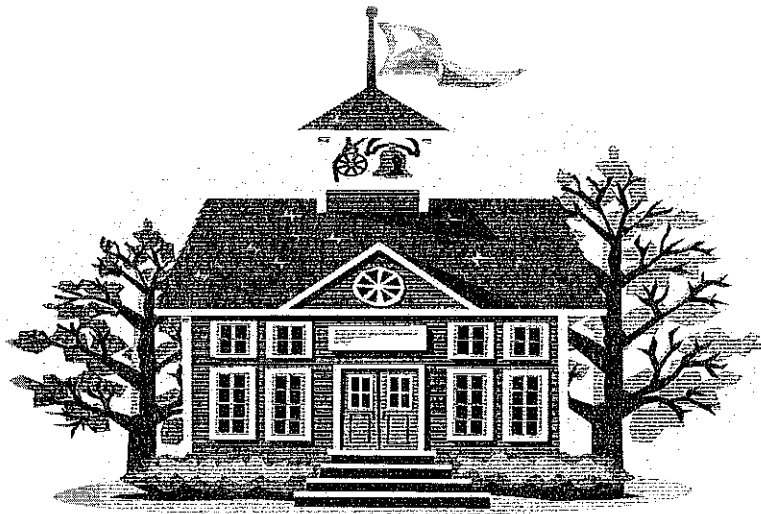


SCHOOL DISTRICT

OF

LAVALLETTE



**LAVALLETTE BOARD OF EDUCATION
LAVALLETTE, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY

**LAVALLETTE BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAVALLETTE SCHOOL DISTRICT

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INTRODUCTORY SECTION

LAVALLETTE BOARD OF EDUCATION
105 Brooklyn Avenue
Lavallette, New Jersey 08735

February 11, 2022

Honorable President and Members
Board of Education of the Borough of Lavallette
105 Brooklyn Avenue
Lavallette, NJ 08735

Dear Board Members:

The annual comprehensive financial report of the Lavallette School District (District) for the fiscal year ended June 30, 2021 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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 annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Lavallette School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lavallette Board of Education and its single school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2021 fiscal year with an enrollment of 156 students, a decrease of 2 students from June 2020. During the 2017/2018 school year, Lavallette became a

receiving district for students from Seaside Park in grades K-6. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	157.6	2.7%
2019-2020	153.4	5.9%
2018-2019	144.8	0.8%
2017-2018	143.6	-2.4%
2016-2017	147.1	4.5%
2015-2016	140.7	1.7%
2014-2015	138.3	1.6%
2013-2014	136.1	- 6.5%
2012-2013	145.9	-13.8 %
2011-2012	166.1	-0.6%

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, twenty-seven blocks long and four blocks wide, Lavallette is a charming, residential seashore resort community. Enjoyed by many thousands of visitors in the summertime, Lavallette has a year-round population of under 3,000 residents, approximately one-third of whom may be classified as senior citizens. Employment is largely associated with the summer tourist industry (i.e., motels, restaurants, gift shops, clothing stores, etc.), although a number of the businesses maintain year-round operations. Many of Lavallette's residents are employed either directly or indirectly in this service industry. As part of a barrier island, Lavallette is landlocked between two sections of Dover Township on the north and south, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Lavallette Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2020-2021 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts. Adjustments necessitated by the COVID 19 virus impacted all districts. Lavallette School District's previous emphasis on technology helped ensure that students had the tools and skills needed to pivot individually or for individual classrooms to virtual learning when necessary. Using a cohort model, Lavallette School was able to provide in-person learning during all of 2020-2021.

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

As a recipient of federal and state financial assistance, the District is also 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.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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, 2021.

6. 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.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2021, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increases/(Decreases) from 2018</u>	
			<u>\$</u>	<u>%</u>
Local	\$4,195,646	81%	30,952	0.7%
State	873,462	16%	77,245	9.7%
Federal	<u>140,890</u>	<u>3%</u>	<u>41,582</u>	41.9%
Total	<u>\$5,209,998</u>	<u>100%</u>	<u>\$149,779</u>	2.9%

The local tax levy increased year-to-year \$74,266. Interest earned, tuition and miscellaneous income equaled \$257,560, a decrease of \$47,745 from 2019/2020.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2021, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2020</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,555,193	30.4%	70,358	4.5%
Undistributed				
Instruction	797,050	15.6%	(69,009)	-8.0%
Other Expend	2,438,789	47.6%	173,459	7.7%
Capital Outlay	256,765	5.0%	(1,696,943)	-86.9%
Debt Service				
Principal	60,000	1.2%	-	0.0%
Interest	<u>12,375</u>	<u>0.2%</u>	<u>(2,460)</u>	<u>-16.9%</u>
Total	<u>\$5,120,172</u>	<u>100.0%</u>	<u>\$(1,524,595)</u>	<u>-22.9%</u>

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Lavallette's enviable position as one of the state's lowest school taxpaying districts. During 2020 Lavallette taxpayers were assessed the lowest general school tax for an operating school district in Ocean County. Faculty salaries increased and included expanded teacher hours for regular education and special education instruction. Capital Outlay monies were used for building maintenance equipment.

8. DEBT ADMINISTRATION: On March 8, 2005 the District sold \$1,187,000 of school bonds at a net interest rate of 4.109% for the purpose of renovations at the Lavallette Elementary School. In May 2020 the District sold \$2,200,000 of schools bonds at a net interest rate of for the purpose of HVAC and security upgrades. At June 30, 2021 the District's outstanding debt was \$2,440,000.

9. 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 adequate, with a balance of \$2,805,513 in cash and temporary investments at June 30, 2021.

The school food service fund typically receives a small amount of federal funding due to the low percentage of families eligible for meal benefits (free and reduced lunches). The food services staff is proud of the nutritious lunches served daily to the students and they have taken steps to hold down expenses in an effort to reach financial goals to limiting the financial support that the school service fund receives from the Board.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

11. 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 & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Lavallette Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Lavallette, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Patricia A. Christopher, CPA
School Business Administrator/Board Secretary

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>Members of the Board of Education:</u>	<u>Term Expires:</u>
Beth D'Aloisio, President	2022
Steve Shohfi, Vice President	2024
Alison Zylinski, Board Member	2024
Michael Valeri, Board Member	2022
Jarrold Grasso, Board Member	2023
June Korzeneski, Seaside Park Representative Board Member	

Other Officials:

Dr. Lisa J. Gleason, Superintendent

Patricia A. Christopher, CPA, School Business Administrator/Board Secretary

Joan Buczkowski, Treasurer

LAVALLETTE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm:

Robert A. Hulsart and Company
Certified Public Accountants
2807 Hurley Pond Road
Wall, New Jersey 07719

Official Depository:

Ocean First Bank
Hooper Avenue
Toms River, NJ 08735

**LAVALLETTE BOARD OF EDUCATION
ORGANIZATION CHART
(UNIT CONTROL)**

BOARD OF EDUCATION

SUPERINTENDENT

School Business Administrator/
Board Secretary

Bookkeeper

Facilities Manager

Custodial Staff

Food Service Staff

Attendance Officer

Treasurer

Secretary to the Superintendent

School Secretary

Teaching Staff:

K-8

School Nurse

Foreign Language

Physical Education

Resource

Basic Skills

Guidance

Speech

Media Center

Music

Art

Student Resources

Paraprofessionals

FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

9.

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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(732) 681-4990

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, 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 Lavallette School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2021, 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 Lavallette School District, in the County of Ocean, State of New Jersey, as of June 30, 2021, 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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lavallette School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Requirements* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 15-08 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 standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

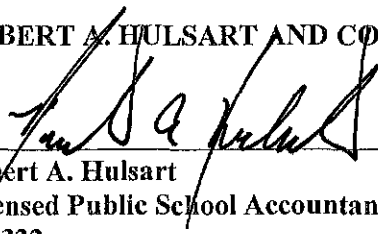
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 on our consideration of the Lavallette Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Lavallette 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

February 11, 2022

REQUIRED SUPPLEMENTARY INFORMATION
PART I

LAVALLETTE SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2021

This section of the School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The statement of net position (A-1) presents information on all of the assets and liabilities of the District, including deferred outflow and inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental Funds – are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual government funds: the general fund, special revenue fund and capital projects fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds – The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the enterprise fund is the Food Service operation. The basic proprietary fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds – are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for payroll transactions.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund statements in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- The local tax levy increased from 2019-2020 by \$53,122 to \$3,859,389 due primarily to the overall increase in the District's general fund budget.
- Total spending for all programs was \$6,644,767 general revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position:

	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 2,895,846	2,691,113
Capital Assets, Net	<u>4,372,687</u>	<u>4,627,681</u>
Total	<u>7,268,533</u>	<u>7,318,794</u>
Deferred Outflows	<u>73,188</u>	<u>96,329</u>
Deferred Inflows	<u>209,377</u>	<u>209,717</u>
Other Liabilities	81,969	74,588
Long-Term Liabilities	<u>2,860,700</u>	<u>2,980,640</u>
Total	<u>2,942,669</u>	<u>3,055,228</u>
Invest in Capital Assets, Net	1,902,917	2,091,589
Restricted	2,153,180	2,154,416
Unrestricted	<u>133,578</u>	<u>(95,827)</u>
Total Net Position	<u>\$ 4,189,675</u>	<u>4,150,178</u>

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

The unrestricted net position shows a negative balance. The negative balance is attributable to the liability for compensated absences. This is a direct liability with no corresponding asset, therefore creating a negative net asset.

The following table provides a summary of revenues and expenses for the District's governmental fund and business-type activities and the change in net assets from the prior year:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 273,497	289,923
Operating Grants and Contributions	178,606	99,308
General Revenues		
Property Taxes	3,913,050	3,836,324
Taxes Levied for Debt Service	20,605	23,065
Federal and State Aid	873,752	796,217
Miscellaneous & Investment Income	<u>12,387</u>	<u>5,382</u>
Total Revenues	<u>5,271,897</u>	<u>5,050,219</u>
Expenses:		
Instructional Services	1,600,240	1,436,399
Support Services/Undistributed Costs	3,663,848	3,348,137
Food Service	<u>15,722</u>	
Total Expenses	<u>5,279,810</u>	<u>4,784,536</u>
Change in Net Position	<u>\$ (7,913)</u>	<u>265,683</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2020 encumbrances, which "roll-over" into the subsequent year's budget (2020-2021) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2020-2021 budget.

Economic Factors and Next Year's Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year decreased for the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Lavallette Borough.

