

SCHOOL DISTRICT

OF

ALLENHURST

**ALLENHURST BOARD OF EDUCATION
ALLENHURST, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

ALLENHURST BOARD OF EDUCATION

ALLENHURST, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY

**ALLENHURST BOARD OF EDUCATION
FINANCE DEPARTMENT**

ALLENHURST SCHOOL DISTRICT

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INTRODUCTORY SECTION

ALLENHURST PUBLIC SCHOOLS
OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR
125 CORLIES AVE, ALLENHURST, NEW JERSEY 07711

Peter E. Genovese III, RSBO, QPA
School Business Administrator
Board Secretary
(732) 531-8488

November 16, 2020

Honorable President and
Members of the Board of Education
Allenhurst School District
County of Monmouth, NJ 07711

Dear Board Members:

The comprehensive annual financial report of the Allenhurst School District for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly and the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally present on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Title 2 U.S. C.F.R. Part 200 and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

I. REPORTING ENTITY AND ITS SERVICES:

Allenhurst School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No. 14. All funds and account groups of the district are included in this report. The Allenhurst Board of Education constitutes the District's reporting entity.

The district provides a full range of education programs and services appropriate to grade levels K through 12. These include regular and special education for youngsters with disabilities.

The district maintains a sending-receiving relationship with the West Long Branch School District for grades K through 8 and Shore Regional High School for grades 9 through 12 and pays tuition for those students in attendance. Resident vocational students are sent to the Monmouth County Vocational Technical School District. Handicapped students whose individual education programs indicate the need for placement beyond these districts are sent to appropriate public or private schools where the needs of these students can best be met. The Shore Regional Child Study Team evaluates the students thought to be in need of special education services; as of the FY 2020 school year the district reported zero classified students.

II. ECONOMIC CONDITION AND OUTLOOK:

The Borough of Allenhurst is a residential community. The town is nearly fully developed with few lots remaining for the construction of new homes.

III. MAJOR INITIATIVES:

As a sending district to the West Long Branch School District and Shore Regional, the Allenhurst Board of Education continues to monitor the progress of enrolled students through articulation with the sending districts. Additionally, in 2008 the Allenhurst Board of Education entered into a shared services agreement with the Long Branch Board of Education for the purposes of sharing the School Business Administrator. This initiative has saved the Allenhurst public schools a substantial amount of money.

IV. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance

IV. INTERNAL ACCOUNTING CONTROLS (continued):

that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

V. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

VI. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

VII. DEBT ADMINISTRATION:

The district, in June of 2016 lease purchased a 24 passenger school bus for \$61,454.40 using a 5 year lease purchase program. The annual debt service for this purchase is \$13,388.63 and will conclude on August 15, 2020.

VIII. CASH MANAGEMENT:

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

IX. RISK MANAGEMENT:

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

X. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board of Education. In addition to meeting the requirements set-forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related Title 2 U.S. C.F.R. Part 200 and State Treasury Circular Letter 15-08 OMB.

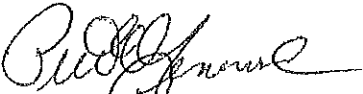
The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

XI. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Allenhurst Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Peter E. Genovese III, RSBO, QPA
School Business Administrator/Board Secretary

PEG/sdz

ALLENHURST SCHOOL DISTRICT**ROSTER OF OFFICIALS****JUNE 30, 2020**

	<u>Term Expires</u>
<u>Members of the Board of Education</u>	
Lawrence J. O'Rourke - President	2022
Robert Selden - Vice-President	2022
Amanda McGovern	2020
Lindsay Horowitz	2021
Ric Costanzo	2021
<u>Other Officials</u>	
Peter E. Genovese III, RSBO, QPA - School Business Administrator/Board Secretary	
Nancy L. Valenti - Treasurer	
Bruce W. Padula, Esq. - Solicitor	

ALLENHURST SCHOOL DISTRICT**CONSULTANTS AND ADVISORS****AUDIT FIRM**

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, NJ 07719

ATTORNEY

Cleary, Giacobbe, Alfieri, Jacobs, LLC
955 State Route 34, Suite 200
Matawan, NJ 07747

OFFICIAL DEPOSITORY

Kearny Federal Savings
1903 Highway 35
Oakhurst, NJ 07755

FINANCIAL SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Allenhurst School District
County of Monmouth
Allenhurst, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 to 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

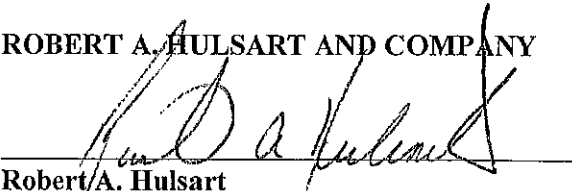
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the Allenhurst's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Allenhurst Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

