		102,686		102,636	50
Collection of Taxes	245	12,366		12,611		11,279	1,332
Reassessment	9,601	6,777		16,378		11,476	4,902
Legal Services and Costs	46,792	1,881		48,673		18,280	30,393
Engineering Services and Costs	51,410			51,410		12,486	38,924
Elections	5,683			5,683			5,683
Planning Board	31,796	96		31,892		192	31,700
Zoning Commission	12,000			12,000			12,000
Construction Code Official	21,431	77		21,508		2,752	18,756
Police Department	103,789	33,498		137,287		72,525	64,762
Office of Emergency Management	9,151			9,151			9,151
Fire Official	6,212	175		6,387		120	6,267
Fire Department	25,405	23,335		48,740		39,723	9,017
Volunteer Emergency Squad (First Aid Orga	6,415	19,007	5,000	30,422		23,602	6,820
Streets & Roads - Repair & Maintenance	10,917	7,776	10,000	28,693		27,464	1,229
Streets & Roads - Snow Removal	81,316	9,418		90,734		4,037	86,697

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF 2023 APPROPRIATION RESERVES**

	Balance, December 31, <u>2023</u>	Encumbrances Payable <u>Cancelled</u>	<u>Transfers</u>	Budget After <u>Modification</u>	<u>Cancelled</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Other Expenses (Continued)</b>							
Shade Tree	\$ 1,135	\$ 13,050		14,185		\$ 13,050	\$ 1,135
Sanitation	60,592			60,592		45,104	15,488
Recycling Program	76,659			76,659		21,111	55,548
Public Building & Grounds	41,239	9,237	\$ 60,000	110,476		76,271	34,205
Board of Health	4,366	1,296		5,662		2,325	3,337
Recreation	110			110			110
Senior Citizens	2,983			2,983			2,983
Celebration of Public Events	1,130			1,130			1,130
Maintenance of Free Public Library	219,519	99,723		319,242		319,242	-
Passaic Valley Sewerage Commission	767			767			767
Lyndhurst - North Arlington Joint Meeting	14			14			14
LOSAP	113,100			113,100		90,450	22,650
Municipal Court	5,031	1,462		6,493		1,622	4,871
<b>Unclassified</b>							
<b>Insurance</b>							
Employee Group Insurance	428,997	248,725	\$ (20,000)	657,722		298,473	359,249
Health Benefit Waiver	5,125			5,125			5,125
General Liability Insurance	78,215			78,215			78,215
Unemployment	1,000			1,000			1,000
Worker's Compensation Insurance	44,470			44,470			44,470
<b>Utility Expenses</b>							
Electricity	74,252			74,252		16,571	57,681
Street Lighting	52,917	1,773		54,690		26,286	28,404
Telephone	18,950	434		19,384		434	18,950
Water	2,283	1,402		3,685		1,366	2,319
Gasoline	74,719	9,783		84,502		9,783	74,719
<b>Public Employees' Retirement System</b>							
Social Security System (O.A.S.I.)	17,973			17,973			17,973
DCRP	7,085			7,085			7,085
Capital Improvements - Police Communicatic	105,740	1,998,260		2,104,000	\$ 2,104,000		-
<b>Municipal Alliance on Alcohol and Drugs</b>							
Local Share	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>1,127</u>
	<u>\$ 2,299,252</u>	<u>\$ 2,526,222</u>	<u>\$ -</u>	<u>4,825,474</u>	<u>2,104,000</u>	<u>\$ 1,267,025</u>	<u>\$ 1,454,449</u>
Cash Disbursements						\$ 1,006,607	
Accounts Payable						41,445	
Due to Public Library						<u>218,973</u>	
Total						<u>\$ 1,267,025</u>	

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2023		\$ 2,578,730
Increased by:		
Charged to 2024 Budget Appropriations - Current Fund	\$ 326,835	
Charged to 2024 Budget Appropriations - Grants	<u>169,519</u>	
		<u>496,354</u>
		3,075,084
Decreased by:		
Restored to Appropriation Reserves	2,526,222	
Payments	43,843	
Cancelled	<u>8,665</u>	
		<u>2,578,730</u>
Balance, December 31, 2024		<u><u>\$ 496,354</u></u>
Balance Detail:		
Current Fund		\$ 326,835
Grants		<u>169,519</u>
Balance, December 31, 2024		<u><u>\$ 496,354</u></u>

**STATEMENT OF FEES PAYABLE**

Balance, December 31, 2023		\$ 18,990
Increased by:		
Cash Receipts		<u>22,999</u>
		41,989
Decreased by:		
Payments to State of New Jersey		<u>20,785</u>
Balance, December 31, 2024		<u><u>\$ 21,204</u></u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2023	\$ 184,841
Increased by:	
Payment of 2025 Taxes	335,628
	520,469
Decreased by:	
Applied to 2024 Taxes	184,841
Balance, December 31, 2024	\$ 335,628

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2023	\$ 93,166
Increased by:	
Overpayments Received	46,685
	139,851
Decreased by:	
Cash Disbursements	129,686
Balance, December 31, 2024	\$ 10,165

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2023		\$ -
Increased by:		
General County Levy - 2024	\$ 5,692,782	
County Open Space Preservation Levy -2024	255,858	
Due County for Added and Omitted Taxes	<u>2,166</u>	
		<u>5,950,806</u>
		5,950,806
Decreased by:		
Payments		<u>5,948,640</u>
Balance, December 31, 2024		<u>\$ 2,166</u>

**STATEMENT OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**

Increased by:		
Levy - Calendar Year 2024		<u>\$ 30,884,196</u>
Decreased by:		
Cash Disbursements		<u>\$ 30,884,196</u>

