

**SCHOOL DISTRICT**

**OF**

**VILLAGE OF LOCH ARBOUR**

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**LOCH ARBOUR, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**

**LOCH ARBOUR, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**PREPARED BY**

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1.
Roster of Officials	2.
Consultants and Advisors	3.
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	4 to 6.
<b>Required Supplementary Information – Part I</b> Management's Discussion and Analysis	7 to 12.
<b><u>Basic Financial Statements</u></b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	13.
A-2 Statement of Activities	14.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	15.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	16.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17.
Proprietary Funds:	
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
B-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to Financial Statements	18 to 28.

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	29 to 31.
C-1b Budgetary Comparison Schedule – General Fund Education Jobs Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	N/A
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation – Note to RSI	32.
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	N/A
L-2 Schedule of District Contributions – PERS	N/A
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	N/A
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of the District’s Proportionate Share of the Net OPEB Liability	N/A
<b>Other Supplementary Information</b>	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	N/A
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance	N/A
F-1a Summary Schedule of Revenues, Expenditures, Project Balance, And Project Status	N/A
F-1b Schedule of Project Revenues and Expenditures	N/A
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
H-4a Summer Payroll – Schedule of Receipts and Disbursements	N/A

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-1a Schedule of Loans Payable	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component	33.
J-2 Changes in Net Position	34.
J-3 Fund Balances – Governmental Funds	35.
J-4 Changes in Fund Balances – Governmental Funds	36.
J-5 General Fund Other Local Revenue by Source	37.

**Revenue Capacity**

J-6 Assessed Value and Estimated Actual Value of Taxable Property	38.
J-7 Direct and Overlapping Property Tax Rates	39.
J-8 Principal Property Taxpayers*	40.
J-9 Property Tax Levies and Collections	41.

**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type	42.
J-11 Ratios of General Bonded Debt Outstanding	42.
J-12 Direct and Overlapping Governmental Activities Debt	43.
J-13 Legal Debt Margin Information	44.

**Demographic and Economic Information**

J-14 Demographic and Economic Statistics	45.
J-15 Principal Employers	46.

**Operating Information**

J-16 Full-time Equivalent District Employees by Function/Program	47.
J-17 Operating Statistics	48.
J-18 School Building Information	48.
J-19 Schedule of Required Maintenance Expenditures by School Facility	48.
J-20 Insurance Schedule	49.

\*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT SECTION**

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50 & 51.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	52.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	53.
K-5	Notes to Schedules of Awards and Financial Assistance	54 & 55.
K-6	Schedule of Findings and Questioned Costs	56 to 58.
K-7	Summary Schedule of Prior Audit Findings	59.

## **INTRODUCTORY SECTION**



Loch Arbour Board of Education  
% Deal Board of Education  
201 Roseld Ave  
Deal, NJ 07723

Phone 732-531-0410

Fax (732) 531-1908

Honorable President and  
Members of the Board of Education  
Loch Arbour School District  
County of Monmouth

Dear Board Members:

The comprehensive annual financial report of the Loch Arbour 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 Loch Arbour 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 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 district has a sending relationship with West Long Branch School District and Shore Regional High School District.

During the 2019/2020 school year, the Loch Arbour Board of Education consisted of a five member Board of Education. The expenses of the district are managed by strict quality control methods, to ensure compliance with applicable laws and regulations according to GAAP. Revenues and expenditures are monitored to review cost analysis on appropriations approved by the voters of the community.

Sincerely,

*Pia Lordi*

Pia Lordi  
Business Administrator/  
Board Secretary

## LOCH ARBOUR BOARD OF EDUCATION

## ROSTER OF OFFICIALS

JUNE 30, 2020

Robert Fericola - President	2020
Maureen Sherlock - Vice President	2020
Margaret Baldwin	2022
Martin Januario	2022
Abigail Collins	2021

Pia Lordi - School Business Administrator

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION****CONSULTANTS AND ADVISORS****Audit Firm**

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
P.O. Box 1409  
Wall, NJ 07719

**Attorney**

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 07090

**Official Depository**

TD Bank  
Warren Avenue  
Spring Lake Heights, NJ 07762

**Insurers**

N.J. School Boards Association Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016

CBIZ Insurance Group  
291 South Street  
New Providence, NJ 07974

**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.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 881-4990

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Village of Loch Arbour School District  
County of Monmouth  
Loch Arbour, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Village of Loch Arbour 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Village of Loch Arbour 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 as listed in the table of contents 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, long-term debt schedules, 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, long-term debt schedules, 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, long-term debt schedules, 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.