November 16, 2020

REQUIRED SUPPLEMENTARY INFORMATION
PART I

ALLENHURST SCHOOL DISTRICT
BOROUGH OF ALLENHURST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The discussion and analysis of Allenhurst School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2019-2020 fiscal year are as follows:

- General revenues accounted for \$279,949 in revenue or 100% percent of all revenues.
- Total assets of governmental activities decreased by \$33,616.
- The School District had \$313,565 in expenses; \$0 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$279,949 were adequate to provide for these programs.
- The General Fund had \$279,949 in revenues and \$322,170 in expenditures. The General Fund's balance decreased \$42,221 over 2019.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allenhurst School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Allenhurst School District, the General Fund is the most significant fund.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2019-2020 fiscal year?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in that position. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has the following type of activity:

- Governmental activities – All of the School District’s programs and services are reported here including, but not limited to, support services, general administration and pupil transportation.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on page 17. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District only has one major governmental fund - General Fund.

Governmental Funds

The School District’s activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2020 and 2019.

Table 1
Net Position

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current and Other Assets	\$ 529,227	583,218
Total Assets	<u>\$ 529,227</u>	<u>583,218</u>
<u>Liabilities</u>		
Accounts Payable	<u>\$ 13,250</u>	<u>33,625</u>
<u>Net Position</u>		
Capital Assets	\$ 45,066	24,024
Restricted	323,393	353,049
Unrestricted	<u>147,518</u>	<u>172,520</u>
Total Net Position	<u>\$ 515,977</u>	<u>549,593</u>

Table 2 shows the changes in net position for fiscal years ended 2020 and 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
General Revenues:		
Property Taxes	\$ 192,854	192,854
Grants and Entitlements	64,419	46,840
Other	<u>22,676</u>	<u>8,290</u>
Total Revenues	<u>279,949</u>	<u>247,984</u>
<u>Program Expenses</u>		
Support Services:		
Tuition	172,771	139,863
General Administration	59,882	17,345
Central Services	20,719	20,178
Pupil Transportation	59,693	72,091
Business and Other Support Services	<u>500</u>	<u>500</u>
Total Expenses	<u>313,565</u>	<u>249,977</u>
Increase/(Decrease) in Net Position	<u>\$ (33,616)</u>	<u>(1,993)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69% percent of revenues for governmental activities for the Allenhurst Public School District for fiscal year 2020. The District's total revenues were \$279,949 for the fiscal year ended June 30, 2020.

The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Allenhurst's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2020, it reported a combined net position balance of \$515,977. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund decreased during the fiscal year by \$42,221 to \$484,161. Of the \$484,161 fund balance, \$250,000 has been reserved for emergency purposes.

The fund balance used to fund the 2020-2021 fiscal budget is \$73,393.

Capital Assets

At June 30, 2020, the School District had capital assets of \$45,066. This is a school bus used to transport students

Debt Administration

At June 30, 2020, the School District had capital leases in the amount of \$12,835 outstanding.

Economic Factors and Next Year's Budget

The Allenhurst School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Allenhurst is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

In conclusion, the Allenhurst School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Peter E. Genovese III, School Business Administrator/Board Secretary at Allenhurst Board of Education, 125 Corlies, Allenhurst, NJ 07711.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

ALLENHURST SCHOOL DISTRICT

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash and Cash Equivalents - Restricted	\$ 257,393	257,393
Cash and Cash Equivalents - Unrestricted	189,580	189,580
Receivables, Net	37,188	37,188
Capital Assets, Net	<u>45,066</u>	<u>45,066</u>
Total Assets	<u>\$ 529,227</u>	<u>529,227</u>
<u>Liabilities</u>		
Accrued Interest	\$ 415	415
Noncurrent Liabilities: Due Within One Year	<u>12,835</u>	<u>12,835</u>
Total Liabilities	<u>\$ 13,250</u>	<u>13,250</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 45,066	45,066
Restricted For:		
Other Purposes	323,393	323,393
Unrestricted	<u>147,518</u>	<u>147,518</u>
Total Net Position	<u>\$ 515,977</u>	<u>515,977</u>

The accompanying notes to financial statements are an integral part of this statement.