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2023</u>	Transfer from Current Year <u>Appropriations</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2024</u>
Body Armor Fund	\$ 3,854		\$ 3,854		
Drunk Driving Enforcement Fund	2,609	\$ 3,634	1,312		\$ 4,931
Alcohol Education and Rehabilitation Fund	17,960				17,960
Drive Sober or Get Pulled Over	5,500				5,500
Clean Communities	168,126	31,178	30,935		168,369
Body Worn Cameras	81,520				81,520
Recycling Tonnage Grant	58,167		22,268		35,899
Assistance to Firefighters					-
Match	238				238
Highway Safety Seat Belts	4,000				4,000
Strengthening Families	3,516				3,516
Municipal Alliance					
State Share	4,507			\$ 4,007	500
Local Match	4,001		3,000		1,001
Fire Department Saver Grant	39,542		3,183		36,359
Fire Hydrants - PVSC	17,350	34,500	36,250		15,600
Emergency Management	10,000				10,000
Arbor Day Grant - County	1,000				1,000
FEMA - CARES Act Grant	41,332	8,438			49,770
Maintenance of Free Public Library - Local Share					
NJ Library Construction Bond Act	64,320		28,600		35,720
DMHAS Youth Leadership Grant	4,620				4,620
River Road Redevelopment Project Parcel - Bergen County	188,840		188,840		-
Beech & Argyle STS Tree Planting - Bergen County			(8,665)		8,665
Bergen County Open Space Grant-					
Fischer Field	30,470				30,470
Child, Centennial Park	43,604		43,604		-
Bergen County Open Space - Daniell Morris/Columbus Park					
County Share	19,250				19,250
Local Match	19,250				19,250
Storm Water Grant		15,000			15,000
Hazardious Waste Grant		32,347			32,347
State Library Aid	-	13,905	-	-	13,905
	<u>\$ 833,576</u>	<u>\$ 139,002</u>	<u>\$ 353,181</u>	<u>\$ 4,007</u>	<u>\$ 615,390</u>
Cash Disbursed			\$ 192,327		
Encumbrances			169,519		
Cancelled Prior Year Encumbrances			(8,665)		
			<u>\$ 353,181</u>		

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

	Balance, December 31, 2023	Cash Receipts	Anticipated as 2024 Budget Revenue	Balance, December 31, 2024
Body Armor		\$ 2,916		\$ 2,916
Clean Communities	\$ 31,178	35,413	\$ 31,178	35,413
Recycling Tonnage Grant		30,221		30,221
Alcohol Education and Rehabilitation	-	368		368
Distracted Driving Incentive		6,720		6,720
The Hampshire Fund		240,000		240,000
Drunk Driving Enforcement Fund	3,634		3,634	-
Storm Water	15,000		15,000	-
American Rescue Plan	841,516		841,516	-
CARES Act	8,438		8,438	-
Hazardous Waste Grant	32,347	-	32,347	-
	<u>\$ 932,113</u>	<u>\$ 315,638</u>	<u>\$ 932,113</u>	<u>\$ 315,638</u>

EXHIBIT A-20

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, 2023	Anticipated as 2024 Budget Revenue	Balance, December 31, 2024
Reserve for:			
Municipal Relief Aid	\$ 111,593	\$ 111,593	-
State Library Aid	13,905	13,905	-
	<u>\$ 125,498</u>	<u>\$ 125,498</u>	<u>-</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2023	\$ 1,956,126
Decreased by:	
Cash Disbursements	<u>26,152</u>
Balance, December 31, 2024	<u><u>\$ 1,929,974</u></u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2023	\$ 321,176
Increased by:	
Transfer from 2023 Appropriation Reserve	<u>41,445</u>
	362,621
Decreased by:	
Cancelled Payables	\$ 41,000
Cash Disbursements	<u>280,176</u>
	<u>321,176</u>
Balance, December 31, 2024	<u><u>\$ 41,445</u></u>

**STATEMENT OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS**

	<u>Balance, December 31, 2023</u>	<u>2024 Emergency Authorization</u>	<u>Cancelled</u>	<u>Balance, December 31, 2024</u>
Emergency Authorizations - 2024 Budget		\$ 49,500		\$ 49,500
Emergency Authorizations - 2023 Budget	\$ 2,104,000	<u>-</u>	\$ 2,104,000	<u>-</u>
	<u><u>\$ 2,104,000</u></u>	<u><u>\$ 49,500</u></u>	<u><u>\$ 2,104,000</u></u>	<u><u>\$ 49,500</u></u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF DUE TO NORTH ARLINGTON PUBLIC LIBRARY**

Balance, December 31, 2023	\$ -
Increased by:	
Transferred from 2023 Appropriation Reserves	<u>218,973</u>
Balance, December 31, 2024	<u>\$ 218,973</u>

**STATEMENT OF PREPAID EXPENSE - PAYROLL**

Balance, December 31, 2023	\$ -
Increased by:	
Cash Disbursement - January 2025 Payroll	<u>425,251</u>
Balance, December 31, 2024	<u>\$ 425,251</u>

**TRUST FUNDS**

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF CASH AND INVESTMENTS - COLLECTOR/TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Unemployment Insurance</u>
Balance, December 31, 2023	\$ 50,047	\$ 3,013,352	\$ 260,679
Increased by Receipts:			
Animal License Fees	\$ 7,690		
State Dog License Fees	1,205		
Current Fund Budget Appropriation	22,000		
Receipts from Current Fund		\$ 504,292	
Employee Contributions			\$ 8,740
Interest on Deposits		10,126	12,595
Payroll Deposits		14,223,511	
Library Deposits		17,355	
Third-Party Ambulance Billings Deposits		6,664	
Miscellaneous Reserves	-	925,791	-
	<u>30,895</u>	<u>15,687,739</u>	<u>21,335</u>
	80,942	18,701,091	282,014
Decreased by Disbursements:			
Reserve for Animal Control Expenditures	26,668		
State Dog License Fees	1,262		
Reserve for Library Expenditures		17,508	
Payroll Disbursements		14,223,511	
Miscellaneous Reserves		957,812	
Unemployment Trust Fund Expenditures			
Paid by Other Trust Fund	-	76,427	-
	<u>27,930</u>	<u>15,275,258</u>	<u>-</u>
Balance, December 31, 2024	<u>\$ 53,012</u>	<u>\$ 3,425,833</u>	<u>\$ 282,014</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF DUE TO CURRENT FUND  
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2023	\$ 37,027
Increased by:	
Statutory Excess	9,914
Balance, December 31, 2024	\$ 46,941

**STATEMENT OF AMOUNT DUE TO/ FROM STATE OF NEW JERSEY  
ANIMAL CONTROL FUND**

Balance, December 31, 2023	\$ 115
Increased by:	
2024 State Fees Collected	1,205
	1,320
Decreased by:	
Payments to State of New Jersey	1,262
Balance, December 31, 2024	\$ 58