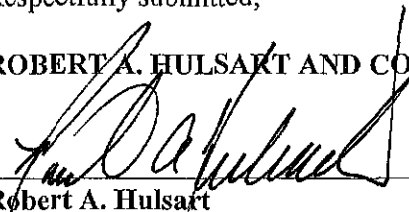
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 1, 2020 on our consideration of the Village of Loch Arbour'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 Village of Loch Arbour 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 1, 2020

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**



**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The discussion and analysis of Village of Loch Arbour 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 \$513,932 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$311,999.
- The School District had \$201,933 in expenses. General revenues (primarily property taxes) of \$513,932 were adequate to provide for these programs.
- The General Fund had \$513,932 in revenues and \$201,933 in expenditures. The General Fund's balance increased \$311,999.

**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 Village of Loch Arbour 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 Village of Loch Arbour School District, the General Fund is the only fund.

## **Using this Comprehensive Annual Financial Report (CAFR) – (Continued)**

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 those assets. This change in net position 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 Exhibit A-1. 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.

## Reporting the School District's Most Significant Funds - Continued

### 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>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 948,871	636,872
Total Assets	\$ 948,871	636,872
<b><u>Liabilities</u></b>		
<b><u>Net Position</u></b>		
Restricted	\$ 689,486	377,422
Unrestricted	<u>259,385</u>	<u>259,450</u>
Total Net Position	\$ 948,871	636,872

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>
<b><u>Revenues</u></b>		
General Revenues		
Property Taxes	\$ 499,944	592,522
Miscellaneous	4	
Grants and Entitlements	<u>13,984</u>	<u>13,394</u>
Total Revenues	<u>513,932</u>	<u>605,916</u>
<b><u>Program Expenses</u></b>		
Support Services:		
Tuition	136,845	156,217
General Administration	21,711	89,224
Pupil Transportation	37,371	36,082
Other	<u>6,006</u>	<u>4,022</u>
Total Expenses	<u>201,933</u>	<u>285,545</u>
Increase/(Decrease) in Net Position	<u>\$ 311,999</u>	<u>320,371</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 97% percent of revenues for governmental activities for the Village of Loch Arbour Public School District for fiscal year 2020. The District's total revenues were \$513,932 for the fiscal year ended June 30, 2020. State Aid accounted for another 3%.

### **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 Village of Loch Arbour'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.

### **The School Board' Funds – (Continued)**

As the School Board completed the fiscal year ended June 30, 2020, it reported a combined net position balance of \$948,871. The Reconciliation of the Statement of Revenues, 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 activities.

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.

### **Capital Assets**

At June 30, 2020, the School District had no capital assets.

### **Debt Administration**

At June 30, 2020, the School District had no outstanding debt.

### **Economic Factors and Next Year's Budget**

The Borough of Village of Loch Arbour 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.

The \$259,385 is unrestricted net position for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$259,385.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Village of Loch Arbour School District has committed itself to financial excellence. 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 Ms. Pia Lordi, School Business Administrator/Board Secretary at Village of Loch Arbour Board of Education, P.O. Box 569, Village of Loch Arbour, NJ 07719.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**



**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2020**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Cash-Unrestricted	\$ 201,509	201,509
Cash-Restricted	737,553	737,553
Receivables, Net	<u>9,809</u>	<u>9,809</u>
Total Assets	<u>\$ 948,871</u>	<u>948,871</u>
 <b><u>Net Position</u></b>		
Restricted For:		
Other Purposes	\$ 689,486	689,486
Unrestricted	<u>259,385</u>	<u>259,385</u>
Total Net Position	<u>\$ 948,871</u>	<u>948,871</u>