Contacting the District's Financial Management

The District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 650,061	2,271	652,332
Receivables, Net	85,491	299	85,790
Prepaid Expense	3,075		3,075
Inventory		1,469	1,469
Restricted Assets:			
Cash and Cash Equivalents	1,213,501		1,213,501
Capital Reserve Account - Cash	939,679		939,679
Capital Assets, Net	4,371,532	1,155	4,372,687
Total Assets	<u>7,263,339</u>	<u>5,194</u>	<u>7,268,533</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>73,188</u>		<u>73,188</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>209,377</u>		<u>209,377</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Interest	41,886	32,730	74,616
Deferred Revenue	7,353		7,353
Noncurrent Liabilities:			
Due Within One Year	157,963		157,963
Due Beyond One Year	2,702,737		2,702,737
Total Liabilities	<u>2,909,939</u>	<u>32,730</u>	<u>2,942,669</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	1,902,917		1,902,917
Restricted For:			
Other Purposes	2,153,180		2,153,180
Unrestricted	<u>161,114</u>	<u>(27,536)</u>	<u>133,578</u>
Total Net Position	<u>\$ 4,217,211</u>	<u>(27,536)</u>	<u>4,189,675</u>

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

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,112,120			1,112,120		1,112,120
Special Education	390,127		97,897	292,230		292,230
Other Instruction	97,993			97,993		97,993
Support Services:						
Tuition	797,050	268,779		528,271		528,271
Student & Instruction Related Services	447,688		65,710	381,978		381,978
School Administrative Services	199,897			199,897		199,897
Plant Operations and Maintenance	359,659			359,659		359,659
Pupil Transportation	106,546			106,546		106,546
Unallocated Benefits	1,199,156			1,199,156		1,199,156
Capital Outlay	156,809			156,809		156,809
Interest on Long-Term Debt	40,938			40,938		40,938
Depreciation	356,105			356,105		356,105
Total Government Activities	<u>5,264,088</u>	<u>268,779</u>	<u>163,607</u>	<u>4,831,702</u>	<u>-</u>	<u>4,831,702</u>
Business-Type Activities:						
Food Service	15,722	4,718	14,999	-	(3,995)	(3,995)
Total Business-Type Activities	<u>15,722</u>	<u>4,718</u>	<u>14,999</u>	<u>-</u>	<u>(3,995)</u>	<u>(3,995)</u>
Total Primary Government	<u>5,279,810</u>	<u>273,497</u>	<u>178,606</u>	<u>4,831,702</u>	<u>(3,995)</u>	<u>4,827,707</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				3,913,050	3,913,050	
Taxes Levied for Debt Service				20,605	20,605	
Federal and State Aid Not Restricted				873,752	873,752	
Investment Earnings				390	390	
Miscellaneous				11,920	11,920	
Adjustments					77	
Total General Revenues, Special Items, Extraordinary Items and Transfers				4,819,717	4,819,794	
Change in Net Position				(11,985)	4,072	(7,913)
Net Position - Beginning				4,150,178		4,150,178
Prior Period Adjustment				79,018	(31,608)	47,410
Net Position - Ending				\$ 4,217,211	(27,536)	4,189,675

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

FUND FINANCIAL STATEMENTS – B

LAVALLETTE SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,271,107	25,305	24,531	482,298	2,803,241
Accounts Receivable	67,992	12,426			80,418
Interfund Receivable	5,073				5,073
Prepaid Expense	3,075				3,075
Total Assets	<u>\$ 2,347,247</u>	<u>37,731</u>	<u>24,531</u>	<u>482,298</u>	<u>2,891,807</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Deferred Revenue	\$ -	7,353			7,353
Payroll Deductions and Withholdings Payable	3,094	-			3,094
Interfund Payable		5,073			5,073
Total Liabilities	<u>3,094</u>	<u>12,426</u>	<u>-</u>	<u>-</u>	<u>15,520</u>
Fund Balance:					
Committed To:					
Designated for Subsequent Years Expenditures:					
Emergency Reserve	39,222				39,222
Excess Surplus	163,473				163,473
Maintenance Reserve	560,598				560,598
Capital Reserve	1,213,501				1,213,501
Unemployment Compensation	52,372				52,372
Student Activities		25,305			25,305
Assigned To:					
Other Purposes	74,178		24,531		98,709
Unassigned:					
Debt Service				482,298	482,298
General Fund	240,809				240,809
Total Fund Balances	<u>2,344,153</u>	<u>25,305</u>	<u>24,531</u>	<u>482,298</u>	<u>2,876,287</u>
Total Liabilities and Fund Balance	<u>\$ 2,347,247</u>	<u>37,731</u>	<u>24,531</u>	<u>482,298</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 \$8,156,314 and the accumulated depreciation is \$3,784,782.

4,371,532

Accrued Interest

(33,719)

Deferred outflow of resources - contributions to the pension plan

73,188

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(209,377)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

(2,860,700)

Net position of governmental activities

\$ 4,217,211

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 3,913,050			20,605	3,933,655
Tuition Charges	268,779				268,779
Interest Earned on Capital Reserve Funds	390				390
Miscellaneous - Unrestricted	11,592				11,592
Miscellaneous - Restricted	78	19,336		250	19,664
Total Local Sources	<u>4,193,889</u>	<u>19,336</u>	<u>-</u>	<u>20,855</u>	<u>4,234,080</u>
State Sources	873,752				873,752
Federal Sources		144,271			144,271
Total Revenues	<u>5,067,641</u>	<u>163,607</u>	<u>-</u>	<u>20,855</u>	<u>5,252,103</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	1,165,680				1,165,680
Special Education Instruction	291,520	98,607			390,127
Other Instruction	97,993				97,993
Support Services and Undistributed Costs:					
Tuition	797,050				797,050
Student and Instruction Related Services	381,269	66,419			447,688
General and School Administration	199,897				199,897
Plant Operations and Maintenance	367,136				367,136
Pupil Transportation	106,546				106,546
Unallocated Benefits	1,242,734				1,242,734
Capital Outlay	65,782		190,983		256,765
Debt Service:					
Principal				60,000	60,000
Interest and Other Charges				12,375	12,375
Total Expenditures	<u>4,715,607</u>	<u>165,026</u>	<u>190,983</u>	<u>72,375</u>	<u>5,143,991</u>

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>352,034</u>	<u>(1,419)</u>	<u>(190,983)</u>	<u>(51,520)</u>	<u>108,112</u>
Other Financing Sources (Uses):					
Transfer To General Fund	<u>21,986</u>		<u>(21,986)</u>		
Total Other Financing Sources (Uses)	<u>21,986</u>	<u>-</u>	<u>(21,986)</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>374,020</u>	<u>(1,419)</u>	<u>(212,969)</u>	<u>(51,520)</u>	<u>108,112</u>
Net Change in Fund Balances	374,020	(1,419)	(212,969)	(51,520)	108,112
Fund Balance - July 1	1,917,839		237,500	533,818	2,689,157
Prior Period Adjustments	<u>52,294</u>	<u>26,724</u>			<u>79,018</u>
Fund Balances, July 1, Restated	<u>1,970,133</u>	<u>26,724</u>	<u>237,500</u>	<u>533,818</u>	<u>2,768,175</u>
Fund Balance - June 30	<u>\$ 2,344,153</u>	<u>25,305</u>	<u>24,531</u>	<u>482,298</u>	<u>2,876,287</u>

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 108,112
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.	
Capital Outlays	99,956
Depreciation	<u>(356,105)</u>
	(256,149)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	60,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	7,477
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).	53,560
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(23,141)
Pension related deferrals	340
Changes in net pension liability	66,379
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.	<u>(28,563)</u>
Change in Net Position of Governmental Activities	<u>\$ (11,985)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2021

	Business Type Activities Enterprise Fund
	<hr/>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,271
Accounts Receivable:	
State	76
Federal	223
Inventories	1,469
Total Current Assets	<hr/> 4,039 <hr/>
Noncurrent Assets:	
Furniture Machinery and Equipment	19,709
Less: Accumulated Depreciation	<hr/> (18,554) <hr/>
Total Noncurrent Assets	<hr/> 1,155 <hr/>
Total Assets	<hr/> \$ 5,194 <hr/>
<u>Liabilities</u>	
Accounts Payable	<hr/> \$ 32,730 <hr/>
Total Liabilities	<hr/> \$ 32,730 <hr/>
<u>Net Position</u>	
Unrestricted	<hr/> \$ (27,536) <hr/>
Total Net Position	<hr/> \$ (27,536) <hr/>

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES AND CHANGESIN NET POSITIONPROPRIETARY FUNDSJUNE 30, 2021

	<u>Business Type Activities Enterprise Funds</u>
Operating Revenues:	
Changes for Services:	
Daily Sales-Reimbursable Programs	\$ 4,718
Total Operating Revenue	<u>4,718</u>
Operating Expenses:	
Cost of Sales-Reimbursable Programs	5,002
Depreciation	154
Salaries	10,000
Miscellaneous	566
Total Operating Expenses	<u>15,722</u>
Operating Income (Loss)	(11,004)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	336
State School Lunch Program - Extra Subsidy	99
Federal Sources:	
National School Lunch PB Program	136
National School Lunch Program	1,763
Food Distribution Program	2,659
Interest Revenue	6
Board Subsidy	10,000
Total Non-Operating Revenues (Expenses)	<u>14,999</u>
Change in Net Position	3,995
Adjustment for Fixed Assets	77
Total Net Position Beginning	<u>(31,608)</u>
Total Net Position Ending	<u>\$ (27,536)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2021

	Business Type Activities Enterprise Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,718
Payments to Suppliers & Employees	(16,952)
Net Cash Used by Operating Activities	<u>(12,234)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	435
Federal Sources	1,899
Board Subsidy	10,000
Net Cash Provided by Noncapital Financing Activities	<u>12,334</u>
Cash Flows from Investing Activities:	
Interest Revenue	6
Net Cash Provided by Investing Activities	<u>6</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	106
Balances Beginning of Year	<u>2,165</u>
Balances End of Year	<u>\$ 2,271</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (11,004)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	154
Federal Commodities Consumed	2,659
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(259)
Increase/(Decrease) in Accounts Payables	(3,874)
(Increase)/Decrease in Inventories	90
Net Cash Used by Operating Activities	<u>\$ (12,234)</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAVALLETTE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: Summary of Significant Accounting Policies

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

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Lavallette. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. 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

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.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 were not significant.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

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

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

F. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as 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.

G. 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.

H. 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, 2021.

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

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Adj.	Retirements	Balance June 30, 2021
Depreciable Assets:					
Buildings & Sites	\$ 7,224,042	229,057			7,453,099
Equipment	<u>870,319</u>	<u>54,423</u>		<u>(221,527)</u>	<u>703,215</u>
Total	<u>8,094,361</u>	<u>283,480</u>		<u>(221,527)</u>	<u>8,156,314</u>
Less: Accumulated Depreciation:					
Buildings & Sites	(3,199,789)	(331,587)			(3,531,376)
Equipment	<u>(266,891)</u>	<u>(24,518)</u>	<u>(183,524)</u>	<u>221,527</u>	<u>(253,406)</u>
Total Accumulated Depreciation	<u>(3,466,680)</u>	<u>(356,105)</u>	<u>(183,524)</u>	<u>221,527</u>	<u>(3,784,782)</u>
Net Depreciable Assets	<u>4,627,681</u>	<u>(72,625)</u>	<u>(183,524)</u>	<u>_____</u>	<u>4,371,532</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 4,627,681</u>	<u>(72,625)</u>	<u>(183,524)</u>	<u>_____</u>	<u>4,371,532</u>
Food Service:					
Equipment	\$ 18,501		1,208		19,709
Accumulated Depreciation	<u>(17,269)</u>	<u>(154)</u>	<u>(1,131)</u>	<u>_____</u>	<u>(18,554)</u>
Net Depreciable Assets	<u>\$ 1,232</u>	<u>(154)</u>	<u>77</u>	<u>_____</u>	<u>1,155</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 356,105</u>
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NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

K. Deferred Revenue

Deferred 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 (See Note 10).

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)**Investments (Continued)**

As of June 30, 2021, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking, Money Market Accounts	<u>\$ 2,805,512</u>

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2021 was \$2,805,512 and the bank balance was \$2,878,593. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,628,593 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

FDIC	\$ 250,000
GUPDA	2,628,593

As of June 30, 2021, the District did not hold any long-term investments.

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.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Long-Term Portion</u>	<u>2021-22 Payment</u>
Pension Liability	\$ 387,339		(66,379)	320,960	320,960	
Capital Leases	36,092		(7,477)	28,615	20,652	7,963
Compensated Absences Payable	124,685		(53,560)	71,125	71,125	
Bonds Payable	<u>2,500,000</u>		(60,000)	<u>2,440,000</u>	<u>2,290,000</u>	<u>150,000</u>
	<u>\$ 3,048,116</u>		<u>(187,416)</u>	<u>2,860,700</u>	<u>2,702,737</u>	<u>157,963</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.45% to 4.50% for the 2004 issue and the interest rates vary from 4.00% to 4.20% for the 2005 issue.

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 150,000	80,926	230,926
2023	195,000	49,655	244,655
2024	200,000	45,170	245,170
2025	205,000	39,895	244,895
2026	150,000	34,475	184,475
2027	155,000	31,475	186,475
2028	155,000	28,375	183,375
2029	165,000	25,275	190,275
2030	170,000	21,975	191,975
2031	175,000	18,575	193,575
2032	180,000	15,075	195,075
2033	180,000	11,475	191,475
2034	180,000	7,875	187,875
2035	<u>180,000</u>	<u>4,050</u>	<u>184,050</u>
	<u>\$ 2,440,000</u>	<u>414,271</u>	<u>2,854,271</u>

B. Capital Leases Payable:

On September 9, 2019, the District entered into a lease payment for a copier MPC6503 for five years from 11/28/2019 maturing 10/28/2024 with a balance of \$14,536 at June 30, 2021. A \$5,000 down payment was made at lease inception.