**BOROUGH OF NORTH ARLINGTON**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**  
**ANIMAL CONTROL FUND**

Balance, December 31, 2023		\$	12,905
Increased by:			
Current Fund Budget Appropriation	\$	22,000	
Dog License Fees		7,339	
Cat License Fees		<u>351</u>	
			<u>29,690</u>
			42,595
Decreased by:			
Cash Disbursements		26,668	
Statutory Excess		<u>9,914</u>	
			<u>36,582</u>
Balance, December 31, 2024		\$	<u><u>6,013</u></u>

**STATEMENT OF DUE FROM CURRENT FUND**  
**OTHER TRUST FUND**

Balance, December 31, 2023		\$	504,292
Increased by:			
COAH Deposited in Current Fund			<u>348,375</u>
			852,667
Decreased by:			
Payments from Current Fund	\$	504,292	
Interest on Investments		<u>10,126</u>	
			<u>514,418</u>
Balance, December 31, 2024		\$	<u><u>338,249</u></u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF PAYROLL AND PAYROLL DEDUCTIONS PAYABLE  
OTHER TRUST FUND**

Balance, December 31, 2023	\$	-
Increased by:		
Payroll Deposits		14,223,511
		14,223,511
Decreased by:		
Cash Disbursements		14,223,511
Balance, December 31, 2024	\$	-

**STATEMENT OF RESERVE FOR LIBRARY EXPENDITURE  
OTHER TRUST FUND**

Balance, December 31, 2023	\$	91,236
Increased by:		
Cash Receipts		17,355
		108,591
Decreased by:		
Cash Disbursements		17,508
Balance, December 31, 2024	\$	91,083

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF MISCELLANEOUS RESERVES  
OTHER TRUST FUND**

	Balance, December 31, <u>2023</u>	<u>Increased by</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2024</u>
Escrow Deposits	\$ 220,754	\$ 60,587	\$ 53,421	\$ 227,920
Premium on Tax Sale	328,700	39,500	108,648	259,552
William Swellick Memorial Fund	6,105			6,105
Domestic Partners	25			25
Lien Redemptions	97,302	691,844	691,844	97,302
P.O.A.A.	49,224	5,034		54,258
Municipal Alliance Donations	85,169	2,025		87,194
Fire Prevention - Fines and Penalties	16,153			16,153
Recreation	625			625
Accumulated Leave	1,439,824			1,439,824
Police - Fund Drive	15,278	82,818	56,984	41,112
Storm Recovery	799,957			799,957
Community Development	25,000		25,000	-
Military Banners	5,214	2,700	2,988	4,926
Opioid Settlement	22,187	40,822	10,250	52,759
Miscellaneous Reserve	22,232	461	8,677	14,016
Library Expenditures	332,692	-	-	332,692
COAH	-	348,375	-	348,375
	<u>\$ 3,466,441</u>	<u>\$ 1,274,166</u>	<u>\$ 957,812</u>	<u>\$ 3,782,795</u>
Cash Receipts		\$ 925,791		
Due from Current Fund		<u>348,375</u>		
		<u>\$ 1,274,166</u>		

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF RESERVE FOR THIRD PARTY AMBULANCE BILLINGS  
OTHER TRUST FUND**

Increased by:		
Cash Receipts	\$	6,664
Balance, December 31, 2024	\$	6,664

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2023		\$	220,646
Increased by:			
Employee Contributions	\$	8,740	
Interest Earnings		12,595	
			21,335
			241,981
Decreased by:			
Unemployment Claims			76,427
Balance, December 31, 2024		\$	165,554

**STATEMENT OF DUE TO STATE OF NEW JERSEY  
UNEMPLOYMENT INSURANCE TRUST FUND**

Increased by:		
Unemployment Claims	\$	76,427
Decreased by:		
Payments to State of New Jersey by Other Trust Fund	\$	76,427

**STATEMENT OF DUE TO OTHER TRUST FUND  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2023		\$	40,033
Increased by:			
Unemployment Trust Fund Expenditures Paid by Other Trust Fund			76,427
Balance, December 31, 2024		\$	116,460

**GENERAL CAPITAL FUND**

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF CASH - COLLECTOR/TREASURER**

Balance, December 31, 2023		\$ 7,146,019
Increased by:		
Interest Earnings	\$ 253,688	
Current Fund Budget Appropriation		
Capital Improvement Fund	500,000	
Payment of Note Principal	1,562,050	
Grant Proceeds	155,783	
Bond Anticipation Notes	3,923,000	
Premium on Sale of Bond Anticipation Notes	<u>54,746</u>	
		<u>6,449,267</u>
		13,595,286
Decreased by:		
Improvement Authorizations	1,440,342	
Bond Anticipation Notes	1,562,000	
Payments to Current Fund	<u>515,738</u>	
		<u>3,518,080</u>
Balance, December 31, 2024		<u>\$ 10,077,206</u>