ALLENHURST SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Support Services:						
Tuition	\$ 172,771	-	-	(172,771)		(172,771)
General Administrative Services	59,882			(59,882)		(59,882)
Central Services	20,719			(20,719)		(20,719)
Pupil Transportation	59,693			(59,693)		(59,693)
Unallocated Benefits	500			(500)		(500)
Total Government Activities	<u>313,565</u>	<u>-</u>	<u>-</u>	<u>(313,565)</u>	<u>-</u>	<u>(313,565)</u>
Total Primary Government	<u>313,565</u>	<u>-</u>	<u>-</u>	<u>(313,565)</u>	<u>-</u>	<u>(313,565)</u>
General Revenues:						
Property Taxes, Levied for General Purpose, Net				192,854		192,854
Federal and State Aid Not Restricted				64,419		64,419
Miscellaneous				22,676		22,676
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>279,949</u>	<u>-</u>	<u>279,949</u>
Change in Net Position				(33,616)	-	(33,616)
Net Position - Beginning				<u>549,593</u>	<u>-</u>	<u>549,593</u>
Net Position - Ending				<u>\$ 515,977</u>	<u>-</u>	<u>515,977</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents - Restricted	\$ 257,393	257,393
Cash and Cash Equivalents - Unrestricted	189,580	189,580
Accounts Receivable	<u>37,188</u>	<u>37,188</u>
 Total Assets	 <u>\$ 484,161</u>	 <u>484,161</u>
<u>Liabilities and Fund Balance:</u>		
Fund Balance:		
Committed to:		
Emergency Reserve	250,000	250,000
Assigned to:		
Legally Restricted - Designated for Subsequent Years Expenditures	73,393	73,393
Unassigned:		
General Fund	<u>160,768</u>	<u>160,768</u>
Total Fund Balances	<u>484,161</u>	<u>484,161</u>
 Total Liabilities and Fund Balances	 <u>\$ 484,161</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$61,454 and the accumulated depreciation is \$16,388.	45,066
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Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(12,835)
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Accrued Interest	<u>(415)</u>
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Net Position of governmental activities	<u>\$ 515,977</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>		
Local Sources:		
Local Tax Levy	\$ 192,854	192,854
Tuition - Homeless Student	14,426	14,426
Miscellaneous	8,250	8,250
Total Local Sources	<u>215,530</u>	<u>215,530</u>
State Sources	<u>64,419</u>	<u>64,419</u>
Total Revenues	<u>279,949</u>	<u>279,949</u>
<u>Expenditures</u>		
Support Services and Undistributed Costs:		
Tuition	172,771	172,771
Speech, OT, PT and Related Services	51,038	51,038
General Administrative Services	8,256	8,256
Central Services	20,719	20,719
Pupil Transportation	68,298	68,298
Custodial Services	588	588
Unallocated Benefits	500	500
Total Expenditures	<u>322,170</u>	<u>322,170</u>
Net Change in Fund Balances	(42,221)	(42,221)
Fund Balance - July 1	<u>526,382</u>	<u>526,382</u>
Fund Balance - June 30	<u>\$ 484,161</u>	<u>484,161</u>

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

ALLENHURST SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (42,221)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(4,097)
Payment of Capital Leases is an expenditure in the governmental funds, but the payments reduces the long-term liabilities in the statement of net assets and is not reported in the statement of activities	12,304
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	<u>398</u>
Change in Net Position of Governmental Activities	<u>\$ (33,616)</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
ALLENHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Borough of Allenhurst School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Borough of Allenhurst School District had an approximate enrollment at June 30, 2020 of zero students

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance.

E. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2020 were insignificant.

The Public School Education Act of 1975 limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2019-2020 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2020, fiscal year 2020 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Capital Assets and Depreciation (Continued)**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:			
Machinery & Equipment	\$ 61,454	—	61,454
Totals at Historical Cost	<u>61,454</u>	<u>—</u>	<u>61,454</u>
Less: Accumulated			
Depreciation:			
Equipment	<u>(12,291)</u>	<u>(4,097)</u>	<u>(16,388)</u>
Total Accumulated			
Depreciation	<u>(12,291)</u>	<u>(4,097)</u>	<u>(16,388)</u>
Net Depreciable Assets	<u>49,163</u>	<u>(4,097)</u>	<u>45,066</u>
Governmental Activities:			
Capital Assets, Net	<u>\$ 49,163</u>	<u>(4,097)</u>	<u>45,066</u>

K. Unearned Revenue

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

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

M. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position (Continued)

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits (Continued)**

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

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2020, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,000
GUPDA	<u>222,257</u>
	<u>\$ 472,257</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 District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

As of June 30, 2020, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents
\$ 446,973**

During the period ended June 30, 2020 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2020 was \$446,973 and the bank balance was \$472,257. Of the bank balance, \$250,000 was covered by federal depository insurance and \$222,257 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>2020-21</u> <u>Payment</u>
Capital Lease	<u>\$ 25,139</u>	<u>0</u>	<u>12,304</u>	<u>12,835</u>	<u>12,835</u>

A. Capital Leases Payable:

The District has a lease for a school bus. These capital leases are for a term of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020.

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2021	\$ 13,388
Less: Amount Representing Interest	<u>553</u>
Present Value of Net Minimum Lease Payments	<u>\$ 12,835</u>

NOTE 4: Pension Plans

The District has a shared service agreement with the City of Long Branch Board of Education. The District has no employees and therefore has no pension obligations.