On September 9, 2019, the District entered into a lease payment for a copier IMC2000 for five years from 11/28/2019 maturing 10/28/2024 with a balance of \$5,254 at June 30, 2021.

On September 9, 2019, the District entered into a lease payment for a copier IMC4500 for five years from 11/28/2019 maturing 10/28/2024 with a balance of \$8,825 at June 30, 2021. A \$5,000 down payment was made at lease inception.

NOTE 3: General Long-Term Debt (Continued)**Schedule of Capital Leases**

<u>2019 Lease (MPC6503)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2022	\$ 4,045	803	4,848
2022-2023	4,308	540	4,848
2023-2024	4,588	259	4,847
2024-2025	<u>1,595</u>	<u>21</u>	<u>1,616</u>
	<u>\$ 14,536</u>	<u>1,623</u>	<u>16,159</u>
<u>2019 Lease (IMC2000)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2022	\$ 1,462	290	1,752
2022-2023	1,557	195	1,752
2023-2024	1,658	94	1,752
2024-2025	<u>577</u>	<u>8</u>	<u>585</u>
	<u>\$ 5,254</u>	<u>587</u>	<u>5,841</u>
<u>2019 Lease (IMC4500)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2022	\$ 2,456	487	2,943
2022-2023	2,615	328	2,943
2023-2024	2,786	157	2,943
2024-2025	<u>968</u>	<u>13</u>	<u>981</u>
	<u>\$ 8,825</u>	<u>985</u>	<u>9,810</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees’ Retirement System or the Teachers’ Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher’s Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

NOTE 4: Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

NOTE 4: Pension Plans (Continued)

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2021, the State of New Jersey contributed \$576,443 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$117,444 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/21	\$ 31,494	100%	0
6/30/20	31,041	100%	0
6/30/19	27,576	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/21	\$ 576,443	100%	0
6/30/20	493,368	100%	0
6/30/19	461,801	100%	0

NOTE 4: Pension Plans (Continued)**Public Employees' Retirement System (PERS)****Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

The vesting and benefit provisions are set by N.J.S.A. 43:15A, PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

NOTE 4: Pension Plans (Continued)**Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2020 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020.

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The June 30, 2020 State special funding situation net pension liability amount of \$128.2 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$11 million, for the fiscal year ending June 30, 2020, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

NOTE 4: Pension Plans (Continued)

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

For the year ended June 30, 2021, the District recognized pension expense of \$31,494. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 5,844	1,135
Changes of Assumptions	10,412	134,389
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,971	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	14,467	73,853
District Contributions Subsequent to the Measurement Date	<u>31,494</u>	<u> </u>
Total	<u>\$ 73,188</u>	<u>209,377</u>

\$31,494 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ (39,902)
2022	(36,379)
2023	(20,790)
2024	(8,407)
2025	<u>(1,818)</u>
	<u>\$ (107,296)</u>

NOTE 4: Pension Plans (Continued)**Additional Information**

Collective balances at December 31, 2020 and 2019 are as follows:

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Collective Deferred Outflows of Resources	\$ 73,188	96,239
Collective Deferred Inflows of Resources	209,377	209,717
Collective Net Pension Liability	320,960	387,339
District's Proportion	.00195%	.00213%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2020 were as follows:

	<u>2020</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,272,160,382	39,432,792,871	67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$ 22,223,967,525</u>	<u>16,435,616,426</u>	<u>38,659,583,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.39%	58.32%	42.90%

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on years of service
Thereafter	3.00% - 7.00%
	Based on years of service
Investment Rate of Return	7.00%

NOTE 4: Pension Plans (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

NOTE 4: Pension Plans (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2020</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 404,035</u>	<u>320,960</u>	<u>250,469</u>

Teachers Pensions and Annuity Fund (TPAF)**Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

NOTE 4: Pension Plans (Continued)

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

NOTE 4: Pension Plans (Continued)

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 87,522,678,686	84,215,846,719
Plan Fiduciary Net Position	<u>21,529,179,998</u>	<u>22,696,734,276</u>
Net Pension Liability	<u>\$ 65,993,498,688</u>	<u>61,519,112,443</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2020</u>	<u>2019</u>
District's Liability	<u>\$ 10,608,133</u>	<u>9,705,687</u>
District's Proportion	.01607%	.01578%

NOTE 4: Pension Plans (Continued)

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45% Based on years of service
Thereafter	2.75 - 5.65% Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2020</u>		
	<u>At 1% Decrease (4.40%)</u>	<u>At Current Discount Rate (5.40%)</u>	<u>At 1% Increase (6.40%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>12,460,495</u>	<u>10,608,133</u>	<u>9,070,058</u>
	<u>\$ 12,460,495</u>	<u>10,608,133</u>	<u>9,070,058</u>

NOTE 5: Post-Retirement Benefits**General Information about the OPEB Plan****Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pension*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

NOTE 5: Post-Retirement Benefits (Continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 20, 2019, with was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability	\$67,809,962,608		
Inflation rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 – 4.45% based on service years	2.00% - 6.00% based on service years	3.25% - 15.25% based on service years
Thereafter	1.55 – 4.45% based on service years	3.00% - 7.00% based on service years	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

NOTE 5: Post-Retirement Benefits (Continued)**(b) Discount Rate**

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	Total OPEB Liability
Balances at June 30, 2019	\$ 4,933,617
Changes for the Year:	
Service Cost	211,613
Interest	177,515
Difference Between Expected and Actual Experience	1,993,120
Changes in Assumptions or Other Inputs	1,601,932
Benefit Payments	(152,674)
Member Contributions	<u>4,628</u>
Balance at June 30, 2020	<u>\$ 8,769,751</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2019 to 2.21% percent in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 10,572,387</u>	<u>8,769,751</u>	<u>7,360,263</u>

NOTE 5: Post-Retirement Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 7,079,239</u>	<u>8,769,751</u>	<u>10,782,775</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2020, the Board of Education recognized OPEB expense of \$482,518 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Lavallette Board of Education proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,331,477	1,186,032
Changes in Proportion	634,892	48,025
Changes of Assumptions or Other Inputs	<u>1,491,706</u>	<u>1,000,678</u>
Total	<u>\$ 3,458,075</u>	<u>2,234,735</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2022	\$ 143,922
2023	143,922
2024	143,922
2025	143,922
2026	143,922
Thereafter	<u>503,730</u>
	<u>\$ 1,223,340</u>

NOTE 6: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021 no liability existed for compensated absences in the Food Service Fund.

NOTE 7: Capital Reserve Account

A Capital Reserve account was established by the Borough of Lavallette Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,063,111
Increased by:	
Interest Earnings	390
Increase by Board resolution June 30, 2021	<u>150,000</u>
	<u>150,390</u>
Ending Balance, June 30, 2021	<u>\$ 1,213,501</u>

NOTE 8: Contingent Liabilities

It is the opinion of the school board officials 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 9: Deferred Compensation

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

Vanguard Group
 AXA Equitable
 Valic

NOTE 10: Equity Balance

At June 30, 2021, the General Fund equity balance is as follows:

Emergency Reserve – Designated for Subsequent Year’s Expenditures	\$ 39,222
Maintenance Reserve	560,598
Capital Reserve	1,213,501
Unemployment Compensation	52,372
Reserved for Encumbrances	74,178
Excess Surplus – Current Year	163,473
Unrestricted	<u>257,510</u>
	<u>\$ 2,360,854</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2021-2022 budget and expended therefrom.

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. Designated for subsequent year’s represents the amount appropriated in the 2021-2022 budget.

NOTE 10: Equity Balance (Continued)**4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Per the CAFR	\$ 4,715,607
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(693,887)</u>
Adjusted 2020-21 General Fund Expenditures	<u>\$ 4,021,720</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 160,869</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>7,510</u>
Maximum Unassigned Fund Balance	<u>\$ 257,510</u>

Section 2

Total General Fund – Fund Balance @ 6-30-21	\$ 2,360,854
Decreased by:	
Reserve for Encumbrances	(74,178)
Reserve for Unemployment	(52,372)
Designated for Subsequent Year’s Expenditures – Emergency Reserve	(39,222)
Other Reserves	<u>(1,774,099)</u>
Total Unassigned Fund Balance	<u>\$ 420,983</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 463,113</u>

Section 3

Excess Surplus – Current Year	\$ 163,473
Reserved Fund Balance – Excess Surplus – Designated for Subsequent Expenditures	<u>0</u>
Total Excess Surplus	<u>\$ 163,473</u>

Detail of Allowable Adjustments

Non-Public Transportation Aid	\$ 1,740
Extraordinary Aid	<u>5,770</u>
	<u>\$ 7,510</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 560,598
Capital Reserve	<u>1,213,501</u>
Total Other Restricted Fund Balance	<u>\$ 1,774,099</u>

NOTE 11: 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.

New Jersey Unemployment Compensation Insurance – The District elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous three years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2020-2021	\$ 78			52,372
2019-2020	163	944	61	52,294
2018-2019	157	3,072		51,248

NOTE 12: Current Expense Emergency Reserve Account

The reserve account is to be used to finance future unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District’s general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

NOTE 13: Interfund Receivables and Payables

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

There were interfunds as of June 30, 2021 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	5,073
Special Revenue Fund	<u>5,073</u>	<u> </u>
	<u>\$ 5,073</u>	<u>5,073</u>

NOTE 13: Interfund Receivables and Payables (Continued)

These interfund loans are due to the Special Revenue Fund awaiting State and Federal reimbursements. Once received, the interfunds will be eliminated, which is expected to be within one year.

NOTE 14: 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.

NOTE 15: Prior Period Adjustment/Restatement of Fund Balance and Net Position

Net position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

Net Position as Previously Reported At June 30, 2020	\$ 4,150,178
Prior Period Adjustment – Implementation of GASB 84:	
Restricted Fund Balance – Unemployment	52,294
Restricted Fund Balance – Student Activities	<u>26,724</u>
Total Prior Period Adjustment	<u>79,018</u>
Net Position as Restated, July 1, 2020	<u>\$ 4,229,196</u>

NOTE 15: Prior Period Adjustment/Restatement of Fund Balance and Net Position
(Continued)

Fund Balance in the General Fund and the Special Revenue Fund as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund Balance as Previously Reported at June 30, 2020	\$ 1,917,839	
Prior Period Adjustments:		
Implementations of GASB 84:		
Restricted Fund Balance - Unemployment	52,294	
Restricted Fund Balance -- Student Activities	<u> </u>	<u>26,724</u>
Total Prior Period Adjustment	<u>52,294</u>	<u>26,724</u>
Fund Balance as Restated, July 1, 2020	<u>\$ 1,970,133</u>	<u>26,724</u>

NOTE 16: Subsequent Events

Subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	\$ 3,913,050		3,913,050	3,913,050	-
Tuition From Individuals	185,000		185,000	147,400	(37,600)
Tuition From Other LEA's	98,500		98,500	121,379	22,879
Interest Earned Capital Reserve Fund	250		250	390	140
Interest Earned Maintenance Reserve Fund	75		75		(75)
Interest Earned Emergency Reserve Fund	45		45		(45)
Unrestricted Miscellaneous Revenue	18,015		18,015	11,592	(6,423)
Other Restricted Miscellaneous Revenues			-	78	78
Total Local Sources	<u>4,214,935</u>	<u>-</u>	<u>4,214,935</u>	<u>4,193,889</u>	<u>(21,046)</u>
State Sources:					
Special Education Aid	95,262		95,262	95,262	-
Security Aid	15,724		15,724	15,724	-
Transportation Aid	56,079		56,079	56,079	-
Extraordinary Aid	5,000		5,000	10,770	5,770
Non-Public Transportation Aid			-	1,740	1,740
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	137,480	137,480
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	430,502	430,502
On-Behalf T.P.A.F Non-Contributory Insurance			-	8,191	8,191
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	270	270
TPAF Social Security (Reimbursed - Non-Budgeted)			-	117,444	117,444
Total State Sources	<u>172,065</u>	<u>-</u>	<u>172,065</u>	<u>873,462</u>	<u>701,397</u>
Total Revenues	<u>4,387,000</u>	<u>-</u>	<u>4,387,000</u>	<u>5,067,351</u>	<u>680,351</u>