**BOROUGH OF NORTH ARLINGTON  
ANALYSIS OF CASH**

		Balance, December 31, <u>2024</u>
Fund Balance		\$ 1,771,347
Capital Improvement Fund		885,420
Grants Receivable		(428,880)
Due from Current Fund		(537,290)
Reserve for Payment of Debt		1,208,203
Contracts Payable		4,620,322
Excess Note Proceeds		92,900
Ord.		
<u>No.</u>		
2291	Purchase and Installation of Computer System	13,030
2304	Various Public Improvements and Acquisitions	713,085
2305	Various Interior Renovations	76,458
2306	Purchase of one Police Sport Utility Vehicle	60
2310	Acquisition of a New Pumper Fire Engine	(75,085)
2314	Acquisition of New Automotive Vehicles	6,408
2336	Various Interior Renovations	122,813
2337	Various Acquisitions	41,223
2345	Various Interior Renovations	64,450
2361	Various Public Improvements and Acquisitions	67,119
2365	Fisher Field Playground and Park Improvements	264,530
2380	Various Public Improvements and Acquisitions	376,628
2388	Public Safety 911 Call Station	13,736
2400	Acq & Install Police Communications System	382,084
2402	Improvements to Macaluso Park	116,000
2409	Allan Park Sports Field Lighting Improve	159,528
2417	Purchase and install hydro defense system DPW	75,000
2419	Purchase one hydraulic wood chipper w access	2,117
2427	2024 Road Improvement Program	46,000
		<u>\$ 10,077,206</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2023</u>	Grants Awarded	Cancelled	Balance, December 31, <u>2024</u>
<u>FEMA Grants</u>				
Ordinance 24-2417		\$ 75,000		\$ 75,000
<u>Green Acre's Grants</u>				
Ordinance 24-2409		222,813		222,813
<u>Community Development Block Grants</u>				
Ordinance 15-2162	\$ 37,211		\$ 37,211	-
Ordinance 22-2361	24,300			24,300
<u>Bergen County</u>				
Ordinance 24-2402		46,587		46,587
Ordinance 19-2261	98,251	-	38,071	60,180
	<u>\$ 159,762</u>	<u>\$ 344,400</u>	<u>\$ 75,282</u>	<u>\$ 428,880</u>
<u>Analysis of Balance</u>				
Pledged to Ordinance	\$ 122,551	\$ 344,400	\$ 38,071	\$ 428,880
Pledged to Reserve	37,211	-	37,211	-
	<u>\$ 159,762</u>	<u>\$ 344,400</u>	<u>\$ 75,282</u>	<u>\$ 428,880</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2023		\$ 504,540
Increased by:		
Current Fund Budget Appropriation		
Capital Improvement Fund	\$ 500,000	
Bond Anticipation Note Principal	1,562,050	
General Capital Fund Grant Receipts	32,750	
Payments to Current Fund	<u>515,738</u>	
		<u>2,610,538</u>
		3,115,078
Decreased by:		
Interest Earnings	253,688	
Current Fund Anticipated Revenue - Reserve for Payment of Debt	262,050	
Receipts from Current Fund	<u>2,062,050</u>	
		<u>2,577,788</u>
Balance, December 31, 2024		<u>\$ 537,290</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2023		\$ 4,989,000
Decreased by:		
Current Fund Budget Appropriation:		
Serial Bond Principal		<u>1,875,000</u>
Balance, December 31, 2024		<u>\$ 3,114,000</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, December 31, 2023	2024 Authorizations	Note Paydowns Budget Appropriation	Grant Proceeds	Authorizations Cancelled	Balance, December 31, 2024	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2162	Various Public Improvements	\$ 37,211				\$ 37,211				
2277	Various Improvements and Acquisitions	19,000		\$ 19,000		-				
2304	Various Public Improvements and Acquisitions	1,521,850		700,000			\$ 821,850	\$ 821,850		
2305	Various Interior Renovations	817,000		250,000			567,000	550,000		\$ 17,000
2310	Acquisition of a New Pumper Fire Engine	614,000		150,000			464,000	200,000	\$ 75,085	188,915
2314	Acquisition of New Automotive Vehicles	71,751		71,251			500	-		500
2336	Various Interior Renovations	67,000		67,000			-	-		-
2337	Various Acquisitions	469,000		100,000			369,000	369,000		-
2345	Various Interior Renovations	780,000		104,799			675,201	674,950		251
2361	Various Public Improvements and Acquisitions	399,200		50,000			349,200	349,200		-
2365	Fisher Field Playground and Park Improvements	1,192,000		50,000			1,142,000	1,049,100		92,900
2380	Various Public Improvements and Acquisitions	2,295,000		-	\$ 188,533		2,106,467	2,000,000		106,467
2400	Acq & Install Police Communications System		\$ 1,923,000				1,923,000	1,923,000		-
2427	2024 Road Improvement Program		870,000				870,000			870,000
		<u>\$ 8,283,012</u>	<u>\$ 2,793,000</u>	<u>\$ 1,562,050</u>	<u>\$ 188,533</u>	<u>\$ 37,211</u>	<u>\$ 9,288,218</u>	<u>\$ 7,937,100</u>	<u>\$ 75,085</u>	<u>\$ 1,276,033</u>
				Bond Anticipation Notes Payable				\$ 8,030,000		
				Less: Excess Proceeds						
				Ordinance 2304			\$ 92,900			
								92,900		
				Bond Anticipation Notes Payable				<u>\$ 7,937,100</u>		
							Improvement Authorizations - Unfunded		\$ 3,261,610	
							Less:			
							Unexpended Note Proceeds			
							Ordinance 2304	713,085		
							Ordinance 2305	76,458		
							Ordinance 2337	41,223		
							Ordinance 2345	64,450		
							Ordinance 2361	67,119		
							Ordinance 2365	264,530		
							Ordinance 2380	376,628		
							Ordinance 2400	382,084		
										<u>1,985,577</u>
										<u>\$ 1,276,033</u>

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2024</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2023</u>	<u>Decreased</u>	<u>Balance, December 31, 2024</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement - Encap Bonds	12/15/2010	\$ 2,800,000	12/15/2024	\$ 200,000	4.25%	\$ 200,000	\$ 200,000	
General Obligation Bonds - 2013	8/15/2013	7,634,000	8/15/2025	625,000	3.000%	2,509,000	650,000	\$ 1,859,000
			8/15/2026	625,000	3.250%			
			8/15/2027	609,000	3.375%			
General Improvement Bonds - 2018	10/1/2018	7,105,000	10/1/2025	1,255,000	2.625%	<u>2,280,000</u>	<u>1,025,000</u>	<u>1,255,000</u>
						<u>\$ 4,989,000</u>	<u>\$ 1,875,000</u>	<u>\$ 3,114,000</u>
Paid by Budget Appropriation							<u>\$ 1,875,000</u>	

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2023</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2024</u>
2277	Various Improvements and Acquisitions	11/12/2020	8/4/2023	8/2/2024	4.50%	\$ 19,000		\$ 19,000	
2304	Various Public Improvements and Acquisitions	11/12/2020	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	1,614,750	\$ 914,750	1,614,750	\$ 914,750 -
2305	Various Interior Renovations	11/12/2020	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	800,000	550,000	800,000	550,000 -
2310	Acquisition of a New Pumper Fire Engine	11/12/2020	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	350,000	200,000	350,000	200,000 -
2314	Acquisition of New Automotive Vehicles	11/10/2021	8/4/2023	8/2/2024	4.50%	71,251		71,251	-
2336	Various Interior Renovations	11/9/2022	8/4/2023	8/2/2024	4.50%	67,000		67,000	-
2337	Various Acquisitions	11/9/2022	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	469,000	369,000	469,000	369,000 -
2345	Various Interior Renovations	11/9/2022	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	779,749	674,950	779,749	674,950 -
2361	Various Public Improvements and Acquisitions	8/4/2023	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	399,200	349,200	399,200	349,200 -
2365	Fisher Field Playground and Park Improvements	8/4/2023	8/1/2024 8/4/2023	8/1/2025 8/2/2024	4.50% 4.50%	1,099,050	1,049,100 -	1,099,050	1,049,100 -
2380	Various Public Improvements and Acquisitions	8/1/2024	8/1/2024	8/1/2025	4.50%		2,000,000		2,000,000
2400	Acq & Install Police Communications System	8/1/2024	8/1/2024	8/1/2025	4.50%	-	1,923,000	-	1,923,000
						<u>\$ 5,669,000</u>	<u>\$ 8,030,000</u>	<u>\$ 5,669,000</u>	<u>8,030,000</u>
							Issued for Cash \$ 3,923,000		
							Renewals 4,107,000	\$ 4,107,000	
							Budget Appropriation -	1,562,000	
							<u>\$ 8,030,000</u>	<u>\$ 5,669,000</u>	