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

STATEMENT OF ACTIVITIES

JUNE 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Support Services:						
Tuition	\$ 136,845			(136,845)		(136,845)
Support Services	6,006			(6,006)		(6,006)
General and Business Administrative Services	21,711			(21,711)		(21,711)
Pupil Transportation	37,371			(37,371)		(37,371)
Total Government Activities	<u>201,933</u>	<u>-</u>	<u>-</u>	<u>(201,933)</u>	<u>-</u>	<u>(201,933)</u>
Total Primary Government	<u>201,933</u>	<u>-</u>	<u>-</u>	<u>(201,933)</u>	<u>-</u>	<u>(201,933)</u>
General Revenues and Transfers						
Taxes:						
Property Taxes, Levied for General Purpose, Net				499,944		499,944
Miscellaneous				4		4
Federal and State Aid Not Restricted				13,984		13,984
Total General Revenues and Transfers				<u>513,932</u>	<u>-</u>	<u>513,932</u>
Change in Net Position				311,999	-	311,999
Net Position - Beginning				<u>636,872</u>		<u>636,872</u>
Net Position - Ending				<u>\$ 948,871</u>	<u>-</u>	<u>948,871</u>

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

**FUND FINANCIAL STATEMENTS – B**

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents-Unrestricted	\$ 201,509	201,509
Cash and Cash Equivalents-Restricted	737,553	737,553
Receivables from Other Governments	9,809	9,809
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 948,871</u>	<u>948,871</u>
 <b><u>Fund Balances</u></b>		
Restricted To:		
Assigned Balances:		
Designated for Legal Reserve	\$ 150,000	150,000
Designated for Subsequent Years Expenditures	228,472	228,472
Excess Surplus Designated for Subsequent Years Expenditures	68,627	68,627
Excess Surplus	242,387	242,387
Unassigned:		
General Fund	259,385	259,385
Total Fund Balances	<u>948,871</u>	<u>948,871</u>
Total Liabilities and Fund Balances	<u>\$ 948,871</u>	<u>948,871</u>
Net Position of Governmental Activities		<u>\$ 948,871</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2020**

	<b><u>General Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Revenues:		
Local Sources:		
Local Tax Levy	\$ 499,944	499,944
Miscellaneous	4	4
Total Local Sources	<u>499,948</u>	<u>499,948</u>
State Sources	<u>13,984</u>	<u>13,984</u>
Total Revenues	<u>513,932</u>	<u>513,932</u>
Expenditures:		
Support Services and Undistributed Costs:		
Tuition	136,845	136,845
Support Services	6,006	6,006
Pupil Transportation	21,711	21,711
General Administrative Services	<u>37,371</u>	<u>37,371</u>
Total Expenditures	<u>201,933</u>	<u>201,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>311,999</u>	<u>311,999</u>
Net Change in Fund Balances	311,999	311,999
Fund Balance - July 1	<u>636,872</u>	<u>636,872</u>
Fund Balance - June 30	<u>\$ 948,871</u>	<u>948,871</u>

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ 311,999</u>
Change in Net Position of Governmental Activities	<u><u>\$ 311,999</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**VILLAGE OF LOCH ARBOUR 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 Village of Loch Arbour 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 Village of Loch Arbour 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 Village of Loch Arbour School District has no School.

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.

**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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**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 Village of Loch Arbour is a sending District only and has no fixed assets as of June 30, 2020.

**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. The general fund reserve for restricted purposes includes net assets relating to capital reserve.

**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.

*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.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**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.

***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%.

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.

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

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

FDIC	\$ 250,000
GUPDA	<u>719,986</u>
	<u>\$ 969,986</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**  
\$ 939,062

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 \$939,062 and the bank balance was \$969,986. Of the bank balance, \$250,000 was covered by federal depository insurance and \$719,986 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**NOTE 3: Pension Plans**

The Village of Loch Arbour School District does not have any employees, it operates through a shared service agreement with the Belmar Board of Education, and therefore, no pensionable employees exist. The shared service agreement is with the Deal Board of Education for 2020-2021.



