

SCHOOL DISTRICT
OF
MONMOUTH BEACH



MONMOUTH BEACH BOARD OF EDUCATION
MONMOUTH BEACH, NEW JERSEY

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

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

**MONMOUTH BEACH
BOARD OF EDUCATION**

MONMOUTH BEACH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY

**MONMOUTH BEACH BOARD OF EDUCATION
FINANCE DEPARTMENT**

MONMOUTH BEACH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 5.
Roster of Officials	6.
Consultants and Advisors	7.
Organizational Chart	8.
FINANCIAL SECTION	
Independent Auditor's Report	9 to 11.
Required Supplementary Information – Part I Management's Discussion and Analysis	12 to 18.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	19.
A-2 Statement of Activities	20 & 21.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23 & 24.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25.
Proprietary Funds:	
B-4 Statement of Net Position	26.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	27.
B-6 Statement of Cash Flows	28.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to Financial Statements	29 to 61.

MONMOUTH BEACH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	62 to 72.
C-1a Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	73 & 74.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	75.
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	76.
L-2 Schedule of District Contributions – PERS	77.
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	78.
L-4 Schedule of the School District’s Contributions – Teacher’s Pension and Annuity Fund (TPAF)	79.
L-5 Notes to Required Supplementary Information – Part III	80.
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	81.
M-2 Notes to Required Supplementary Information	82.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A

MONMOUTH BEACH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	83.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance	N/A
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Schedule of Net Position	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
I. Long-Term Debt:	
I-1 Schedule of Bonds Payable	84.
I-2 Schedule of Loans Payable	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	85.

MONMOUTH BEACH SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	86.
J-2 Changes in Net Position	87.
J-3 Fund Balances – Governmental Funds	88.
J-4 Changes in Fund Balances – Governmental Funds	89.
J-5 General Fund Other Local Revenue by Source	90.
Revenue Capacity	
J-6 Assessed and Estimated Actual Value of Taxable Property	91.
J-7 Direct and Overlapping Property Tax Rates	92.
J-8 Principal Property Taxpayers*	93.
J-9 Municipal Property Tax Levies and Collections	94.
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	95.
J-11 Ratios of Net General Bonded Debt	96.
J-12 Direct and Overlapping Bonded Debt	97.
J-13 Legal Debt Margin Information	98.
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	99.
J-15 Principal Employers	100.
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	101.
J-17 Operating Statistics	102.
J-18 School Building Information	103.
J-19 Schedule of Required Maintenance Expenditures for School Facilities	104.
J-20 Insurance Schedule	105.
*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.	
K-1 Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	106 & 107.
K-2 Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08	108 to 110.
K-3 Schedule of Expenditures of Federal Awards, Schedule A	111.
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	112.
K-5 Notes to Schedules of Financial Assistance	113 to 115.
K-6 Schedule of Findings and Questioned Costs	116 to 118.
K-7 Summary Schedule of Prior Audit Findings	119.

INTRODUCTORY SECTION



MONMOUTH BEACH SCHOOL

7 Hastings Place, Monmouth Beach, NJ 07750-1199 • Phone (732) 222-6139 • Fax (732) 222-2395

Jessica L. Alfano, Superintendent
Peter E. Genovese III, School Business Administrator/Board Secretary

February 11, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Monmouth Beach 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 ACFR is presented in four sections as follows:

The Introductory Section includes the Letter of Transmittal, the District's Organizational Chart, and a list of Principal Officials.

The Financial Section includes the General Purpose Financial Statements and Schedules, the Independent Auditor's and the Management's Discussion and Analysis.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The Single Audit Section: 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 and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

Monmouth Beach School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 and Statement 34. All funds and account groups of the District are included in this report. The Monmouth Beach Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-School through Eighth Grade. These services include regular as well as special education disabled youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 256 students. The following details the changes in the student enrollment within the district over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2020-21	256	10.34%
2019-20	232	-0.85%
2018-19	234	-4.49 %
2017-18	245	2.94 %
2016-17	238	-5.56 %

ECONOMIC CONDITION AND OUTLOOK:

The improved financial picture and proactive planning have allowed the district to renovate facilities, increase staff development, review curriculum needs and upgrade instructional materials (as per the curriculum review cycle), as well as provide technological improvements as per the district's technology plan (i.e. Chromebooks, tablets, SMARTboards, video-conference equipment, mobile labs). As a result, the District is better prepared to meet the challenge of preparing all students for the future.