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvements	Balance, December 31, 2023		2024 Authorizations					Balance, December 31, 2024		
		Funded	Unfunded	Grants Receivable	Capital Improvement Fund	Deferred Charges Unfunded	Paid or Charged	POs Restored	Authorizations Cancelled	Funded	Unfunded
15-2162	Various Public Improvements	\$ 664,571	\$ 37,211							\$ 701,782	-
17-2228	Various Public Improvements and Acquisitions	543,632								543,632	-
19-2261	Installation of Turf Fields	39,921					\$ 1,850			38,071	-
19-2277	Various Improvements and Acquisitions	401,729	19,000				4,970	\$ 4,970		420,729	-
20-2291	Purchase and Installation of Computer System	13,030									\$ 13,030
20-2304	Various Public Improvements and Acquisitions		755,425				145,300	102,960		-	\$ 713,085
20-2305	Various Interior Renovations		71,472				1,417	23,403		-	93,458
20-2306	Purchase of one Police Sport Utility Vehicle	120					60			60	
20-2310/23-2381	Acquisition of a New Pumper Fire Engine		269,490				880,485	799,910		-	188,915
20-2314	Acquisition of New Automotive Vehicles		8,823				22,564	20,649		6,408	500
21-2334	New Roof Boro Hall & Senior Citizen Center	300	-						300	-	-
21-2336	Various Interior Renovations	55,813	67,000							122,813	-
21-2337	Various Acquisitions		43,125				1,902			-	41,223
22-2345	Various Interior Renovations		65,188				20,070	19,583		-	64,701
22-2361	Various Public Improvements and Acquisitions		25,409				73,253	114,963		-	67,119
22-2365	Fisher Field Playground and Park Improvements		350,437				7,492	14,485		-	357,430
23-2380	Various Public Improvements and Acquisitions		1,233,714				1,805,114	1,054,495		-	483,095
23-2388	Public Safety 911 Call Station	13,736					261,264	261,264		13,736	
24-2400	Acq & Install Police Communications System				\$ 460,000	\$ 1,923,000	2,000,916			-	382,084
24-2402	Improvements to Macaluso Park			\$ 46,587	69,413					116,000	-
24-2408	Improve ro Childrens Centennial Park				270,026		270,026			-	-
24-2409	Allan Park Sports Field Lighting Improve			222,813	222,813		286,098			159,528	-
24-2417	Purchase and install hydro defense system DPW			75,000	200,000		200,000			75,000	-
24-2419	Purchase one hydraulic wood chipper w access				80,000		77,883			2,117	
24-2427	2024 Road Improvement Program				46,000		870,000			46,000	870,000
		<u>\$ 1,732,852</u>	<u>\$ 2,946,294</u>	<u>\$ 344,400</u>	<u>\$ 1,348,252</u>	<u>\$ 2,793,000</u>	<u>\$ 6,060,664</u>	<u>\$ 2,416,682</u>	<u>\$ 1,704,514</u>	<u>\$ 554,692</u>	<u>\$ 3,261,610</u>
							Cash Disbursements	\$ 1,440,342			
							Contracts Payable	<u>4,620,322</u>			
								<u>\$ 6,060,664</u>			
							Deferred Charges Unfunded	\$ 37,211			
							Grant Receivable	38,071			
							Fund Balance	421,029			
							Reserve for Payment of Debt	<u>1,208,203</u>			
								<u>\$ 1,704,514</u>			

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF CONTRACTS PAYABLE**

Balance, December 31, 2023	\$	2,416,682
Increased by:		
Charged to Improvement Authorizations		4,620,322
		7,037,004
Decreased by:		
Restored to Improvement Authorizations		2,416,682
Balance, December 31, 2024	\$	4,620,322

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2023	\$	1,733,672
Increased by:		
Budget Appropriation		500,000
		2,233,672
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,348,252
Balance, December 31, 2024	\$	885,420

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2023	\$	262,050
Increased by:		
Cancelled Improvement Authorizations		1,208,203
		1,470,253
Decreased by:		
Anticipated as 2024 Budget Revenue		262,050
Balance, December 31, 2024	\$	1,208,203

**BOROUGH OF NORTH ARLINGTON  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2023</u>	2024 <u>Authorizations</u>	Budget <u>Appropriation</u>	Authorizations <u>Cancelled</u>	Bond Anticipation <u>Notes Issued</u>	Grant <u>Proceeds</u>	Balance, December 31, <u>2024</u>
2162	Various Public Improvements	\$ 37,211			\$ 37,211			
2305	Various Interior Renovations	17,000						\$ 17,000
2310	Acquisition of a New Pumper Fire Engine	264,000						264,000
2314	Acquisition of New Automotive Vehicles	500						500
2345	Various Interior Renovations	251						251
2365	Fisher Field Playground and Park Improvements	92,950		\$ 50				92,900
2380	Various Public Improvements and Acquisitions	2,295,000				\$ 2,000,000	\$ 188,533	106,467
2400	Acq & Install Police Communications System		\$ 1,923,000			1,923,000		-
2427	2024 Road Improvement Program	-	870,000	-	-	-	-	870,000
		<u>\$ 2,706,912</u>	<u>\$ 2,793,000</u>	<u>\$ 50</u>	<u>\$ 37,211</u>	<u>\$ 3,923,000</u>	<u>\$ 188,533</u>	<u>\$ 1,351,118</u>

**BOROUGH OF NORTH ARLINGTON  
BERGEN COUNTY, NEW JERSEY**

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**PART II  
GOVERNMENT AUDITING STANDARDS  
AND  
SINGLE AUDIT**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of North Arlington  
North Arlington, 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of North Arlington, which comprise the balance sheets – regulatory basis of the various funds and account group as of December 31, 2024, and the related statements of operations and changes in fund balance – regulatory basis, statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the Current Fund for the year then ended and the related notes to the financial statements, and have issued our report thereon dated August 7, 2025. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough of North Arlington's internal control over financial reporting (internal control) as a basis for designing 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 Borough of North Arlington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of North Arlington'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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of North Arlington’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of North Arlington in Part III of this report of audit entitled; “Letter of Comments and Recommendations”.