NOTE 5: Risk Management

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

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

NOTE 6: Contingent Liabilities

The Board is not involved in any claims or lawsuits incidental to its operations as of June 30, 2020, and, as such, no known contingent liabilities.

NOTE 7: Fair Values of Financial Instruments

The following methods and assumptions were used by the Borough of Allenhurst School District in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 8: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 C73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30th if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$0.

Excess Surplus Calculation

2019-20 Total General Fund Expenditures Per the CAFR	<u>\$ 322,170</u>
Adjusted 2019-20 General Fund Expenditures	<u>\$ 322,170</u>
2% of Adjusted 2019-20 General Fund Expenditures	<u>\$ 6,443</u>
Minimum Allowed	\$ 250,000
Increased by: Allowable Adjustment	<u>22,482</u>
Maximum Unassigned Fund Balance	<u>\$ 272,482</u>
Total General Fund – Fund Balance @ 6-30-20	\$ 488,316
Decreased by:	
Designated for Subsequent Year's Expenditures	73,393
Other Reserves	<u>250,000</u>
Total Unassigned Fund Balance	<u>\$ 164,923</u>
Maximum Unassigned Fund Balance	<u>\$ 164,923</u>
Restricted Fund Balance – Excess Surplus	<u>\$ -0-</u>

NOTE 8: Calculation of Excess Surplus (Continued)**Recapitulation of Excess Surplus as of June 30, 2020**

Designated for Subsequent Year's Expenditures – Excess Surplus	<u>\$ 0</u>
--	-------------

Detail of Reserves

Emergency Reserve	<u>\$ 250,000</u>
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Detail of Allowable Adjustments

Extraordinary Aid	<u>\$ 22,482</u>
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NOTE 9: Fund Balance Appropriated

General Fund – Of the \$488,316 General Fund fund balance at June 30, 2020, \$73,393 has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$250,000 had been set up as an emergency reserve; \$164,923 is unreserved and undesignated.

NOTE 10: Economic Dependency

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

NOTE 11: Impact of COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Board of Education (collectively, the "Affected Entities").

The degree of any such impact to the Affected Entities' respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 192,854	-	192,854	192,854	-
Tuition - Homeless Student				14,426	14,426
Miscellaneous	1,400		1,400	8,250	6,850
Total Local Sources	<u>194,254</u>	<u>-</u>	<u>194,254</u>	<u>215,530</u>	<u>21,276</u>
State Sources:					
Categorical Security Aid	388		388	388	-
Adjustment Aid	18,850		18,850	18,850	-
Categorical Transportation Aid	19,617		19,617	19,617	-
Categorical Special Education Aid	2,702		2,702	2,702	
Extraordinary Aid				22,482	22,482
Total State Sources	<u>41,557</u>	<u>-</u>	<u>41,557</u>	<u>64,039</u>	<u>22,482</u>
Total Revenues	<u>235,811</u>	<u>-</u>	<u>235,811</u>	<u>279,569</u>	<u>43,758</u>
Expenditures:					
Current Expense:					
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	123,000	(33,653)	89,347	89,303	44
Tuition to County Voc. School - Regular	21,000	(1,100)	19,900	18,853	1,047
Tuition to Private Schools for Disabled within State	68,000	(900)	67,100	64,615	2,485
Total Undistributed Expenditures-Instruction	<u>212,000</u>	<u>(35,653)</u>	<u>176,347</u>	<u>172,771</u>	<u>3,576</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Supp. Serv. - Speech, OT PT and Related Services:					
Purchased Professional Services	16,000	37,300	53,300	51,038	2,262
Total Undistributed Expenditures - Supp. Serv. - Speech, OT PT and Related Services	<u>16,000</u>	<u>37,300</u>	<u>53,300</u>	<u>51,038</u>	<u>2,262</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Legal Services	8,000	(4,700)	3,300	116	3,184
Audit Fees	3,000		3,000	2,900	100
Communications/Telephone	900	60	960	902	58
Other Purchased Services (400-500 Series)	6,802	(2,700)	4,102	4,030	72
General Supplies	300		300		300
BOE Membership Dues and Fees	300		300	134	166
Miscellaneous Expenditures	100	100	200	174	26
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>19,402</u>	<u>(7,240)</u>	<u>12,162</u>	<u>8,256</u>	<u>3,906</u>
Undistributed Expenditures - Supp. Serv. - Central Services:					
Purchased Professional Services	20,719	-	20,719	20,719	-
Total Undistributed Expenditures - Supp. Serv. - Central Services	<u>20,719</u>	<u>-</u>	<u>20,719</u>	<u>20,719</u>	<u>-</u>
Undistributed Expenditures - Custodial Services					
Insurance	650		650	588	62
Total Undistributed Expenditures - Custodial Services	<u>650</u>	<u>-</u>	<u>650</u>	<u>588</u>	<u>62</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1