**NOTE 4: Contingent Liabilities**

It is the opinion of the Board that there is no litigation threatened or pending that would materially affect the financial position of the School District.

Negligence and other types of liability suits of which the Board is aware appear to be within the stated policy limits and would be deferred by the respective carriers.

**NOTE 5: Equity Balance**

At June 30, 2020 the General Fund equity balance was as follows:

Excess Surplus	\$ 242,387
Designated For Legal Reserve	150,000
Designated For Subsequent Years Expenditures	228,472
Excess Surplus - Designated for Subsequent Years Expenditures	68,627
Unrestricted	<u>259,809</u>
	<u>\$ 949,295</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A: 7F-7, which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding budget. Village of Loch Arbour Board of Education had \$242,387 at June 30, 2020.

**2% Calculation of Excess Surplus**

2019-2020 Total General Fund Expenditures Per the CAFR	<u>\$ 201,933</u>
Adjusted 2019-2020 General Fund Expenditures	<u>\$ 201,933</u>
2% of Adjusted 2019-2020 General Fund Expenditures	<u>\$ 201,933</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>9,809</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 259,809</u>

**Section 2**

Total General Fund – Fund Balance @ June 30, 2020	\$ 949,295
Decreased by:	
Designated for Subsequent Years Expenditures – Excess Surplus	(68,627)
Excess Surplus – Current Year	(242,387)
Designated for Subsequent Years Expenditures	(228,472)
Allowable Adjusted Retainable Balance	<u>(150,000)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 259,809</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 242,387</u>

**NOTE 5: Equity Balance (Continued)****Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Years Expenditures	\$ 68,627
Excess Surplus	<u>242,387</u>
	<u>\$ 311,014</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 9,809</u>
-------------------	-----------------

**Detail of Other Reserved Fund Balance**

Legal Reserve	<u>\$ 150,000</u>
---------------	-------------------

Unrestricted is surplus not previously committed or reserved for any other purpose.

**NOTE 6: 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**

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 1 of 3

**GENERAL FUND**

**JUNE 30, 2020**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 499,944		499,944	499,944	-
Miscellaneous				4	4
Total Local Sources	<u>499,944</u>	<u>-</u>	<u>499,944</u>	<u>499,948</u>	<u>4</u>
State Sources:					
Transportation Aid	3,956		3,956	3,956	
Security Aid	248		248	248	
Extraordinary Aid				9,809	9,809
Total State Sources	<u>4,204</u>	<u>-</u>	<u>4,204</u>	<u>14,013</u>	<u>9,809</u>
Total Revenues	<u>504,148</u>	<u>-</u>	<u>504,148</u>	<u>513,961</u>	<u>9,813</u>
Expenditures:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA - Regular		10,000	10,000	9,561	439
Tuition to other Leas within the State	21,425		21,425		21,425
Tuition to County Vocational	13,230		13,230	6,615	6,615
Tuition to County Vocational-Special Education		6,000	6,000	5,725	275
Tuition - Private School For Disabled	213,611	(16,000)	197,611	114,944	82,667
Total Undistributed Expenditures - Instruction	<u>248,266</u>	<u>-</u>	<u>248,266</u>	<u>136,845</u>	<u>111,421</u>
Support Services-Speech					
Purchased Professional Education	6,500	1,926	8,426	6,006	2,420

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**Exhibit C-1  
Sheet 2 of 3**