### Borough of North Arlington’s Response to Finding

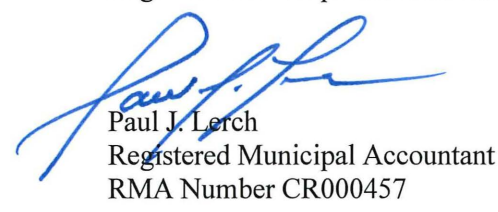
Government Auditing Standards requires the auditor to perform limited procedures on the Borough of North Arlington’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Borough of North Arlington’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of North Arlington’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 Borough of North Arlington’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR000457

Fair Lawn, New Jersey  
August 7, 2025



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY U.S. UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of North Arlington  
North Arlington, New Jersey

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Borough of North Arlington's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Borough of North Arlington's major federal programs for the year ended December 31, 2024. The Borough of North Arlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of North Arlington 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 federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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). Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular 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 Borough of North Arlington and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough of North Arlington'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, regulation, rules, and provisions of contracts or grant agreements applicable to the Borough of North Arlington's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of North Arlington's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, U.S. Uniform Guidance 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 omission, misrepresentation, 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 Borough of North Arlington's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and U.S. Uniform Guidance, we:

- Exercise professional judgement 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 Borough of North Arlington'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 Borough of North Arlington'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 U.S. Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the Borough of North Arlington's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

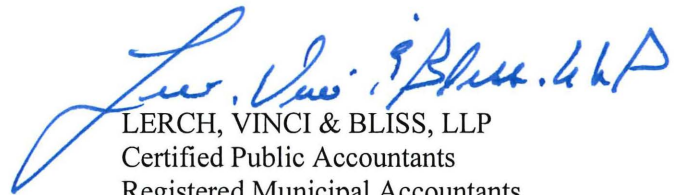
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

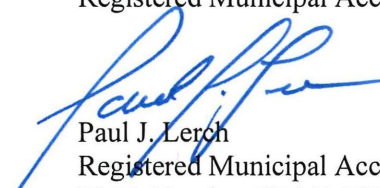
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Borough of North Arlington, which comprise the balance sheets - regulatory basis of the various funds and account group as of December 31, 2024, and the related statements of operations and changes in fund balance - regulatory basis, statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the Current Fund for the year then ended and the related notes to the financial statements and have issued our report thereon dated August 7, 2025, which contained a modified opinion on those financial statements prepared in accordance with the regulatory basis of accounting because of the LOSAP Trust Fund has not been audited and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR000457

Fair Lawn, New Jersey  
August 7, 2025

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Federal Program</u>	<u>State Account Number</u>	<u>Federal AL Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2024 Receipts</u>	<u>Balance December 31, 2023</u>	<u>Revenues Realized</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance December 31, 2024</u>	<u>Cumulative Expenditures</u>
*											
*											
<u>Law and Public Safety</u>											
State and Highway Community Safety											
Click It or Ticket	066-1160-100-155	20.600	2009	\$ 4,000		\$ 4,000				\$ 4,000	
*											
<u>U.S. Department of Housing and Urban Development</u>											
Community Development Block Grant Ord. 2162	N/A	20.205	2015	100,000		37,211			\$ (37,211)	-	\$ 62,789
Community Development Block Grant Ord. 2361	N/A	20.205	2022	24,300		24,300				24,300	-
*											
<u>U.S. Department of Treasury</u>											
Coronavirus State and Local Fiscal Recovery Fund											
(Passed through State Dept. of Community Affairs)											
American Rescue Plan	022-8030-100-687	21.027	2021	1,641,516		-	\$ 841,516	\$ 841,516			1,641,516
*											
*											
<u>U.S. Department of Homeland Security</u>											
Public Assistance - IDA		97.036	2024	8,002	\$ 8,002	-	8,002	8,002		-	8,002
Assistance to Firefighters Grant Program - SAFER		97.044	2008	104,000		39,542		3,183		36,359	67,641
CARES Act - Coronavirus Relief Fund	066-1200-100-C50	93.391	2020	189,279		41,332	8,438		-	49,770	139,509
FEMA - Ordinance 24-2417			2024	75,000		-	75,000		-	75,000	-
						<u>\$ 146,385</u>	<u>\$ 932,956</u>	<u>\$ 852,701</u>	<u>\$ (37,211)</u>	<u>\$ 189,429</u>	