Sheet 3 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Management Fee - ESC & CTSA Trans. Program		2,000	2,000	1,551	449
Other Purchased Prof./Tech. Services	19,500		19,500	19,500	-
Cleaning, Repair and Maintenance Services	2,000	(2,000)	-	-	-
Lease Purchase of Vehicle	13,389		13,389	13,389	-
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	13,900	(10,600)	3,300	3,220	80
Contr. Serv. (Reg. Students)-ESCs & CTSA	6,700	10,600	17,300	13,359	3,941
Contr. Serv. (Special Ed.)-ESCs & CTSA	4,500	12,000	16,500	14,819	1,681
Contr. Serv. - Aid in Lieu - Non-Public Schools	1,000	(1,000)	-	-	-
Misc. Purchased Services - Transportation	4,600	(2,500)	2,100	2,087	13
Transportation Supplies	2,500	(1,700)	800	273	527
Other Objects	1,500	(1,207)	293	100	193
Total Undistributed Expenditures - Student Transportation Services	<u>69,589</u>	<u>5,593</u>	<u>75,182</u>	<u>68,298</u>	<u>6,884</u>
Undistributed Expenditures - Support Services - Workmen's Compensation	<u>500</u>		<u>500</u>	<u>500</u>	<u>-</u>
Total Undistributed Expenditures - Business and Other Support Services	<u>500</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total Undistributed Expenditures	<u>338,860</u>	<u>-</u>	<u>338,860</u>	<u>322,170</u>	<u>16,690</u>
Total Expenditures	<u>338,860</u>	<u>-</u>	<u>338,860</u>	<u>322,170</u>	<u>16,690</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	(103,049)	-	(103,049)	(42,601)	60,448
Fund Balance July 1	<u>530,917</u>		<u>530,917</u>	<u>530,917</u>	
Fund Balance June 30	<u>\$ 427,868</u>	<u>-</u>	<u>427,868</u>	<u>488,316</u>	<u>60,448</u>
Recapitulation:					
Emergency Reserve				\$ 250,000	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				73,393	
Unassigned Fund Balance				<u>164,923</u>	
				488,316	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(4,155)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 484,161</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ALLENHURST SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULENOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 279,569
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,535
State Aid Payment Recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(4,155)</u>
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 279,949</u>
<u>Uses/Outflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 322,170</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 322,170</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68) – L**

N/A

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M
N/A**

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D
N/A

SPECIAL REVENUE FUND – E
N/A

CAPITAL PROJECTS FUND – F
N/A

PROPRIETARY FUNDS – G
N/A

FIDUCIARY FUND – H
N/A

LONG-TERM DEBT – I

ALLENHURST SCHOOL DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit I-2

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2020

<u>Series</u>	<u>Interest Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2019</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2020</u>
School Bus	4.23%	\$ 61,454	\$ 25,139	12,304	12,835
			<u>\$ 25,139</u>	<u>12,304</u>	<u>12,835</u>

STATISTICAL SECTION

(Unaudited)

ALLENHURST BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

J-1

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 45,066	24,024	16,325	7,598	35,954	41,947	47,940	53,933	59,926	65,919
Restricted	323,393	353,049	289,902	288,674	253,405	265,369	323,369	352,508	353,399	355,101
Unrestricted	147,518	172,520	245,359	203,091	165,724	111,019	(2,691)	18,610	58,468	76,712
Total Governmental Activities	<u>\$ 515,977</u>	<u>549,593</u>	<u>551,586</u>	<u>499,363</u>	<u>455,083</u>	<u>418,335</u>	<u>368,618</u>	<u>425,051</u>	<u>471,793</u>	<u>497,732</u>

ALLENHURST BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

J-2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:										
Governmental Activities	\$ 313,565	249,977	191,071	160,409	218,234	205,456	145,576	135,245	117,842	136,629
Program Revenues:										
Governmental Activities	-	-	-	-	-	-	-	-	-	8,642
Net (Expense):										
Governmental Activities	(313,565)	(249,977)	(191,071)	(160,409)	(218,234)	(205,456)	(145,576)	(135,245)	(117,842)	(127,987)
General Revenues and Other Changes in Net Position:										
Governmental Activities	279,949	247,984	243,294	240,643	254,982	255,173	89,143	88,503	91,543	74,858
Change in Net Position:										
Governmental Activities	<u>\$ (33,616)</u>	<u>(1,993)</u>	<u>52,223</u>	<u>80,234</u>	<u>36,748</u>	<u>49,717</u>	<u>(56,433)</u>	<u>(46,742)</u>	<u>(26,299)</u>	<u>(53,129)</u>