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	100,487	(3,421)	97,066	96,367	699
Grades 1-5 - Salaries of Teachers	646,682	(113,711)	532,971	530,044	2,927
Grades 6-8 - Salaries of Teachers	345,577	6,085	351,662	350,335	1,327
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	60,492	(4,931)	55,561	38,649	16,912
Purchased Professional-Educational Services	500	(500)	-	-	-
Instruction General Supplies	68,400	55,815	124,215	57,284	66,931
Textbooks	15,000	12,582	27,582	27,577	5
Other Objects	16,000	15,000	31,000	26,292	4,708
Home Instruction	1,950	38,132	40,082	39,132	950
Total Regular Programs - Instruction	<u>1,255,088</u>	<u>5,051</u>	<u>1,260,139</u>	<u>1,165,680</u>	<u>94,459</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	198,050	93,408	291,458	291,435	23
Purchased Educational Services	2,500	(2,500)	-	-	-
Textbooks	150	(150)	-	-	-
General Supplies	500	(415)	85	85	-
Total Resource Room/Resource Center	<u>201,200</u>	<u>90,343</u>	<u>291,543</u>	<u>291,520</u>	<u>23</u>
Total Special Education - Instruction	<u>201,200</u>	<u>90,343</u>	<u>291,543</u>	<u>291,520</u>	<u>23</u>

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	41,704	(11,579)	30,125	30,124	1
General Supplies	150	34	184	34	150
Total Basic Skills/Remedial - Instruction	<u>41,854</u>	<u>(11,545)</u>	<u>30,309</u>	<u>30,158</u>	<u>151</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	<u>26,000</u>	<u>9,380</u>	<u>35,380</u>	<u>34,780</u>	<u>600</u>
School Sponsored Athletics - Instruction					
Salaries	40,000	(9,380)	30,620	20,511	10,109
Purchased Services (300-500 Series)	4,500		4,500	1,012	3,488
Supplies and Materials	6,500		6,500	3,456	3,044
Other Objects	1,750		1,750	1,697	53
Total School Sponsored Athletics - Instruction	<u>52,750</u>	<u>(9,380)</u>	<u>43,370</u>	<u>26,676</u>	<u>16,694</u>
Community Services Program/Operations - Instruction:					
Salaries	17,884		17,884	6,379	11,505
Purchased Services (300-500 Series)	500		500		500
Other Objects	2,000		2,000		2,000
Total Community Services	<u>20,384</u>	<u>-</u>	<u>20,384</u>	<u>6,379</u>	<u>14,005</u>
Total Instruction	<u>1,597,276</u>	<u>83,849</u>	<u>1,681,125</u>	<u>1,555,193</u>	<u>125,932</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs Within the State - Regular	673,087	7,280	680,367	680,367	-
Tuition to Other LEAs Within the State - Special	34,000	36,657	70,657	42,360	28,297
Tuition to County Vocational - Special	2,000	3,355	5,355	5,355	-
Tuition to Private Schools for the Disabled - Within State	157,901	(87,054)	70,847	68,968	1,879
Total Undistributed Expenditures-Instruction	<u>866,988</u>	<u>(39,762)</u>	<u>827,226</u>	<u>797,050</u>	<u>30,176</u>

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Attendance and Social Work - Undistributed Services:					
Salaries	4,890	393	5,283	5,283	-
Purchased Professional Services	1,500	(393)	1,107		1,107
Total Attendance and Social Work - Undistributed Services	<u>6,390</u>	<u>-</u>	<u>6,390</u>	<u>5,283</u>	<u>1,107</u>
Health Services - Undistributed Expenditures:					
Salaries	84,157	(4,307)	79,850	79,850	-
Purchased Professional and Technical Services	5,500	(2,591)	2,909	2,550	359
Other Purchased Services (400-500 Series)	450	(395)	55		55
Supplies and Materials	1,000	776	1,776	1,568	208
Total Health Services	<u>91,107</u>	<u>(6,517)</u>	<u>84,590</u>	<u>83,968</u>	<u>622</u>
Other Support Services - Students - Related Services:					
Purchased Professional-Educational Services	43,000	10,987	53,987	52,587	1,400
Supplies and Materials		30	30	30	-
Total Other Support Services - Students - Related Services	<u>43,000</u>	<u>11,017</u>	<u>54,017</u>	<u>52,617</u>	<u>1,400</u>
Other Support Services - Students - Regular:					
Salaries-Guidance	75,685	-5,589	70,096	63,998	6,098
Salaries of Secretarial and Clerical Assistants	6,336	1,589	7,925	7,925	-
Other Purchased Professional and Technical Services	1,000		1,000	195	805
Supplies and Materials	500		500	179	321
Total Other Support Services - Students - Regular	<u>83,521</u>	<u>(4,000)</u>	<u>79,521</u>	<u>72,297</u>	<u>7,224</u>
Other Support Services - Students - Special:					
Salaries of Other Professional Staff	12,000	3,503	15,503	15,503	-
Salaries of Secretarial and Clerical Assistants	8,119	(1,539)	6,580	6,580	-
Purchased Professional Educational Services	22,000	(11,819)	10,181	10,181	-
Other Purchased Professional and Technical Services	500	(415)	85	85	-
Total Other Support Services - Students - Special	<u>42,619</u>	<u>(10,270)</u>	<u>32,349</u>	<u>32,349</u>	<u>-</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 5 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	8,181	9	8,190	8,190	-
Supervision Support	8,619	(29)	8,590	8,380	210
Total Improvement of Instructional Services	<u>16,800</u>	<u>(20)</u>	<u>16,780</u>	<u>16,570</u>	<u>210</u>
Educational Media Services/School Library:					
Salaries	2,727	3	2,730	2,730	-
Salaries of Technology Coordinators	17,345	(65)	17,280	10,650	6,630
Purchased Professional and Technical Services	12,000	5,003	17,003	15,956	1,047
Other Purchased Services (400-500 Series)	25,000	4,617	29,617	29,347	270
Supplies and Materials	12,000	(5,722)	6,278	5,982	296
Other Objects	4,002	167	4,169	4,169	-
Total Educational Media Services/School Library	<u>73,074</u>	<u>4,003</u>	<u>77,077</u>	<u>68,834</u>	<u>8,243</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	30,482	504	30,986	30,986	-
Salaries of Secretarial and Clerical Assistants	10,075	928	11,003	11,003	-
Purchased Professional and Technical Services	20,500	(7,085)	13,415	4,178	9,237
Supplies and Materials	150	(15)	135		135
Other Objects	1,500	1,684	3,184	3,184	-
Total Instructional Staff Training Services	<u>62,707</u>	<u>(3,984)</u>	<u>58,723</u>	<u>49,351</u>	<u>9,372</u>

LAVALLETTE SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	53,234		53,234	23,456	29,778
Legal Services	7,500	1,365	8,865	8,865	-
Audit Fees	8,500	(50)	8,450	8,000	450
Purchased Technical Services	250	50	300	300	-
Communications/Telephone	2,200		2,200	2,178	22
Other Purchased Services (400-500 Series)	4,500	(1,365)	3,135	970	2,165
Supplies and Materials	500		500	349	151
Membership Dues and Fees	2,750	761	3,511	3,511	-
Other Objects	1,500	(1,301)	199	199	-
Total Support Services - General Administration	<u>80,934</u>	<u>(540)</u>	<u>80,394</u>	<u>47,828</u>	<u>32,566</u>
Support Services - School Administration:					
Salaries of Principal/Assistant Principals	55,380	(633)	54,747	48,256	6,491
Supplies and Materials	50	346	396	359	37
Other Objects	2,000	(887)	1,113	339	774
Total Support Services - School Administration	<u>57,430</u>	<u>(1,174)</u>	<u>56,256</u>	<u>48,954</u>	<u>7,302</u>
Central Services:					
Salaries	81,000	769	81,769	81,769	-
Purchased Technical Services	50	(12)	38	38	-
Other Purchased Services	10,000	(4,580)	5,420	5,420	-
Supplies and Materials	100	1,422	1,522	1,522	-
Interest on Lease Purchase Agreements	250		250		250
Miscellaneous Expenditures	250	1,250	1,500	1,500	-
Total Central Services	<u>91,650</u>	<u>(1,151)</u>	<u>90,499</u>	<u>90,249</u>	<u>250</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Administration Information Technical:					
Purchased Technical Services	10,000	2,866	12,866	12,866	-
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	42,000	30,000	72,000	70,906	1,094
General Supplies	10,000	(1,331)	8,669	7,115	1,554
Total Required Maintenance for School Facilities	<u>52,000</u>	<u>28,669</u>	<u>80,669</u>	<u>78,021</u>	<u>2,648</u>
Other Operations & Maintenance of Plant:					
Salaries	78,810	2,394	81,204	80,416	788
Salaries of Non-Instructional Aides	17,066	(1,500)	15,566	11,072	4,494
Purchased Professional and Technical Services	25,000	(21,000)	4,000		4,000
Cleaning, Repair and Maintenance Services	24,000	(11,500)	12,500	2,588	9,912
Other Purchased Property Services	6,000	(2,727)	3,273	2,174	1,099
Insurance	45,000	(1,000)	44,000	43,790	210
Miscellaneous Purchased Services	129		129	25	104
General Supplies	5,000	(500)	4,500	3,952	548
Energy (Heat & Electricity)	15,000	8,260	23,260	23,260	-
Energy (Natural Gas)	4,000	467	4,467	4,155	312
Total Other Operations & Maintenance of Plant	<u>220,005</u>	<u>(27,106)</u>	<u>192,899</u>	<u>171,432</u>	<u>21,467</u>
Care and Upkeep of Grounds					
Salaries	9,290	(2,409)	6,881	5,548	1,333
Cleaning, Repair and Maintenance Services	6,000	2,555	8,555	6,323	2,232
Supplies	200		200	150	50
Total Upkeep and Care of Grounds	<u>15,490</u>	<u>146</u>	<u>15,636</u>	<u>12,021</u>	<u>3,615</u>