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Received</u>	<u>2024 Grant Receipts</u>	<u>Balance, December 31, 2023</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2024</u>	<u>Cumulative Expenditures</u>
<b><u>Department of Human Services</u></b>										
Strengthening Families	100-054-4213	2010	\$ 3,516		\$ 3,516				\$ 3,516	
<b><u>Department of Environmental Protection</u></b>										
Clean Communities Program	042-00-4870-100-038	2016	31,516		6,084		\$ 6,084		-	\$ 31,516
Clean Communities Program	042-00-4870-100-038	2017	26,775		26,775		24,851		1,924	24,851
Clean Communities Program	042-00-4870-100-038	2018	25,627		25,627				25,627	
Clean Communities Program	042-00-4870-100-038	2019	28,598		28,598				28,598	
Clean Communities Program	042-00-4870-100-038	2020	25,788		25,788				25,788	
Clean Communities Program	042-00-4870-100-038	2021	27,457		27,457				27,457	
Clean Communities Program	042-00-4870-100-038	2022	27,797		27,797				27,797	
Clean Communities Program	042-00-4870-100-038	2023	31,178			\$ 31,178			31,178	
Clean Communities Program	042-00-4870-100-038	2024	35,413	\$ 35,413						
Recycling Tonnage Grant	042-00-4900-752-001	2021	28,489		28,489		22,268		6,221	22,268
Recycling Tonnage Grant	042-00-4900-752-001	2022	29,678		29,678				29,678	
Recycling Tonnage Grant	042-00-4900-752-001	2024	30,221	30,221						
Hazardous Waste Grant	N/A	2023	32,347			32,347			32,347	
Storm Water	042-4850-100-099	2023	15,000		-	15,000			15,000	
Green Acres Grant - Ord. 24-2409		2024	222,813			222,813			222,813	
<b><u>Department of Law and Public Safety</u></b>										
Police Body Armor Replacement	066-00-1020-718-001	2022	8,527		3,854		3,854		-	8,527
Police Body Armor Replacement	066-00-1020-718-001	2024	2,916	2,916						
Drunk Driving Enforcement Fund	1110-448-031020-22	2020	9,156		2,609		1,312		1,297	6,547
Drunk Driving Enforcement Fund	1110-448-031020-22	2023	3,634			3,634			3,634	
Drive Sober or Get Pulled Over	066-00-1160-100-157	2018	5,500		5,500				5,500	
Distracted Driving Incentive		2024	6,720	6,720						
Emergency Management Program	N/A	2014	10,000		10,000				10,000	
Body Worn Cameras	066-1020-100-495	2021	81,520		81,520				81,520	
<b><u>Department of Transportation</u></b>										
State Highway Aid - Ordinance 2427	N/A	2024	155,783	155,783	-	155,783			155,783	
<b><u>NJ Department of Treasury</u></b> (Passed through the County of Bergen)										
Municipal Alliance on Alcoholism & Drug Abuse	N/A	2022	4,507		4,507			\$ (4,007)	500	
<b><u>NJ Administrative Office of the Courts</u></b>										
Alcohol Education and Rehabilitation	760-046-4240-001	2019	2,733		645				645	2,088
Alcohol Education and Rehabilitation	760-046-4240-001	2020	4,251		4,251				4,251	
Alcohol Education and Rehabilitation	760-046-4240-001	2021	6,589		6,589				6,589	
Alcohol Education and Rehabilitation	760-046-4240-001	2022	6,475		6,475				6,475	
Alcohol Education and Rehabilitation	760-046-4240-001	2024	368	368						
					<b>\$ 355,759</b>	<b>\$ 460,755</b>	<b>\$ 58,369</b>	<b>\$ (4,007)</b>	<b>\$ 754,138</b>	

Note: This Schedule is not subject to a single Audit in accordance with NJ OMB Circular 15-08.

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF NORTH ARLINGTON  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 REPORTING ENTITY**

The Borough of North Arlington (the “Borough”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough’s Financial Statements.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough’s summary of significant accounting policies are described in Note 1 to the Borough’s Financial Statements.

**NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough’s financial statements. Financial assistance revenues are reported in the Borough’s financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 857,956	\$ 82,159	\$ 940,115
General Capital Fund	<u>75,000</u>	<u>378,596</u>	<u>453,596</u>
	<u>\$ 932,956</u>	<u>\$ 460,755</u>	<u>\$ 1,393,711</u>

**NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough’s fiscal year and grant program year.

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditor's report issued on financial statements Modified Regulatory Basis (Unaudited LOSAP)

Internal control over financial reporting:

- 1) Material weakness(es) identified                      yes       x       no
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)?       x       yes                      none reported
- Noncompliance material to the financial statements noted?                      yes       x       no

**State Awards Section**

Not Applicable

**Federal Awards Section**

Dollar threshold used to determine Type A programs:   \$ 750,000                    

Auditee qualified as low-risk auditee?                      yes       X       no

Type of auditors' report on compliance for major progra Unmodified                    

Internal Control over compliance:

- 1) Significant Deficiencies identified?                      yes       X       no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses?                      yes       X       no
- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?                      yes       X       no

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
21.027	American Rescue Plan Fiscal Recovery Funds

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

*Part II – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**Finding 2023-001**

Our audit of the recreation department indicated that a receipt ledger is not being maintained. Furthermore, source documents to support recreation fees and permits collected were not retained. In addition, transaction activity is not being recorded in the Borough's trust account.

**Criteria or Specific Requirement**

Generally Accepted Accounting Principles – Internal Controls

**Condition**

The recreation department is not maintaining a cash receipt ledger and does not retain source documents upon collections being made. Receipts and disbursements are not being recorded in the Borough's accounting records.

**Questioned Costs**

Unknown.

**Context**

The Borough's financial statements do not report all fees and permits collected by the recreation department nor are the activity expenses recorded. Neither a transaction ledger nor source documents were maintained.

**Effect**

Amounts reported in the Borough's financial statements for recreation receipts and payments could not be verified.

**Recommendation**

A daily cash receipts ledger be maintained by the recreation department, all transaction activity be recorded in the Borough's trust account and source documents be retained and made available for audit.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated that corrective action will be taken.

**BOROUGH OF NORTH ARLINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

*Part III – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB Circular 15-08.

**CURRENT YEAR STATE AWARDS**

Not Applicable.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**BOROUGH OF NORTH ARLINGTON  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2023-001**

Our audit of the recreation department indicated that a receipt ledger is not being maintained. Furthermore, source documents to support recreation fees and permits collected were not retained.

**Current Status**

See Finding 2024-001.

**BOROUGH OF NORTH ARLINGTON**

**BERGEN COUNTY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2024**

**BOROUGH OF NORTH ARLINGTON  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2024</u>		<u>Year 2023</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Anticipated	\$ 4,277,766	6.14%	\$ 4,195,000	6.19%
Miscellaneous - From Other Than Local				
Property Tax Levies	7,225,858	10.38%	6,272,896	9.25%
Collection of Delinquent Taxes and Tax Title Liens	452,747	0.65%	458,752	0.68%
Collection of Current Tax Levy	56,109,200	80.61%	54,881,292	80.93%
Other Credits	<u>1,542,640</u>	<u>2.22%</u>	<u>2,009,476</u>	<u>2.96%</u>
Total Income	<u>69,608,211</u>	<u>100.00%</u>	<u>67,817,416</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	28,813,795	43.57	30,180,658	45.84
County Taxes	5,950,806	9.00	5,672,845	8.62
Local School Taxes	30,884,196	46.71	29,949,974	45.49
Other Expenditures	<u>476,692</u>	<u>0.72</u>	<u>42,194</u>	<u>0.06</u>
Total Expenditures	<u>66,125,489</u>	<u>100.00</u>	<u>65,845,671</u>	<u>100.00</u>
Excess in Revenue	3,482,722		1,971,745	
Adjustments to Income before Surplus:				
Expenditures Included above which by Statute are				
Deferred Charges to Budget of Succeeding Year	<u>49,500</u>		<u>2,104,000</u>	
Statutory Excess to Surplus	3,532,222		4,075,745	
Fund Balance, January 1	<u>7,994,229</u>		<u>8,113,484</u>	
	11,526,451		12,189,229	
Less: Utilized as Anticipated Revenue	<u>4,277,766</u>		<u>4,195,000</u>	
Fund Balance, December 31	<u>\$ 7,248,685</u>		<u>\$ 7,994,229</u>	