ALLENHURST BOARD OF EDUCATION
FUND BALANCES, GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

J-3

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:										
Reserved	\$ 323,393	353,049	289,902	288,674	253,405	265,369	323,369	352,508	353,399	355,101
Unreserved	<u>160,768</u>	<u>173,333</u>	<u>246,553</u>	<u>207,885</u>	<u>165,724</u>	<u>111,019</u>	<u>(2,691)</u>	<u>18,610</u>	<u>58,468</u>	<u>76,712</u>
Total General Fund	<u>\$ 484,161</u>	<u>526,382</u>	<u>536,455</u>	<u>496,559</u>	<u>419,129</u>	<u>376,388</u>	<u>320,678</u>	<u>371,118</u>	<u>411,867</u>	<u>431,813</u>

ALLENHURST BOARD OF EDUCATION
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS
UNAUDITED

J-4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:										
Local Tax Levy	\$ 192,854	192,854	192,854	189,073	189,073	189,073	38,307	37,556	36,820	24,065
Other Local Revenue	22,676	8,290	2,129	2,894	16,645	16,263	1,538	1,710	2,273	12,116
State & Federal Revenue	64,039	46,840	48,311	48,691	49,264	49,837	49,298	49,237	52,450	47,319
Total Revenues	<u>279,569</u>	<u>247,984</u>	<u>243,294</u>	<u>240,658</u>	<u>254,982</u>	<u>255,173</u>	<u>89,143</u>	<u>88,503</u>	<u>91,543</u>	<u>83,500</u>
Expenditures:										
Instruction:										
Special										
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undistributed:										
Instruction	172,771	147,383	98,440	62,568	104,540	96,900	59,100	49,700	39,268	46,636
General Administration	59,294	9,237	20,481	21,472	20,256	9,730	7,740	7,829	10,194	10,935
Central Services	20,719	20,178	19,595	17,373	16,805	16,252	15,819	15,399	14,789	15,349
Operations and Maintenance	588	588	-	-	-	620	620	500	500	500
Student Transportation	68,298	80,171	59,588	66,094	70,140	75,461	55,804	55,324	44,277	56,716
Business and Other Support Services	500	500	500	500	500	500	500	500	2,461	500
Reimbursed TPAF Social Security Contr.										
Total Undistributed	<u>322,170</u>	<u>258,057</u>	<u>198,604</u>	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>
Capital Outlay										
Total General Fund Expenditures	<u>322,170</u>	<u>258,057</u>	<u>198,604</u>	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>
Special Revenue:										
State										
Total Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Fund Expenditures	<u>322,170</u>	<u>258,057</u>	<u>198,604</u>	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>
Net Change in Fund Balance	<u>\$ (42,601)</u>	<u>(10,073)</u>	<u>44,690</u>	<u>72,651</u>	<u>42,741</u>	<u>55,710</u>	<u>(50,440)</u>	<u>(40,749)</u>	<u>(19,946)</u>	<u>(47,136)</u>

Source: District Records

ALLENHURST SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
UNAUDITED

J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Totals</u>
2011	\$ 3,474		8,642		12,116
2012	2,212			61	2,273
2013	1,710				1,710
2014	1,461			77	1,538
2015	1,363	14,900			16,263
2016	1,645	15,000			16,645
2017	1,894	-		1,000	2,894
2018	2,129	-		-	2,129
2019	8,290	-		-	8,290
2020	8,250	-	14,426	-	22,676

Source: District Records.

ALLENHURST SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

J-6

<u>Year Ended</u> <u>December 31,</u>	<u>Net Assessed</u> <u>Valuations</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed to</u> <u>Estimated Full</u> <u>Cash Valuations</u>
2010	\$ 587,876,291	592,736,732	99.18%
2011	585,310,403	661,966,074	88.42%
2012	599,655,561	615,726,010	97.39%
2013	579,549,173	515,017,482	112.53%
2014	454,972,286	504,012,724	90.27%
2015	447,664,342	504,637,969	88.71%
2016	501,316,284	584,966,492	85.70%
2017	543,443,852	566,500,419	95.93%
2018	578,721,189	611,950,078	94.57%
2019	607,488,924	638,118,618	95.20%

Source: Monmouth County.

ALLENHURST SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
UNAUDITED

J-7

<u>Assessment Year</u>	<u>Allenhurst School District</u>	<u>Municipal</u>	<u>Monmouth County</u>	<u>Total</u>
2010	\$ 0.010	0.370	0.270	0.650
2011	0.005	0.379	0.318	0.702
2012	0.006	0.381	0.298	0.685
2013	0.007	0.390	0.270	0.667
2014	0.009	0.503	0.338	0.850
2015	0.059	0.516	0.347	0.922
2016	0.038	0.461	0.333	0.832
2017	0.035	0.441	0.302	0.778
2018	0.034	0.451	0.311	0.796
2019	0.032	0.453	0.310	0.795