**GENERAL FUND**

**JUNE 30, 2020**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Support Services - General Administration:					
Legal Services	225,000		225,000	33	224,967
Purchased Professional Services	4,250		4,250		4,250
Other Purchased Services	45,500	5,000	50,500	18,438	32,062
Total Support Services - General Administration	<u>274,750</u>	<u>5,000</u>	<u>279,750</u>	<u>18,471</u>	<u>261,279</u>
Support Services - Central Services:					
Purchased Professional Services	20,000		20,000	18,900	1,100
Purchased Technical Services	3,500		3,500		3,500
Total Support Services - Central Services	<u>23,500</u>	<u>-</u>	<u>23,500</u>	<u>18,900</u>	<u>4,600</u>
Student Transportation Services:					
Contracted Services - Regular Students - ESCs	39,000		39,000	2,972	36,028
Contracted Services - Special Education - ESCs	45,000		45,000	10,549	34,451
Contracted Services - Aid in Lieu	19,000		19,000	8,190	10,810
Total Student Transportation Services	<u>103,000</u>	<u>-</u>	<u>103,000</u>	<u>21,711</u>	<u>81,289</u>
Total Expenditures	<u>656,016</u>	<u>6,926</u>	<u>662,942</u>	<u>201,933</u>	<u>461,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(151,868)</u>	<u>(6,926)</u>	<u>(158,794)</u>	<u>312,028</u>	<u>470,822</u>

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 3 of 3

**GENERAL FUND**

**JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance July 1	<u>637,267</u>	<u>-</u>	<u>637,267</u>	<u>637,267</u>	<u>-</u>
Fund Balance June 30	<u>\$ 485,399</u>	<u>(6,926)</u>	<u>478,473</u>	<u>949,295</u>	<u>470,822</u>
Recapitulation:					
Assigned Fund Balances:					
Designated for Legal Reserve				\$ 150,000	
Excess Surplus				242,387	
Excess Surplus Designated for Subsequent Years Expenditures				68,627	
Designated for Subsequent Years Expenditures				228,472	
Unassigned Fund Balance				<u>259,809</u>	
				949,295	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(424)</u>	
Fund Balance Government Funds (GAAP)				<u>\$ 948,871</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



VILLAGE OF LOCH ARBOUR SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
<b><u>Sources/Inflows of Resources</u></b>	
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 513,961
Difference - budget to GAAP:	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	395
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(424)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 513,932</u>
<b><u>Uses/Outflows of Resources</u></b>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 201,933</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 201,933</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**

**N/A**

**STATISTICAL SECTION**

**(Unaudited)**

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-1

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities:			
Restricted	\$ 689,486	377,422	114,632
Unrestricted	<u>259,385</u>	<u>259,450</u>	<u>201,869</u>
Total Governmental Activities	<u>\$ 948,871</u>	<u>636,872</u>	<u>316,501</u>

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-2

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses:			
Governmental Activities	<u>\$ 201,933</u>	<u>285,545</u>	<u>383,450</u>
Net (Expense):			
Governmental Activities	201,933	285,545	383,450
General Revenues and Other Changes in Net Position:			
Governmental Activities	<u>513,932</u>	<u>605,916</u>	<u>699,951</u>
Change in Net Position:			
Governmental Activities	<u><u>\$ 311,999</u></u>	<u><u>320,371</u></u>	<u><u>316,501</u></u>

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**FUND BALANCES, GOVERNMENT FUNDS**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-3

	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:			
Reserved	\$ 689,486	377,422	114,632
Unreserved	<u>259,385</u>	<u>259,450</u>	<u>201,869</u>
Total General Fund	<u>\$ 948,871</u>	<u>636,872</u>	<u>316,501</u>

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**      **J-4**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Revenues:</u></b>			
Tax Levy	\$ 499,944	592,522	692,522
Miscellaneous	4		
State Aid	14,013	13,394	7,429
Total Revenues	<u>513,961</u>	<u>605,916</u>	<u>699,951</u>
<b><u>Expenditures:</u></b>			
Undistributed:			
Tuition	136,845	156,217	142,266
Support Services	6,006	22,951	15,422
Pupil Transportation	21,711	36,082	26,309
General Administrative Services	37,371	70,295	199,453
Total Undistributed	<u>201,933</u>	<u>285,545</u>	<u>383,450</u>
Total Governmental Fund Expenditures	<u>201,933</u>	<u>285,545</u>	<u>383,450</u>
Net Change in Fund Balance	<u>\$ 312,028</u>	<u>320,371</u>	<u>316,501</u>