**BOROUGH OF NORTH ARLINGTON  
SUPPLEMENTARY DATA**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Apportionment of Tax Rate</u>	<u>\$ 2.304</u>	<u>\$ 2.442</u>	<u>\$ 2.571</u>
Municipal	\$ 0.773	\$ 0.833	\$ 0.886
County	0.243	0.251	0.249
Local School	1.253	1.322	1.402
Library	0.035	0.036	0.034
<u>Assessed Valuation</u>	<u>\$ 2,464,136,730</u>	<u>\$ 2,266,200,820</u>	<u>\$ 2,091,924,774</u>

**COMPARATIVE OF LEVIES AND COLLECTION CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 56,794,244	\$ 56,109,200	98.79%
2023	55,415,792	54,881,292	99.04%
2022	53,810,129	53,244,120	98.95%

**BOROUGH OF NORTH ARLINGTON  
SUPPLEMENTARY DATA**

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 59,713	\$ 631,626	\$ 691,339	1.22%
2023	158,745	506,920	665,665	1.20%
2022	82,513	529,222	611,735	1.14%

**COMPARATIVE SCHEDULE OF FUND BALANCES**

<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2024	\$7,248,685	\$4,300,000
2023	7,994,229	4,277,766
2022	8,113,484	4,195,000

**BOROUGH OF NORTH ARLINGTON  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2024**

<u>Name</u>	<u>Title</u>
Daniel Pronti	Mayor
Mario Karcic	Council President
Allison Sheedy	Council Vice-President
Donna Bocchino	Councilwoman
Lynette Cavadas	Councilwoman
Kirk Del Russo	Councilman
Brian Fitzhenry	Councilman
Stephen LoIacono	Borough Administrator
Kathleen Moore	Borough Clerk
Stephen Sanzari	Chief Financial Officer
Vibha Desai	Acting Tax Collector
Randy Pearce	Municipal Attorney
Joseph C. Angelo	Judge

There is a statutory bond limit in the Municipal Joint Insurance Fund that covers the Treasurer, Tax Collector, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$2,500.

**BOROUGH OF NORTH ARLINGTON  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**Prior Year Unresolved**

Our audit indicated several reconciling items are reported on a monthly bank account reconciliations. It is recommended that reconciling items reported on the monthly bank account reconciliations be reviewed and be appropriately cleared.

Our audit of the Trust Fund activity revealed that certain trust account activity (i.e. recreation and payroll) is not recorded in the general ledger system and it is being maintained manually outside of the general ledger system. It is recommended that all trust fund activities be maintained within the general ledger accounting system.

Our audit revealed that there is no detail listing for the premiums on tax sales balance of \$259,552 and the lien redemption account balance of \$97,302. It is recommended that the Borough develop and maintain a detail listing of the premiums on tax sales and lien redemption account balances.

Our audit of the police outside duty billing revealed that a detailed billing/receivable ledger is not being maintained only individual billing sheets are being maintained. It is recommended that a detail police outside duty billing/receivable ledger be maintained.

**Current Year**

Our audit revealed that there were unrecorded liabilities in the General Capital Fund of \$286,098. It is recommended that the purchase orders are prepared and approved prior to the purchase of goods and services.

**Contracts and Agreements Required To Be Advertised For NJS 40a:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement".

The Governing Body of the Borough has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during 2024.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**BOROUGH OF NORTH ARLINGTON  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS (Continued)**

**Collection of Interest of Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

**Taxes and Tax Title Liens**

A tax sale was held on September 13, 2024.

<u>Year</u>	<u>Number of Liens</u>
2024	3
2023	6
2022	5

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

**Suggestions to Management**

- Non-contractual salaries including Library and Health Department employees be identified and approved by governing body resolutions.
- Subsequent taxes on existing municipal tax title liens be transferred appropriately in the tax system.
- Continued efforts be made to utilize unexpended grant balances.
- Interfunds due between Borough accounts be promptly liquidated.
- A payroll deduction ledger be maintained.
- Old inactive Other Trust reserve balances should be reviewed for potential cancellation.
- Continued efforts be made to ensure that department cash receipts are properly classified.
- Review payout policy of sick time with legal counsel as it relates to the State Comptroller's office of \$15,000 lifetime limitation.
- Consider implementing a policy to reduce the collection of physical cash at the Borough.

**BOROUGH OF NORTH ARLINGTON  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

- \* 1. Reconciling items reported on the monthly bank account reconciliations be reviewed and be appropriately cleared.
- \* 2. A daily cash receipts ledger be maintained by the recreation department, all transaction activity be recorded in the Borough's trust account and source documents be retained and made available for audit.
- \* 3. All trust fund activities be maintained within the general ledger accounting system.
- \* 4. The Borough develop and maintain a detail listing of the premiums on tax sales and lien redemption account balances.
- \* 5. A detail police outside duty billing/receivable ledger be maintained.
- 6. Purchase orders are prepared and approved prior to the purchase of goods and services.

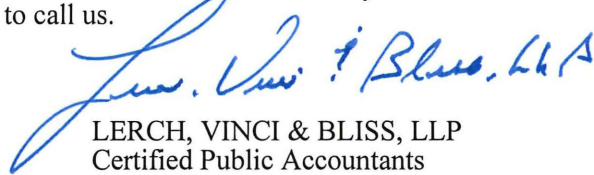
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**Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year recommendations and corrective action was taken on all except those denoted with an asterisk (\*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR000457