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED

J-8

<u>Taxpayer</u>	<u>Assessed Valuation 2019</u>	<u>As a % of District's Net Assessed Valuation</u>
Individual Taxpayer #1	\$ 5,371,900	0.93%
Individual Taxpayer #2	5,174,700	0.89%
Individual Taxpayer #3	4,985,100	0.86%
Individual Taxpayer #4	4,968,300	0.86%
Individual Taxpayer #5	4,864,800	0.84%
Individual Taxpayer #6	4,829,400	0.83%
Individual Taxpayer #7	4,724,700	0.82%
Individual Taxpayer #8	4,696,700	0.81%
Individual Taxpayer #9	4,599,800	0.79%
Individual Taxpayer #10	4,591,000	0.79%
	<u>\$ 48,806,400</u>	<u>8.43%</u>

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
UNAUDITED

J-9

<u>Year Ended</u> <u>December 31,</u>	<u>Total Tax</u> <u>Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percent</u> <u>of Tax</u> <u>Levy</u> <u>Collected</u>
2010	\$ 3,828,298	3,786,643	98.91%
2011	4,110,937	4,055,347	98.65%
2012	4,009,910	3,977,299	99.19%
2013	3,873,319	3,780,541	97.60%
2014	3,867,264	3,848,831	99.52%
2015	4,133,606	4,102,707	99.25%
2016	4,188,004	4,118,962	98.35%
2017	4,237,210	4,219,821	99.59%
2018	4,627,503	4,584,910	99.08%
2019	4,834,790	4,805,852	99.40%

Source: Municipal Tax Collector.

ALLENHURST BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

J-10

<u>Fiscal Year Ending</u>	<u>Capital Leases</u>	<u>Total Debt</u>
2017	\$ 48,065	48,065
2018	36,935	36,935
2019	25,139	25,139
2020	12,835	12,835

Not Applicable - 2016 thru 2011

ALLENHURST BOARD OF EDUCATION
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
UNAUDITED

J-11

<u>Fiscal Year Ending</u>	<u>Total Debt</u>	<u>Population</u>	<u>Net Bonded Debt Per Capita</u>
2017	\$ 48,065	486	\$ 98.90
2018	36,935	485	76.15
2019	25,139	485	51.83
2020	12,835	485	26.46

Not Applicable - 2016 thru 2011

ALLENHURST SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED

J-12

Net Direct Debt of School District as of December 31, 2019		\$ 12,835
Net Overlapping Debt of School District:		
Borough of Allenhurst (100%)	6,543,439	
County of Monmouth - Borough's Share (.5%)	<u>2,425,590</u>	
		<u>8,969,029</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2019		<u>\$ 8,981,864</u>

**Source: District Records, County Records and
Municipal Records.**

ALLENHURST BOARD OF EDUCATION
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
UNAUDITED

	<u>Year</u>	<u>Equalized Valuation Basis</u>								
	2019	\$ 758,983,502								
	2018	613,514,458								
	2017	610,659,290								
		<u>\$ 1,983,157,250</u>								
 Average Equalized Valuation of Taxable Property		 <u>\$ 677,812,734</u>								
 School Borrowing Margin (3% of \$677,812,734)		 \$ 20,334,382								
 Net Bonded School Debt as of June 30, 2020		 <u>12,835</u>								
 School Borrowing Margin Available		 <u>\$ 20,321,547</u>								
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 20,334,382	17,881,178	17,573,280	16,510,846	17,588,181	17,588,181	17,588,181	17,812,779	18,550,598	18,052,689
Net Debt	<u>12,835</u>	<u>25,139</u>	<u>36,935</u>	<u>48,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 20,321,547</u>	<u>17,856,039</u>	<u>17,536,345</u>	<u>16,462,781</u>	<u>17,588,181</u>	<u>17,588,181</u>	<u>17,588,181</u>	<u>17,812,779</u>	<u>18,550,598</u>	<u>18,052,689</u>

Source: State of New Jersey, Department of Taxation.

ALLENHURST BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

<u>Year Ended December 31,</u>	<u>Allenhurst Unemployment Rate</u>	<u>Allenhurst Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2010	5.4%	\$ 28,581,300	\$ 57,740	495
2011	5.4%	30,090,555	60,789	495
2012	5.7%	31,197,375	63,025	495
2013	7.6%	31,471,258	63,707	494
2014	4.4%	33,065,017	67,069	493
2015	4.0%	34,483,421	70,231	491
2016	2.0%	35,112,528	72,248	486
2017	2.7%	36,566,575	75,395	485
2018	2.1%	38,789,330	79,978	485
2019	2.0%	Unavailable	Unavailable	483

**Source: Bureau of Labor Statistics, United States Department of Commerce and
State Data Center**

(a) Personal Income has been estimated based upon the municipal population and per capita income presented