**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-5

<u>Year Ended</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2018	\$ -	-	-
2019	-	-	-
2020	-	4	4

The District had no Miscellaneous Revenue in 2017/2018 and 2018/2019.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST THREE YEARS**  
**UNAUDITED**

J-6

<b><u>Year Ended</u></b> <b><u>December 31,</u></b>	<b><u>Net Assessed</u></b> <b><u>Valuations</u></b>	<b><u>Estimated</u></b> <b><u>Full Cash</u></b> <b><u>Valuations</u></b>	<b><u>Percentage of</u></b> <b><u>Net Assessed to</u></b> <b><u>Estimated Full</u></b> <b><u>Cash Valuations</u></b>
2017	\$ 157,245,092	144,460,351	108.85%
2018	158,714,153	172,022,851	101.88%
2019	161,767,298	178,350,833	108.56%

Source: Monmouth County.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST THREE YEARS**  
**UNAUDITED**

J-7

<b><u>Assessment Year</u></b>	<b><u>School District</u></b>	<b><u>Municipal</u></b>	<b><u>Monmouth County</u></b>	<b><u>Total</u></b>
2017	\$ 0.777	0.116	0.221	1.114
2018	0.374	0.367	0.275	1.016
2019	0.306	0.354	0.262	0.922

Source: Municipal Tax Assessor.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**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>
Taxpayer #1	\$ 4,666,500	2.88%
Taxpayer #2	4,447,700	2.75%
Taxpayer #3	3,746,700	2.32%
Taxpayer #4	3,567,800	2.21%
Taxpayer #5	3,469,700	2.14%
Taxpayer #6	3,361,400	2.08%
Taxpayer #7	3,242,600	2.00%
Taxpayer #8	3,086,700	1.91%
Taxpayer #9	2,921,100	1.81%
Taxpayer #10	2,866,000	1.77%
	<u>\$ 35,376,200</u>	<u>21.87%</u>

Source: Municipal Tax Assessor.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST THREE YEARS**  
**UNAUDITED**

J-9

<b><u>Year Ended</u></b> <b><u>December 31,</u></b>	<b><u>Total Tax</u></b> <b><u>Levy</u></b>	<b><u>Current Tax</u></b> <b><u>Collections</u></b>	<b><u>Percent</u></b> <b><u>of Tax</u></b> <b><u>Levy</u></b> <b><u>Collected</u></b>
2017	\$ 2,412,531	2,351,116	97.45%
2018	1,760,774	1,746,304	99.18%
2019	1,615,949	1,577,133	97.60%

Source: Municipal Tax Collector.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-10

Not Applicable - Village of Loch Arbour has not issued any debt during the last ten fiscal years

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

J-11

Not Applicable - Village of Loch Arbour has not issued any debt during the last ten fiscal years

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**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		\$ -
Net Overlapping Debt of School District:		
Village of Loch Arbour (100%)	1,421,261	
County of Monmouth - Borough's Share (.13%)	<u>665,804</u>	
		<u>2,087,065</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2019		<u><u>\$ 2,087,065</u></u>

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

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**COMPUTATION OF LEGAL MARGIN**  
**FOR FISCAL YEAR ENDED JUNE 30, 2020**

J-13

<u>Year</u>	<u>Equalized Balance</u>
2017	\$ 157,245,092
2018	158,395,265
2019	<u>161,209,874</u>
	<u>\$ 476,850,231</u>
Average Equalized Valuation of Taxable Property	<u>\$ 158,950,077</u>
School Borrowing Margin (4% of \$158,950,077)	\$ 6,358,003
Net Bonded School Debt as of June 30, 2020	<u>-</u>
School Borrowing Margin Available	<u>\$ 6,358,003</u>



**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**DEMOGRAPHIC STATISTICS**  
**LAST THREE YEARS**  
**UNAUDITED**

<u>Year Ended</u> <u>December 31</u>	<u>School District</u> <u>Population **</u>	<u>Personal</u> <u>Income</u>	<u>Per Capita</u> <u>Income*</u>	<u>Unemployment</u> <u>Rate</u>
2017	182	Unavailable	\$ 75,395	4.4%
2018	181	Unavailable	\$ 79,978	3.6%
2019	180	Unavailable	Unavailable	1.8%

\* County-Wide Statistic

\*\* As of July 1

Source: State of New Jersey.