LAVALLETTE SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Security					
Salaries	46,324	15,684	62,008	53,507	8,501
Purchased Professional and Technical Services	42,000	8,784	50,784	50,784	-
Cleaning, Repair and Maintenance Services	2,500	1,400	3,900	1,200	2,700
General Supplies	200		200	171	29
Total Undistributed Expenditures - Security	<u>91,024</u>	<u>25,868</u>	<u>116,892</u>	<u>105,662</u>	<u>11,230</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Regular	2,500		2,500	2,150	350
Salaries for Pupil Transportation (Between Home and School) Special Education	1,000		1,000	550	450
Contr. Serv. (Between Home & School)-Vendors	15,000	2,982	17,982	17,982	-
Contr. Serv. (Other Than Between Home & School)-Vendors	16,476	(916)	15,560	614	14,946
Contr. Serv. (Between Home & School) - Jointures	111,586	(7,709)	103,877	72,652	31,225
Contr. Serv. (Special Education) - Vendors	2,500		2,500	640	1,860
Contr. Serv. (Special Education) - ESC's and CTSA's	8,000	1,619	9,619	7,000	2,619
Aid in Lieu of Transportation - Non-Public School	8,000		8,000	1,968	6,032
Other Purchased Services		5,090	5,090	2,990	2,100
Total Student Transportation Services	<u>165,062</u>	<u>1,066</u>	<u>166,128</u>	<u>106,546</u>	<u>59,582</u>
Unallocated Benefits:					
Social Security Contributions	35,000	3,333	38,333	37,340	993
Other Retirement Contributions - PERS	35,000	8,294	43,294	31,494	11,800
Workmen's Compensation	28,000		28,000	22,466	5,534
Health Benefits	575,000	2,449	577,449	427,053	150,396
Other Employee Benefits	35,000	1,500	36,500	30,494	6,006
Total Unallocated Benefits	<u>708,000</u>	<u>15,576</u>	<u>723,576</u>	<u>548,847</u>	<u>174,729</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 9 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	137,480	(137,480)
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	430,502	(430,502)
On-Behalf T.P.A.F Non-Contributory Insurance			-	8,191	(8,191)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	270	(270)
Reimbursed TPAF Social Security Contributions)Non-Budgeted)			-	117,444	(117,444)
Total On-Behalf Contributions	-	-	-	693,887	(693,887)
 Total Undistributed Expenditures	<u>2,777,801</u>	<u>(5,313)</u>	<u>2,772,488</u>	<u>3,094,632</u>	<u>(322,144)</u>
 Total Current Expense	<u>4,375,077</u>	<u>78,536</u>	<u>4,453,613</u>	<u>4,649,825</u>	<u>(196,212)</u>
 Capital Outlay:					
Equipment:					
Instructional Equipment	10,000	33,676	43,676	35,879	7,797
Required Maintenance School Facilities	27,500	1,177	28,677	21,793	6,884
Equipment Care of Grounds	39,000	(25,825)	13,175	8,057	5,118
Facilities Acquisition and Construction Services:					
Other Objects - SDA Assessment	53		53	53	-
Total Capital Outlay	<u>76,553</u>	<u>9,028</u>	<u>85,581</u>	<u>65,782</u>	<u>19,799</u>
 Total Expenditures	<u>4,451,630</u>	<u>87,564</u>	<u>4,539,194</u>	<u>4,715,607</u>	<u>(176,413)</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(64,630)</u>	<u>(87,564)</u>	<u>(152,194)</u>	<u>351,744</u>	<u>503,938</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 10 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund			-	31,986	31,986
Transfer to Food Service Fund	(10,000)		(10,000)	(10,000)	-
Total Other Financing Sources/(Uses)	(10,000)	-	(10,000)	21,986	31,986
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(74,630)	(87,564)	(162,194)	373,730	535,924
Fund Balance, July 1	1,934,830		1,934,830	1,934,830	
Prior Period Adjustment				52,294	52,294
Fund Balances, July 1, Restated	1,934,830	-	1,934,830	1,987,124	52,294
Fund Balance, June 30	\$ 1,860,200	(87,564)	1,772,636	2,360,854	588,218
Recapitulation:					
Assigned To:					
Reserve for Encumbrances				\$ 74,178	
Unemployment Compensation				52,372	
Committed To:					
Maintenance Reserve				560,598	
Capital Reserve				1,213,501	
Designated for Subsequent Year's Expenditures - Emergency Reserve				39,222	
Excess Surplus				163,473	
Unassigned Fund Balance				257,510	
				2,360,854	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments Not Recognized On GAAP Basis				(16,701)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,344,153	

LAVALLETTE SCHOOL DISTRICT

Exhibit C-2

Sheet 1 of 2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	20,906	20,906	19,336	1,570
Federal Sources:					
Title I, Part A	29,326	10,564	39,890	39,890	-
Title IIA, Part A	5,274	890	6,164	6,164	-
Title IV, Part A	8,500	1,500	10,000	10,000	-
IDEA Part B, Basic	36,875	8,547	45,422	45,422	-
IDEA Part B, Preschool		1,157	1,157	1,157	-
Coronavirus Relief Fund	4,383	2,235	6,618	6,618	-
Educational Stabilization Fund (CARES Act)	26,900	4,739	31,639	31,639	-
Educational Stabilization Fund (ESSER II)		201,357	201,357	9,163	192,194
Total Federal Sources	<u>111,258</u>	<u>230,989</u>	<u>342,247</u>	<u>150,053</u>	<u>192,194</u>
Total Revenues	<u>111,258</u>	<u>251,895</u>	<u>363,153</u>	<u>169,389</u>	<u>193,764</u>
Expenditures:					
Instruction:					
Salaries of Teachers	47,148	122,550	169,698	43,990	125,708
Other Purchased Services	36,875	10,204	47,079	46,579	500
General Supplies	4,970	13,987	18,957	13,820	5,137
Other Objects	-	11,000	11,000	-	11,000
Total Instruction	<u>88,993</u>	<u>157,741</u>	<u>246,734</u>	<u>104,389</u>	<u>142,345</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2
 Sheet 2 of 2

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Other Salaries for Instruction	8,500		8,500	8,500	-
Employee Benefits	1,610	60,048	61,658	15,227	46,431
Other Purchased Services	3,000	11,647	14,647	9,659	4,988
General Supplies	9,155	5,734	14,889	14,889	-
Student Activities		18,144	18,144	18,144	-
Total Support Services	<u>22,265</u>	<u>95,573</u>	<u>117,838</u>	<u>66,419</u>	<u>51,419</u>
 Total Expenditures	 <u>111,258</u>	 <u>253,314</u>	 <u>364,572</u>	 <u>170,808</u>	 <u>193,764</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>(1,419)</u>	 <u>(1,419)</u>	 <u>(1,419)</u>	 <u>-</u>
 Fund Balance, July 1 (Restated)				 <u>26,724</u>	
 Fund Balance, June 30				 <u>\$ 25,305</u>	
 Recapitulation:					
Restricted:					
Student Activities				<u>\$ 25,305</u>	
 Total Fund Balance				 <u>\$ 25,305</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAVALLETTE SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Revenues" from the Budgetary Comparison Schedule	\$ 5,067,351	169,389
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		(5,782)
State aid recognized for GAAP statements in the current year previously recognized for budgetary purposes.	16,991	
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>(16,701)</u>	
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 5,067,641</u>	<u>163,607</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,715,607	170,808
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the supplies are received for financial reporting purposes.		<u>(5,782)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,715,607</u>	<u>165,026</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

LAVALLETTE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
LAST EIGHT FISCAL YEARS

Exhibit L-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>
District's Proportion of the Net Pension Liability (Asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 320,960	387,339	403,518	550,253	793,273	555,082	496,715	570,078
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	-	-	-	-	-	-	-	-
Total	<u>\$ 320,960</u>	<u>387,339</u>	<u>403,518</u>	<u>550,253</u>	<u>793,273</u>	<u>555,082</u>	<u>496,715</u>	<u>570,078</u>
District's Covered-Employee Payroll	\$ 139,487	155,118	152,732	143,921	164,345	172,126	170,571	179,369
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	43.46%	40.05%	37.85%	26.16%	20.72%	31.01%	34.34%	31.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.90%	42.04%	40.45%	36.78%	31.02%	38.21%	42.74%	40.71%

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 31,041	27,576	25,774	23,850	23,850	22,888	27,069	18,197
Contributions in Relation to the Contractually Required Contribution	<u>31,041</u>	<u>27,576</u>	<u>25,774</u>	<u>23,850</u>	<u>23,850</u>	<u>22,888</u>	<u>27,069</u>	<u>18,197</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 139,487	155,118	152,732	143,921	164,345	172,126	170,571	179,369
Contributions as a Percentage of Covered-Employee Payroll	22.25%	17.78%	16.88%	16.57%	14.51%	13.30%	15.87%	10.15%

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>10,608,133</u>	<u>9,705,687</u>	<u>9,654,836</u>	<u>9,342,457</u>	<u>11,787,560</u>	<u>9,380,978</u>	<u>7,756,905</u>	<u>7,696,473</u>
Total	<u>\$ 10,608,133</u>	<u>9,705,687</u>	<u>9,654,836</u>	<u>9,342,457</u>	<u>11,787,560</u>	<u>9,380,978</u>	<u>7,756,905</u>	<u>7,696,473</u>
District's Covered-Employee Payroll	\$ 1,661,922	1,607,123	1,728,100	1,630,999	1,596,604	1,447,121	1,466,800	1,445,916
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	15.67%	16.56%	17.90%	17.46%	13.54%	15.43%	18.91%	18.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

LAVALLETTE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

LAVALLETTE SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2021**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020, in accordance with Paragraph 44 of GASB Statement No. 67.

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

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Exhibit M-1

LAST FIVE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>State's OPEB Liability Attributable to the District</u>					
Service Cost	\$ 211,613	204,555	237,052	283,931	*
Interest	177,515	215,763	234,936	201,170	*
Benefit Payments	(152,674)	(151,447)	(145,557)	(148,123)	*
Member Contributions	4,628	4,489	5,031	5,454	*
Difference between Expected and Actual Experience	1,993,120	(856,795)	(658,348)		*
Change of Assumptions	1,601,932	73,561	(624,668)	(792,875)	*
Net Change in Total OPEB Liability	<u>3,836,134</u>	<u>(509,874)</u>	<u>(951,554)</u>	<u>(450,443)</u>	*
 Total Attributable OPEB Liability - Beginning	 <u>4,933,617</u>	 <u>5,443,491</u>	 <u>6,395,045</u>	 <u>6,845,488</u>	 *
 Total Attributable OPEB Liability - Ending	 <u>\$ 8,769,751</u>	 <u>4,933,617</u>	 <u>5,443,491</u>	 <u>6,395,045</u>	 <u>6,845,488</u>
 District's Covered Payroll	 \$ 1,801,409	 1,762,241	 1,870,030	 1,774,920	 1,760,949
 District's Contribution	 None	 None	 None	 None	 None
 State's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	 486.83%	 279.96%	 291.09%	 360.30%	 388.74%

* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

LAVALLETTE SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATIONFOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit M-2

Change of Benefit Terms

None

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

LAVALLETTE SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

Exhibit E-1

BUDGETARY BASIS

FOR FISCAL YEAR ENDED JUNE 30, 2021

	<u>Local Grants</u>	<u>IDEA Preschool</u>	<u>IDEA Basic</u>	<u>NCLB</u>		<u>Title IV</u>	<u>CARES</u>	<u>ESSER</u>	<u>CRF</u>	<u>Student Activities</u>	<u>Total</u>
				<u>Title I</u>	<u>Title IIA</u>						
Revenues:											
Local Sources	\$ 2,611									16,725	19,336
Federal Sources		1,157	45,422	39,890	6,164	10,000	31,639	9,163	6,618		150,053
Total Revenues	<u>2,611</u>	<u>1,157</u>	<u>45,422</u>	<u>39,890</u>	<u>6,164</u>	<u>10,000</u>	<u>31,639</u>	<u>9,163</u>	<u>6,618</u>	<u>16,725</u>	<u>169,389</u>
Expenditures:											
Instruction:											
Salaries of Teachers	-			28,450		7,000		2,592	5,948		43,990
Other Purchased Services		1,157	45,422								46,579
General Supplies	2,611					200	5,157	5,852			13,820
Total Instruction	<u>2,611</u>	<u>1,157</u>	<u>45,422</u>	<u>28,450</u>	<u>-</u>	<u>7,200</u>	<u>5,157</u>	<u>8,444</u>	<u>5,948</u>	<u>-</u>	<u>104,389</u>
Support Services:											
Salaries							8,500				8,500
Employee Benefits				11,380		2,800	340	37	670		15,227
Other Purchased Services					6,164		2,813	682			9,659
General Supplies				60			14,829				14,889
Student Activities										18,144	18,144
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,440</u>	<u>6,164</u>	<u>2,800</u>	<u>26,482</u>	<u>719</u>	<u>670</u>	<u>18,144</u>	<u>66,419</u>
Total Expenditures	<u>2,611</u>	<u>1,157</u>	<u>45,422</u>	<u>39,890</u>	<u>6,164</u>	<u>10,000</u>	<u>31,639</u>	<u>9,163</u>	<u>6,618</u>	<u>18,144</u>	<u>170,808</u>
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,419)</u>	<u>(1,419)</u>
Fund Balance, July 1											-
Prior Period Adjustment*										26,724	26,724
Fund Balance, July 1, (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,724</u>	<u>26,724</u>
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,305</u>	<u>25,305</u>

*Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

CAPITAL PROJECTS FUND – F

LAVALLETTE SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2021

Expenditures:	
Other Purchased Professional and Technical Services	\$ 2,689
Supplies and Materials	188,294
Total Expenditures	<u>190,983</u>
Other Financing Sources/(Uses):	
Transfer to General Fund	<u>21,986</u>
Excess of Revenues Over Expenditures and Other Financing Sources/(Uses)	(212,969)
Fund Balance Beginning	<u>237,500</u>
Fund Balance Ending	<u>\$ 24,531</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWINDOW AND DOOR REPLACEMENT TO ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Bond Proceeds	\$ 1,900,000		1,900,000	1,900,000
Transfer from Capital Reserve	181,000		181,000	181,000
Total Revenues	<u>2,081,000</u>	<u>-</u>	<u>2,081,000</u>	<u>2,081,000</u>
<u>Expenditures and Other Financing Uses</u>				
Other Purchased Professional and Technical Services	192,202	2,689	194,891	194,891
Supplies and Materials	1,673,284	188,294	1,861,578	1,886,109
Total Expenditures	<u>1,865,486</u>	<u>190,983</u>	<u>2,056,469</u>	<u>2,081,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 215,514</u>	<u>(190,983)</u>	<u>24,531</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		2550-050-04-2000		
Grant Date		4/20/04		
Original Authorized Cost		\$ 212,440		
Additional Authorized Cost		-		
Revised Authorized Cost		212,440		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		100%		
Original Target Completion Date		Jan. 05		
Revised Target Completion Date		June 11		

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT - I

LAVALLETTE SCHOOL DISTRICT
GENERAL LONG-TERM DEBT GROUP
STATEMENT OF SERIAL BONDS

Exhibit I-1

JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Various School Projects	3/8/2005	\$ 1,187,000	2/1/2022-23	\$ 60,000	4.10%	\$ 300,000		60,000	240,000
			2/1/2024	60,000	4.13%				
			2/1/2025	60,000	4.20%				
Various School Projects	5/14/2020	2,200,000	1/15/2022	90,000	1.50%	2,200,000			2,200,000
			1/15/2023	135,000	1.50%				
			1/15/2024	140,000	2.00%				
			1/15/2025	145,000	2.00%				
			1/15/2026	150,000	2.00%				
			1/15/2027-28	155,000	2.00%				
			1/15/2029	165,000	2.00%				
			1/15/2030	170,000	2.00%				
			1/15/2031	175,000	2.00%				
			1/15/2032-35	180,000	2.00%-2/50%				

LAVALLETTE SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2021

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2021</u>
Copier 2019 (MPC6503)*	5%	20,736	18,334		(3,798)	14,536
Copier 2019 (IMC2000)	5%	7,495	6,627		(1,373)	5,254
Copier 2019 (IMC4500)*	5%	12,589	11,131		(2,306)	8,825
			<u>\$ 36,092</u>	<u>-</u>	<u>(7,477)</u>	<u>28,615</u>

* \$5,000 Down Payment.

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 20,605		20,605	20,605	-
Interest Earned	250		250	250	
Total Revenues	<u>20,855</u>	<u>-</u>	<u>20,855</u>	<u>20,855</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	12,375		12,375	12,375	-
Redemption of Principal	60,000		60,000	60,000	
Total Expenditures	<u>72,375</u>	<u>-</u>	<u>72,375</u>	<u>72,375</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,520)	-	(51,520)	(51,520)	-
Fund Balance July 1	<u>533,818</u>		<u>533,818</u>	<u>533,818</u>	
Fund Balance June 30	<u>\$ 482,298</u>	<u>-</u>	<u>482,298</u>	<u>482,298</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

Lavallette Borough Board of Education
 Net Position by Component
 Last Ten Fiscal Years
(accrual basis of accounting)

GASB B-1
 J-1

	Fiscal Year Ending June 30.									
	2012	2013	2014	2015	2016	2015	2017	2019	2020	2021
Governmental activities										
Invested in capital assets, net of related debt	\$ 3,539,201	\$ 3,784,319	\$3,060,708	\$ 2,848,956	\$ 2,101,303	\$ 2,101,303	\$ 2,609,477	\$ 2,455,824	\$ 1,944,157	\$ 2,171,532
Restricted	821,714	1,134,419	1,367,088	1,747,976	1,863,693	1,863,693	1,409,750	1,552,614	2,154,416	2,103,344
Unrestricted	152,844	116,361	240,676	(343,195)	168,976	168,976	(37,758)	(123,943)	(95,827)	(1,830,723)
Total governmental activities net assets	<u>\$ 4,513,759</u>	<u>\$ 5,035,099</u>	<u>\$4,608,471</u>	<u>\$ 4,253,739</u>	<u>\$ 4,133,972</u>	<u>\$ 4,133,972</u>	<u>\$ 3,981,469</u>	<u>\$ 3,884,495</u>	<u>\$ 4,150,178</u>	<u>\$ 2,344,153</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,483	\$ 1,309	\$ 1,155
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(41,634)	(39,454)	(36,404)	(36,334)	(36,658)	(36,658)	(33,989)	(34,990)	(32,817)	(28,691)
Total business-type activities net assets	<u>\$ (41,634)</u>	<u>\$ (39,454)</u>	<u>\$ (36,404)</u>	<u>\$ (36,334)</u>	<u>\$ (36,658)</u>	<u>\$ (36,658)</u>	<u>\$ (33,989)</u>	<u>\$ (33,527)</u>	<u>\$ (31,508)</u>	<u>\$ (27,536)</u>
District-wide										
Invested in capital assets, net of related debt	\$ 3,539,201	\$ 3,784,319	\$3,000,708	\$ 2,848,956	\$ 2,101,303	\$ 2,101,303	\$ 2,609,477	\$ 2,457,287	\$ 2,091,589	\$ 2,172,687
Restricted	821,714	1,134,419	1,367,088	1,747,976	1,863,693	1,863,693	1,409,750	1,552,614	2,154,416	2,103,344
Unrestricted	111,210	76,897	204,271	(379,528)	132,318	132,318	(71,747)	(158,933)	(127,495)	(1,959,414)
Total district net assets	<u>\$ 4,472,125</u>	<u>\$ 4,995,635</u>	<u>\$4,572,957</u>	<u>\$ 4,217,405</u>	<u>\$ 4,097,314</u>	<u>\$ 4,097,314</u>	<u>\$ 3,947,430</u>	<u>\$ 3,850,958</u>	<u>\$ 4,118,570</u>	<u>\$ 2,316,617</u>

Source: CAFR Schedule A-1

Lavallette Borough Board of Education
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

GASB A-2
 J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,093,759	\$ 1,074,466	\$ 1,062,368	\$ 1,087,849	\$ 1,164,551	\$ 1,149,851	\$ 1,090,657	\$ 1,163,622	\$ 1,091,863	\$ 1,165,879
Special education	215,431	339,087	279,505	214,237	196,617	274,042	330,241	240,521	260,322	291,520
Other instruction	84,342	64,116	105,816	182,149	157,486	137,177	116,929	108,397	95,243	192,588
Support Services:										
Tuition	958,509	957,271	992,209	719,961	819,542	820,617	1,019,850	783,402	866,059	797,050
Student & instruction related services	331,541	342,312	343,973	335,164	389,586	470,114	425,157	421,416	382,359	412,512
School administrative services	250,121	257,968	248,824	221,413	200,769	179,834	224,236	205,753	201,900	199,897
Plant operations and maintenance	227,522	206,994	271,779	283,967	244,431	322,350	313,052	307,557	237,456	367,136
Pupil transportation	113,888	71,294	86,935	134,987	175,888	130,045	203,128	153,649	159,160	106,546
Unallocated benefits	747,012	776,099	785,193	812,176	887,936	959,821	1,068,966	1,206,756	1,172,351	1,242,734
Interest on long-term debt	33,806	28,666	21,505	26,262	23,650	22,215	18,730	16,270	14,835	12,375
Depreciation	354,752	330,257	335,868	352,890	242,544	244,121	208,850	211,273	203,178	356,105
Total governmental activities expenses	4,410,483	4,449,530	4,533,975	4,351,085	4,603,000	4,710,207	5,019,596	4,816,616	4,684,526	5,144,142
Business-type activities:										
Food service	75,867	65,685	41,601	45,292	42,947	41,346	42,539	68,793	33,592	15,671
Total business-type activities expense	75,867	65,685	41,601	45,292	42,947	42,947	42,539	68,793	33,592	15,671
Total district expenses	\$ 4,486,350	\$ 4,514,215	\$ 4,575,576	\$ 4,396,377	\$ 4,545,947	\$ 4,545,947	\$ 5,062,135	\$ 4,885,409	\$ 4,718,118	\$ 5,159,813
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 172,408	\$ 148,727	\$ 155,490	\$ 193,281	\$ 173,243	\$ 235,591	\$ 356,957	\$ 269,829	\$ 296,554	\$ 268,779
Student & instruction related services										
Business and other support services										
Operating grants and contributions	95,770	133,792	105,945	73,553	86,702	86,702	85,279	107,166	114,613	147,038
Total governmental activities program revenues	268,178	282,519	261,435	266,834	259,945	259,945	442,236	376,995	411,167	415,817
Business-type activities:										
Charges for services:										
Food service	34,173	7,599	18,562	27,334	22,284	22,863	22,760	26,725	16,673	4,711
Operating grants and contributions	13,252	35,820	13,160	11,528	10,334	11,147	8,725	7,447	8,838	4,801
Total business-type activities program revenues	47,425	43,419	31,722	38,862	32,618	24,010	31,485	34,172	25,511	9,512
Total district program revenues	\$ 315,603	\$ 325,938	\$ 293,157	\$ 305,696	\$ 292,563	\$ 283,955	\$ 473,721	\$ 411,167	\$ 436,678	\$ 425,329
Net (Expense)/Revenue										
Governmental activities	\$ (4,142,305)	\$ (4,166,011)	\$ (4,272,540)	\$ (4,084,251)	\$ (4,243,055)	\$ (4,337,914)	\$ (4,577,360)	\$ (4,439,621)	\$ (4,273,358)	\$ (4,728,325)
Business-type activities	(28,442)	(22,268)	(9,879)	(6,430)	(10,329)	(9,235)	(11,405)	(27,448)	1,919	4,801
Total district-wide net expense	\$ (4,170,747)	\$ (4,188,279)	\$ (4,282,419)	\$ (4,090,681)	\$ (4,253,384)	\$ (4,253,384)	\$ (4,588,765)	\$ (4,467,069)	\$ (4,271,440)	\$ (4,723,524)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,554,925	\$ 3,572,526	\$ 3,580,976	\$ 3,600,931	\$ 3,462,572	\$ 3,503,823	\$ 3,573,899	\$ 3,781,102	\$ 3,836,324	\$ 3,913,050
Taxes levied for debt service	127,597	123,664	119,762	115,880	84,875	82,215	79,775	29,782	23,065	20,855
Unrestricted grants and contributions	447,207	532,075	554,892	521,811	562,421	684,451	688,345	768,196	895,525	873,462
Investment earnings	91	458	1,868	2,247	2,547	2,780	4,568	1,348	1,014	640
Miscellaneous income	2,521	11,944	45,452	32,852	20,556	40,337	54,039	17,068	14,368	31,006
Transfers	(15,000)	(24,450)	(12,900)	(6,500)	(9,483)	(10,000)	(44,068)	(7,000)	(10,000)	(10,000)
Total governmental activities	4,117,311	4,216,217	4,290,150	4,267,001	4,123,288	4,303,606	4,356,556	4,570,506	4,780,296	4,829,013
Business-type activities:										
Investment earnings	9	16	9		5	6	10	13	-	6
Miscellaneous income										
Cancel payable										
Transfers	15,000	24,450	12,900	6,500	10,000	10,000	10,000	7,000	10,000	10,000

Lafayette Borough Board of Education
 Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

GASB A-2
 J-2

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total business-type activities	15,009	24,466	12,909	6,500	10,005	10,005	10,010	7,013	10,000	10,005
Total district-wide	<u>\$ 4,132,320</u>	<u>\$ 4,240,583</u>	<u>\$ 4,303,059</u>	<u>\$ 4,273,501</u>	<u>\$ 4,133,293</u>	<u>\$ 4,133,293</u>	<u>\$ 4,366,568</u>	<u>\$ 4,577,519</u>	<u>\$ 4,770,296</u>	<u>\$ 4,839,019</u>
Change in Net Assets										
Governmental activities	\$ (24,994)	\$ 50,206	\$ 17,610	\$ 182,750	\$ (119,767)	\$ (43,543)	\$ (227,859)	\$ 130,885	\$ 265,683	\$ 105,489
Business-type activities	(13,433)	2,200	3,030	70	(324)	771	(1,044)	1,506	1,919	3,847
Total district	<u>\$ (38,427)</u>	<u>\$ 52,406</u>	<u>\$ 20,640</u>	<u>\$ 182,820</u>	<u>\$ (120,091)</u>	<u>\$ (42,772)</u>	<u>\$ (228,903)</u>	<u>\$ 132,391</u>	<u>\$ 267,602</u>	<u>\$ 109,336</u>