ALLENHURST BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

J-15

2020

DATA NOT AVAILABLE

2011

DATA NOT AVAILABLE

ALLENHURST BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

	*	*	*	*	*	*	*	*	*	*	J-16
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
<u>Function/Program</u>											
Instruction											
Regular	-	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-	-
Support Services											
Student & instruction related services	-	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-	-
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

Source: District Personnel Records

* - Allenhurst Board of Education entered into a shared services agreement with the City of Long Branch Board of Education

ALLENHURST BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
PUPIL/TEACHER RATIO
UNAUDITED

J-17

Not Applicable - Allenhurst is a non-operating District

ALLENHURST BOARD OF EDUCATION
BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

J-18

Not Applicable - Allenhurst does not own a building

ALLENHURST BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

Not Applicable - Allenhurst does not own a building

ALLENHURST SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

J-20

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive General Liability - N.J. School Boards Assoc.		
Insurance Group		
Property	\$ 300,000,000	
Electronic Data Processing	38,500	
Equipment	100,000,000	
General Liability	6,000,000	
Automobile	6,000,000	
 School Leaders Errors & Omissions - N.J.School Boards Assoc.		
Insurance Group		
Directors and Officers Policy	3,000,000	5,000
 Worker's Compensation - N.J. School Boards Assoc.	2,000,000	
 Treasurer of School Monies Surety Bond - N.J. School Boards Assoc.	100,000	-0-

Source: District Records.

REPORT ON INTERNAL CONTROL

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

K-1

Honorable President and Members
of the Board of Education
Allenhurst School District
County of Monmouth
Allenhurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allenhurst Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Allenhurst Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Allenhurst Board of Education, County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allenhurst Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Allenhurst Board of Education, County of Monmouth, State of New Jersey'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

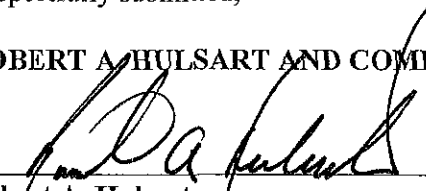
As part of obtaining reasonable assurance about whether the Allenhurst Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements,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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



 Robert A. Hulsart
 Licensed Public School Accountant
 No. 322
 Robert A. Hulsart and Company
 Wall Township, New Jersey

November 16, 2020

SCHEDULE OF FINANCIAL ASSISTANCE

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Schedule A
K-3

Not Applicable - No Federal Awards

See Accompanying Notes to Schedules of Financial Assistance.

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grant or Department of Education Project/Title	State Grant Number	Award Amount	Grant Period	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Balance at June 30, 2020			MEMO		
				Deferred Income (Accts Rec.)	Due to Grantor	Carryover (Walk-Over) Amount			Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Transportation Aid	20-495-034-5120-014	\$ 19,617	7/1/2019 6/30/2020	\$ -			19,617	(19,617)				*	(1,961)	19,617
Security Aid	20-495-034-5120-084	388	7/1/2019 6/30/2020				388	(388)				*	(39)	388
Adjustment Aid	20-495-034-5120-085	18,850	7/1/2019 6/30/2020				18,850	(18,850)				*	(1,885)	18,850
Special Education Aid	20-495-034-5120-089	2,702	7/1/2019 6/30/2020				2,702	(2,702)				*	(270)	2,702
Extraordinary Aid	20-495-034-5120-044	22,482	7/1/2019 6/30/2020				22,482	(22,482)	(22,482)			*		22,482
Non-Public Transportation Aid	19-495-034-5120-014	1,316	7/1/2018 6/30/2019	(1,316)			1,316					*		
Total General Fund				<u>(1,316)</u>	<u>-</u>	<u>-</u>	<u>65,355</u>	<u>(64,039)</u>	<u>(22,482)</u>	<u>-</u>	<u>-</u>		<u>(4,155)</u>	<u>64,039</u>
Total State Financial Awards				<u>\$ (1,316)</u>	<u>-</u>	<u>-</u>	<u>65,355</u>	<u>(64,039)</u>	<u>(22,482)</u>	<u>-</u>	<u>-</u>		<u>(4,155)</u>	<u>64,039</u>
Less on Behalf Pension System Contributions								<u>-</u>						
Total for State Financial Assistance Major Program Determination								<u>\$ (64,039)</u>						

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

ALLENHURST SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2020****NOTE 1: General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Allenhurst School District. The Board of Education is defined in Note 1 to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of program recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in the Note 1 to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$380 for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>
<u>State Assistance</u>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 64,039
 The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	 <u>380</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	 <u>\$ 64,419</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

Description

(A) Type of auditor's report issued on financial statements

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

 Yes x No

2) Significant deficiencies identified that are not considered to be material weaknesses?

 Yes x None Reported

Noncompliance material to basic financial statements noted?

 Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part II - Schedule of Financial Statement Findings

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

There are none.

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*Part III - Schedule of Federal Awards and State Financial Assistance
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 Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

ALLENHURST SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.