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

J-15

2020

DATA NOT AVAILABLE

2011

DATA NOT AVAILABLE

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST THREE FISCAL YEARS**  
**UNAUDITED**

J-16

<b><u>Function/Program</u></b>	<b><u>*</u></b> <b><u>2020</u></b>	<b><u>*</u></b> <b><u>2019</u></b>	<b><u>*</u></b> <b><u>2018</u></b>
Instruction			
Regular	-	-	-
Special Education	-	-	-
Other Special Education	-	-	-
Vocational	-	-	-
Other Instruction	-	-	-
Nonnpublic 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	<u>-</u>	<u>-</u>	<u>-</u>

Source: District Personnel Records

\* - Loch Arbour Board of Education entered into a shared services agreement with the Belmar Board of Education

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
**PUPIL/TEACHER RATIO**  
**UNAUDITED**

J-17

Not Applicable - Village of Loch Arbour is a non-operating District

**BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-18

Not Applicable - Village of Loch Arbour does not own a building

**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-19

Not Applicable - Village of Loch Arbour does not own a building

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2020**  
**UNAUDITED**

J-20

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive General Liability - N.J. School Boards Assoc. Insurance Group		
Comprehensive General Liability	\$ 6,000,000	
Automobile	6,000,000	
School Leaders Errors & Omissions - N.J. School Boards Assoc. Insurance Group		
Directors and Officers Policy	5,000,000	5,000
Worker's Compensation - N.J. School Boards Assoc.	3,000,000	
Treasurer of School Monies Surety Bond - N.J. School Boards Assoc.	95,000	-0-

**Source: District Records.**

**SINGLE AUDIT 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.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

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  
Village of Loch Arbour School District  
County of Monmouth  
Loch Arbour, 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 Village of Loch Arbour 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 Village of Loch Arbour Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated November 1, 2020

**Internal Control Over Financial Reporting**

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

### **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 1, 2020



VILLAGE OF LOCH ARBOUR 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.

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schedule B  
K-4

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Adjustment Repayment of Prior Years Balances	Balance at June 30, 2020			MEMO	
			From	To	Deferred Revenue	Due To Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
					Accts. Receivable										
Extraordinary Aid	19-495-034-5120-044	9,620	07/01/2018	06/30/2019	\$ (9,620)		9,620								
Extraordinary Aid	20-495-034-5120-044	9,809	07/01/2019	06/30/2020				(9,809)		9,809					9,809
Non Public Transportation Aid	19-495-034-5120-014	225	07/01/2018	06/30/2019	(225)		225							(399)	3,956
Transportation Aid	20-495-034-5120-014	3,956	07/01/2019	06/30/2020			3,557	(3,956)						(25)	248
Security Aid	20-495-034-5120-084	248	07/01/2019	06/30/2020			223	(248)							
Total State Financial Assistance					\$ (9,845)	-	-	13,625	(14,013)	-	9,809	-	-	(424)	14,013
Less On Behalf TPAF Pension System Contribution									-						
Total for State Financial Assistance - Major Program Determination								\$ (14,013)							

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION**

K-5

**VILLAGE OF LOCH ARBOUR 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, Village of Loch Arbour 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 (\$29) 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>
<b><u>State Assistance</u></b>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 14,013
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>(29)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 13,984</u>
<b><u>Federal Assistance</u></b>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	N/A

**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.

VILLAGE OF LOCH ARBOUR 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

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

Description

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

**VILLAGE OF LOCH ARBOUR 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.

**VILLAGE OF LOCH ARBOUR 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

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

K-7

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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.