Source: CAFR Schedule A-2. Does not include restatement for pension

Lafayette Borough Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

GASB B-3
J-3

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ 540,431	\$ 767,218	\$ 999,267	\$1,452,488	\$ 1,417,085	\$ 1,417,085	\$ 1,375,684	\$ 1,355,844	\$ 1,677,809	\$ 2,050,972
Unreserved	266,648	257,992	240,675	242,448	254,611	254,611	239,295	242,511	240,030	257,510
Total general fund	<u>\$ 807,077</u>	<u>\$ 1,025,210</u>	<u>\$ 1,240,562</u>	<u>\$1,694,936</u>	<u>\$ 1,671,696</u>	<u>\$ 1,671,696</u>	<u>\$ 1,614,979</u>	<u>\$ 1,598,355</u>	<u>\$ 1,917,839</u>	<u>\$ 2,308,482</u>
All Other Governmental Funds										
Reserved	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 47,513	\$ 367,201	\$ 205,193	\$ -
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	200,000	32,307	24,531
Debt service fund	-	-	-	-	-	-	285,100	285,350	533,518	482,298
Total all other governmental funds	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 332,613</u>	<u>\$ 852,551</u>	<u>\$ 771,318</u>	<u>\$ 506,829</u>

Source: CAFR Schedule B-1

Lavallette Borough Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Three Fiscal Years

GASB B-4
 J-4

	2019	2020	2021
Revenues			
Tax levy	\$ 3,790,884	\$ 3,859,389	\$ 3,933,655
Tuition charges	269,829	289,923	268,779
Interest earnings	1,348	1,014	640
Miscellaneous	19,158	14,368	31,006
State sources	768,186	796,217	873,462
Federal sources	105,096	99,308	147,068
Total revenue	<u>4,954,501</u>	<u>5,060,219</u>	<u>5,254,610</u>
Expenditures			
Instruction			
Regular Instruction	1,154,133	1,091,663	1,165,679
Special education instruction	240,521	297,929	291,520
Other instruction	106,397	95,243	192,588
Support Services:			
Tuition	783,402	866,059	797,050
Student & instruction related services	421,416	445,235	412,512
Support services School Administration	205,753	201,900	199,897
Plant operations and maintenance	327,845	286,675	367,136
Pupil Transportation	153,649	159,160	106,546
Unallocated employee benefits	1,239,453	1,172,360	1,242,734
Capital outlay	101,524	1,953,708	288,751
Debt service:			
Principal	60,000	60,000	60,000
Interest and other charges	17,295	14,835	12,375
Total expenditures	<u>4,811,388</u>	<u>6,644,767</u>	<u>5,136,788</u>
Excess (Deficiency) of revenues over (under) expenditures	143,113	(1,584,548)	117,822
Other Financing sources (uses)			
Bond proceeds		2,200,000	
Transfers in	200,000		41,986
Transfers out	(207,000)	(10,000)	(51,986)
Total other financing sources (uses)	<u>(7,000)</u>	<u>2,190,000</u>	<u>(10,000)</u>
Net change in fund balances	<u>\$ 136,113</u>	<u>\$ 605,452</u>	<u>\$ 107,822</u>
Debt service as a percentage of noncapital expenditures	1.7%	1.6%	1.5%

Source: CAFR Schedule B-2

LAVALLETTTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2012	91	172,408	10,625	\$ 183,124
2013	458	148,727	49,238	\$ 198,423
2014	1,868	155,490	75,681	\$ 233,039
2015	2,247	193,231	32,077	\$ 227,555
2016	2,547	173,243	22,318	\$ 198,108
2017	2,780	285,591	40,337	\$ 328,708
2018	4,568	308,682	98,805	\$ 412,055
2019	1,348	269,829	19,158	\$ 290,335
2020	1,014	289,923	14,368	\$ 305,305
2021	390	268,779	11,670	\$ 280,839

Lavallette Borough Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last Ten Fiscal Years

J-8

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	18,391,000	1,813,383,150			38,833,860		4,843,100	1,875,450,910	40,634,200		1,877,320,947	0.196	2,269,502,866
2013	18,391,000	1,779,166,450			37,562,360		4,204,600	1,839,324,410	40,634,200		1,879,958,610	0.201	2,130,254,413
2014	21,925,500	1,777,897,250			37,958,060		4,843,100	1,842,621,910	40,629,200		1,883,251,110	0.202	2,076,248,298
2015	19,257,200	1,790,789,750			37,959,760		4,843,100	1,852,849,810	40,629,200		1,893,479,010	0.191	2,008,291,578
2016	35,699,700	1,789,981,650			37,439,960		4,843,100	1,834,288,410	39,557,100		1,873,825,510	0.192	2,059,847,514
2017	33,675,800	1,798,905,774			37,497,160		4,843,100	1,874,821,634	39,557,100		1,914,478,734	0.195	2,163,791,174
2018	37,751,900	1,818,255,074			37,765,460		4,843,100	1,864,838,734	40,070,700		1,904,709,434	0.199	2,145,867,686
2019	46,057,500	1,828,796,724			37,728,060		4,843,100	1,915,425,384	38,850,400		1,954,275,784	0.201	2,182,583,426
2020	30,493,500	2,293,130,900			49,432,600		2,443,100	2,375,500,100	67,125,000		2,442,625,100	0.166	2,354,632,279
2021	36,646,500	2,291,445,500			49,432,600		1,839,700	2,379,364,300	68,505,000		2,447,869,300	0.169	2,415,918,473

Sources: Ocean County Abstract of Retables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Lavallette Borough Board of Education
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Lavallette Borough Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Lavallette Borough	Ocean County	
2012	0.198	0.007	0.2044	0.267	0.439	0.902
2013	0.195	0.007	0.201	0.267	0.453	0.921
2014	0.195	0.006	0.201	0.272	0.460	0.933
2015	0.187	0.004	0.191	0.286	0.452	0.929
2016	0.188	0.004	0.192	0.296	0.372	0.860
2017	0.191	0.004	0.195	0.306	0.480	0.981
2018	0.195	0.004	0.199	0.306	0.466	0.971
2019	0.200	0.001	0.201	0.311	0.467	0.979
2020	0.165	0.001	0.166	0.262	0.400	0.828
2021	0.168	0.001	0.169	0.255	0.402	0.826

Source: District Records and Ocean County Abstract of Ratables

Note:

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

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

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

Lavallette Borough Board of Education
Principal Property Tax Payers,
Current & Thirteen years ago

J-8

Taxpayer	2021			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
MINKS, HERBERT A&GEORGIANA T	6,107,900	1	0.26%			
LITTLE GIANT, LLC	5,801,400	2	0.24%			
CONTE, SALVATORE & ALLISON	5,476,500	3	0.23%			
LAVALLETTE YACHT CLUB	4,244,600	4	0.18%			
ZORZI, KENNETH & CHRISTINE	4,163,200	5	0.17%			
ROWLANDS, JEHAN	3,877,700	6	0.16%			
DONATO, MICHELE	3,796,000	7	0.16%			
MELA COURT LLC	3,615,200	8	0.15%			
FRITSCH, ARTHUR e JR & GAIL ANN	3,594,600	9	0.15%			
GIANT REALTY LLC	3,580,300	10	0.15%			
Joseph Pesci				4,988,134	1	0.27%
Donald & Lisa Storms				3,924,304	2	0.22%
Giant Realty				3,547,523	3	0.20%
Donald Friccione				3,512,618	4	0.19%
Michael & Anna Sherlock				3,443,002	5	0.19%
Steven & Joan Sweeny				3,418,375	6	0.19%
Wachovia Bank				3,332,856	7	0.18%
Richard & Mary Molke				3,332,856	8	0.18%
Brain & Ellen Walsh				3,266,538	9	0.18%
John & Kathleen Serra				2,386,153	10	0.13%
Total	<u>\$ 44,257,400</u>		<u>1.86%</u>	<u>\$ 32,766,207</u>		<u>0.49%</u>
Total Net Assessment	<u>\$ 1,938,685,334</u>			<u>\$ 1,815,938,286</u>		

Source: District CAFR, Municipal Tax Assessor, Ocean County Abstract of Ratables

Lavallette Borough Board of Education
 Property Tax Levies and Collections,
 Last Ten Fiscal Years
 Unaudited

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	3,696,190	3,696,190	100.00%	
2013	3,700,738	3,700,738	100.00%	
2014	3,716,791	3,716,791	100.00%	
2015	3,547,247	3,547,247	100.00%	
2016	3,586,038	3,586,038	100.00%	
2017	3,653,674	3,653,674	100.00%	
2018	3,790,884	3,790,884	100.00%	
2019	3,859,389	3,859,389	100.00%	
2020	3,933,655	3,933,655	100.00%	
2021	4,025,494	4,025,494	100.00%	

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

**Lavallette Borough Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

**Exhibit J-10
GASB D-1**

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	
	General Obligation Bonds	Certificate s of Participati on	Capital Leases	Bond Anticipati on Notes (BANs)	Capital Leases	Total District
2012	900,000	-	17,668	-	-	917,668
2013	800,000	-	11,012	-	-	811,012
2014	700,000	-	3,920	-	-	703,920
2015	600,000	-	31,243	-	-	631,243
2016	540,000	-	24,121	-	-	564,121
2017	480,000	-	17,022	-	-	497,022
2018	420,000	-	9,457	-	-	429,457
2019	360,000	-	1,394	-	-	361,394
2020	2,500,000	-	12,752	-	-	2,512,752
2021	2,440,000	-	26,868	-	-	2,466,868

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

* Source-Ocean County Department of Planning

Lavallette Borough Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Exhibit J-11
 GASB D-2
 NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	900,000		900,000	0.05%	\$ 337.71
2013	800,000		800,000	0.04%	\$ 300.19
2014	700,000		700,000	0.04%	\$ 262.68
2015	600,000		600,000	0.03%	\$ 225.14
2016	540,000		540,000	0.03%	\$ 298.84
2017	480,000		480,000	0.03%	\$ 262.01
2018	420,000		420,000	0.02%	\$ 229.28
2019	360,000		360,000	0.02%	\$ 196.51
2020	2,500,000		2,500,000	0.10%	\$ 1,364.63
2021	2,440,000		2,440,000	0.10%	\$ 1,331.88

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

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-14.

* Data unavailable

Lavallette Borough Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2020

Exhibit J-12 GASB D-3 NJ J-8 modified
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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Lavallette Borough	6,787,525	100.00%	\$ 6,787,525
Lavallette Borough School District Direct Debt			<u>2,440,000</u>
Total direct and overlapping debt			<u>\$ 9,227,525</u>

Sources: Lavallette Borough Finance Officer

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis	
	2021	2,415,918,473
	2020	2,354,632,279
	2019	<u>1,954,275,784</u>
	[A]	<u>\$ 6,724,826,536</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,241,608,845
Debt limit (3 % of average equalization)	[E]	67,248,265 a
Net bonded school debt	[C]	<u>2,440,000</u>
Legal debt margin	[B-C]	<u>\$ 64,808,265</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 88,943,470	67,023,803	64,760,058	62,147,943	62,147,943	61,043,252	63,695,064	62,639,346	64,547,757	67,248,285
Total net debt applicable to limit	<u>900,000</u>	<u>800,000</u>	<u>700,000</u>	<u>800,000</u>	<u>540,000</u>	<u>480,000</u>	<u>420,000</u>	<u>360,000</u>	<u>2,500,000</u>	<u>2,440,000</u>
Legal debt margin	<u>\$ 68,043,470</u>	<u>\$ 66,223,803</u>	<u>\$ 64,060,058</u>	<u>\$ 61,547,943</u>	<u>\$ 61,607,943</u>	<u>\$ 60,563,252</u>	<u>\$ 63,275,064</u>	<u>\$ 62,279,346</u>	<u>\$ 62,047,757</u>	<u>\$ 64,808,265</u>
Total net debt applicable to the limit as a percentage of debt limit	1.31%	1.19%	1.08%	0.97%	0.87%	0.79%	0.66%	0.57%	3.87%	3.63%

Source: Abstract of Rates and District Records CAFR Schedule J-7

a Limit set by N.J.S.A. 15A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Lavallette Borough Board of Education
Demographic and Economic Statistics
Selected years

Exhibit J-14
GASB E-1
NJ J-10 modified

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>State of NJ Unemployment Rate</u>
2000	2,665	\$ 30,332	3.50%
2010	1,875		
2015	1,807	\$ 46,109	6.3%
2016	1,832		4.7%
2020	1,896	36,100	10.2%

Source: Borough of Lavallette

**Lavallette Borough Board of Education
Principal Employers,
Current Year**

J-15
GASB E-2

Borough of Lavallette

Crab's Claw Inn

Lavallette Board of Education

Diane Turton Realtors

Remax Realtors

Crossroads Realtors

Birchler Realtors

Schlosser Real Estate

B & B Department Store

Rite Aid

Lenny's/Iceberg

Lavallette Borough Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

J-16
 GASB F-1

<u>Function/Program</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>2021</u>
Instruction										
Regular	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0
Special education	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6	6.0	4.5
Support Services:										
Student & instruction related services	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.2	6.2	4.8
General administrative services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.5
School administrative services	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.3
Business administrative services	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.2
Plant operations and maintenance	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	2
Food Service	1.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	<u>32.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>29.7</u>

Source: District Personnel Records

Lavallette Borough Board of Education
 Operating Statistics
 Last Ten Fiscal Years

J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Pupil/ Teaching Staff Teacher Ratio</u>		<u>Average Daily Enrollment (ADE) b</u>	<u>Average Daily Attendance (ADA) b</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	166	4,025,627	19	1:8.7	166.1	157.4	-0.658%	94.76%
2013	146	4,143,378	19	1:7.8	145.9	136.3	-12.161%	93.42%
2014	137	4,336,222	19	1:7.2	136.1	129.0	-6.717%	94.81%
2015	138	4,079,461	19	1:7.2	138.2	131.2	1.572%	94.91%
2016	141	4,268,720	19	1:7.4	141.3	133.2	2.214%	94.27%
2017	149	4,236,664	19	1:7.8	147.3	139.9	4.246%	94.98%
2018	144	4,663,243	19	1:7.5	141.3	136.0	-4.073%	96.25%
2019	149	4,439,621	19	1:7.8	144.8	138.4	5.260%	95.62%
2020	158	4,439,621	19	1:8.2	153.4	147.7	5.940%	96.25%
2021	157	4,649,825	19	1:8.2	157.6	151.3	2.700%	96.00%

Sources: District records, School Register Summary and Schedules J-12, J-14

Lavallette Borough Board of Education
 School Building Information
 Last Ten Fiscal Years

J-18

<u>District Building</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>
Lavallette Elementary School (19856, 1982)									
Square Feet	20900	20900	20900	20900	20900	20900	20900	20900	20900
Capacity (students)	217	217	217	217	217	217	217	217	217
Enrollment	166	146	137	138	140.7	149.1	143.9	149	158

Source: District records, ASSA

Note: Years of original construction and major addition are shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

LAVALLETTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST FIVE YEARS CALCULATIONS
 UNAUDITED

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

Gross Building Area 30,645
 Required annual maintenance \$8,764

School Facilities	2017	2018	2019	2020	2021
Lavallette Elementary	\$ 8,764	\$ 8,764	\$ 8,764	\$ 8,764	\$ 8,764
Total School Facilities	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>

Source: Schedule M-1

J-20

LAVALLETTE SCHOOL DISTRICT

Insurance Schedule

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building and Contents	\$8,149,744	\$1,000
Comprehensive General Liability	\$11,000,000	
Commercial Auto Liability	\$11,000,000	
Boiler and Machinery	\$100,000,000	\$ 1,000/PD
Crime: Faithful Performance	\$25,000	500
Commercial Umbrella Liability - NJSBAIG	\$11,000,000	\$10,000
Flood Insurance-Selective Insurance Company		
Building	\$500,000	\$10,000
Contents	\$500,000	\$10,000
Workers' Compensation Policy – NJSBAIG	\$3,000,000	
Supplemental Worker's Compensation –Life Insurance Co of NA	up tp \$2,500 per week	
School Leaders' Errors and Omissions - NJSBAIG	\$10,000,000	\$ 5,000/claim
Student and Athletic Accident Insurance – Peoples Benefit Life	\$1,000,000	
Bond - Public Official (Treasurer of School Monies) - NJSBAIG	\$155,380	\$1,000
Bond- Public Official (Board Secretary) - NJSBAIG	\$155,380	\$1,000

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

107.

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.
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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
Lavallette School District
County of Ocean
Lavallette, 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 Lavallette Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Lavallette Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lavallette Board of Education, County of Ocean, 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 Lavallette Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lavallette Board of Education, County of Ocean, and 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 Lavallette Board of Education, County of Ocean, 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

February 11, 2022

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND SCHEDULES OF EXPENDITURE OF STATE
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

K-2

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's major state programs for the year ended June 30, 2021. The Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's compliance.

Opinion on Each Major State Program

In our opinion, the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Lavallette School District, County of Ocean, State of New Jersey's internal control over compliance.

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

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 over compliance that might be material weaknesses or, significant deficiencies. 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.

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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LAVALLETT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Schedule A
K-3

<u>Federal Grantor/Pass- Through Grantor/Program Title</u> <u>U.S. Department of Education</u> <u>Passed Through State Department</u> <u>of Education</u>	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2021				
					From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor		
Special Revenue Fund:																	
LD.E.A.:																	
Basic	84.027	H027A160100	N/A	\$ 45,422	7/1/2020	6/30/2021	\$ -			45,422	(45,422)						
Preschool	84.173	H173A160114	N/A	1,157	7/1/2020	6/30/2021				1,157	(1,157)						
No Child Left Behind:																	
Title I	84.010A	S010A160030	N/A	39,890	7/1/2020	6/30/2021				39,890	(39,890)						
Title IIA	84.367	S367A160029	N/A	6,164	7/1/2020	6/30/2021				6,164	(6,164)						
Title IV	84.424	S424A170031	N/A	10,000	7/1/2020	6/30/2021				10,000	(10,000)						
CARES Act	84.425D	S425D200027	N/A	33,874	3/13/2020	9/30/2022	(5,220)			33,874	(28,654)						
ESSER	84.425D	S425D200027	N/A	201,357	3/13/2020	9/30/2023					(9,163)			(9,163)			
CRF	20,019		N/A	6,618	7/1/2020	6/30/2021				4,383	(5,618)			(2,235)			
Total Special Revenue							(5,220)	-	-	140,890	(147,068)	-		(11,398)	-		-
<u>U.S. Department of Agriculture</u> <u>Passed Through State Department</u> <u>of Education</u>																	
National School Lunch Program	10.555	201NJ304N1099	N/A	1,763	7/1/2020	6/30/2021				1,561	(1,763)			(202)			
School Lunch Program - PB	10.555	201NJ304N1099	N/A	136	7/1/2020	6/30/2021				115	(136)			(21)			
Food Distribution Program	10.55	201NJ304N1099	N/A	2,659	7/1/2020	6/30/2021				2,659	(2,659)						
Total Enterprise Fund							-	-	-	4,335	(4,558)	-		(223)	-		-
Total Federal Financial Assistance							\$ (5,220)	-	-	145,225	(151,626)	-		(11,621)	-		-

See accompanying Notes to Schedules of Financial Assistance.

LAVALLETTE SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

Schedule B
K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2021			MEMO	
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Special Education Aid	21-495-034-5120-089	\$ 95,262	7/1/2020	6/30/2021	\$ -			86,012	(95,262)					(9,250)	95,262
Security Aid	21-495-034-5120-084	15,724	7/1/2020	6/30/2021				14,221	(15,724)					(1,503)	15,724
Transportation Aid	21-495-034-5120-014	56,079	7/1/2020	6/30/2021				50,401	(56,079)					(5,678)	56,079
Extraordinary Aid	21-495-034-5120-044	10,770	7/1/2020	6/30/2021					(10,770)			(10,770)			10,770
Extraordinary Aid	20-495-034-5120-044	9,978	7/1/2019	6/30/2020	(9,978)			9,978							
Non-Public Transportation Aid	21-495-034-5120-014	1,740	7/1/2020	6/30/2021					(1,740)			(1,740)			1,740
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	21-495-034-5094-001	137,480	7/1/2020	6/30/2021				137,480	(137,480)						137,480
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	21-495-034-5094-002	430,502	7/1/2020	6/30/2021				430,502	(430,502)						430,502
On-Behalf T.P.A.F. Non-Contributory Ins.	21-495-034-5094-004	8,191	7/1/2020	6/30/2021				8,191	(8,191)						8,191
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	21-495-034-5094-004	270	7/1/2020	6/30/2021				270	(270)						270
Reimbursed TPAF Social Security	20-100-034-5095-003	117,444	7/1/2020	6/30/2021				117,444	(117,444)						117,444
Total General Fund					<u>(9,978)</u>	<u>-</u>	<u>-</u>	<u>854,459</u>	<u>(873,462)</u>	<u>-</u>	<u>(12,510)</u>	<u>-</u>	<u>-</u>	<u>(16,431)</u>	<u>873,462</u>
State Department of Agriculture															
Enterprise Fund:															
School Lunch Program (State Share)	21-100-010-3360-023	335	7/1/2020	6/30/2021				260	(335)			(75)			335
					<u>-</u>	<u>-</u>	<u>-</u>	<u>260</u>	<u>(335)</u>	<u>-</u>	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335</u>
Total State Financial Assistance					<u>\$ (9,978)</u>	<u>-</u>	<u>-</u>	<u>854,759</u>	<u>(873,797)</u>	<u>-</u>	<u>(12,585)</u>	<u>-</u>	<u>-</u>	<u>(16,431)</u>	<u>873,797</u>
Less On Behalf TPAF Pension System Contributions									(576,443)						
Total for State Financial Assistance - Major Program Determination									<u>\$ (297,354)</u>						

See accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

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LAVALLETTE SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2021****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Lavallette School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) 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 P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

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

	<u>General Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 873,462	335	873,797
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
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>560</u>	—	<u>560</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 874,022</u>	<u>335</u>	<u>874,357</u>

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

	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 147,068	4,558	151,626
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	<u>(5,782)</u>	_____	<u>(5,782)</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 141,286</u>	<u>4,558</u>	<u>145,844</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.

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2021.

LAVALLETTE SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021*Part I - Summary of Auditor's Results***Financial Statement Section**

<u>Financial Statement Section</u>	<u>Description</u>
(A) Type of auditor's report issued on financial statements	Unmodified
 (B) Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ Yes <input checked="" type="checkbox"/> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <input checked="" type="checkbox"/> None Reported
Noncompliance material to basic financial statements noted?	_____ Yes <input checked="" type="checkbox"/> No

Federal Awards

NOT APPLICABLE

State Awards Section

(a) Dollar threshold used to determine Type A programs:	\$750,000
(b) Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes _____ No
(c) Type of auditor's report on compliance for major programs:	Unmodified
 (d) Internal control over compliance:	
(1) Material weakness(es) identified?	_____ Yes <input checked="" type="checkbox"/> No
(2) Were reportable condition(s) identified that were not considered to material weaknesses?	_____ Yes <input checked="" type="checkbox"/> No
(e) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08?	_____ Yes <input checked="" type="checkbox"/> No

GMIS Number(s)

21-495-034-5120-089

21-495-034-5120-084

21-100-034-5095-003

Name of State Program

Special Education Aid - Public Cluster

Security Aid - Public Cluster

Reimbursed TPAF Social Security Aid

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

*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

LAVALLETTE SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021***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

State Awards

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

LAVALLETTE SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.