The above has permitted the District to have a much improved economic condition and a brighter outlook for the future. The improved educational facility, a Long Range Facility Plan that includes ongoing upgrades of the building, a "stabilized" budget, and ongoing community support will continue to contribute to this improved economic condition and outlook.

MAJOR INITIATIVES:

We are excited and proud to have multiple initiatives supported through local funding for the 2021 fiscal year. To be specific, instructional materials, technology enhancements and professional development services and experiences, and additional staffing all comprised the bulk of the relative purchases. The first major initiative in fiscal year 2021 is the implementation of the literacy model, Readers and Writers Workshop, in grades K-8. The Units of Study, in both Reading and Writing, were purchased for literacy teachers in addition to expansive classroom leveled libraries. Attached to this initiative was robust professional development with an on-site literacy coach and virtual sessions through the Teachers College Reading and Writing Project Network. This implementation will continue through fiscal year 2022 and include sustained professional development in this area through the channels described above.

Also on the instructional side in fiscal year 2021, the LinkIt Assessment solution was added to the complement of digital tools that the local district funds. This platform doubles as a data warehouse as well as a standards-aligned benchmarking tool, which provides teachers with access to rich information to support instructional decision-making, personalized learning, and progress monitoring. The implementation of the platform was also accompanied by professional development provided by the LinkIt team and other instructional leaders on data analysis and data-driven instruction. In the next few years, the district will continue to expand the staff's skill set related to these areas through the use of local funding. The district also funds an array of digital tools that support instruction such as EdPuzzle, iXL, Read Naturally-just to name a few.

Additional staffing also was funded through the local funds for fiscal year 2021. These added staffing positions came in conjunction with a full schedule rebuild, PK-8, and the move to a fully inclusive model of instruction for the majority of Special Education services. The budget supported the addition of a full-time math interventionist, special education teachers, an Innovation and Technology Specialist, a Social-Behavioral Support Specialist, a second PE/Health teacher, and an additional PK teacher. These positions allowed the schedule to be revised to provide the best instructional experiences for all students along the PK-8 spectrum in the most developmentally appropriate manner.

In the area of technology, the local funding supports a 1:1 initiative in which all students, PK-8, have access to their own devices. Each year the IT staff, in conjunction with the administrative team, assess replenishment needs. In fiscal year 2021, 90 touch screen Chromebooks were purchased for students in PK-1 grade. These developmentally appropriate devices afford more options in use for our youngest learners. To support instruction in each classroom, document cameras were purchased for all classrooms and teachers were provided with updated laptops for their use in conducting their regular job responsibilities. The district has a shared services agreement with a local partner-district for IT services. This partnership has proven to be reciprocally beneficial to both districts and has enhanced the service level in the district significantly. Local funding also supported the conversion of a large learning space into a state-of-the-art Innovation Lab. Included in this space is a full-scale E-Gaming area with 11 workstations and corresponding monitors for viewing. This has allowed the district to grow an E-Gaming club and competitive team as part of the learning experience.

Professional development, as noted in the above initiatives, is directly related to forward progress in the district and growing teacher skill set with instructional models, tools, and programming. All staff, in the beginning of the year, complete their state mandated training through the Accutrain platform. These include topics such as HIB, suicide prevention, sexual harassment, and child abuse. Staff members also have a weekly professional learning period in which they work towards the goals outlined in their PDP (Professional Development Plan) for this year. To support these efforts, the district funds an online platform, Simple K-12, that offers an abundance of virtual learning opportunities for staff members on a variety of topics. Staff members also have early release days built into the calendar so that they can devote time to their own growth as educators. Staff members are also encouraged to attend experiences, both virtually and in-person, with outside providers that are directly linked to their teaching assignment and aligned with their PDP.

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 also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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 included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

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.

CASH MANAGEMENT:

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statement,@ 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.

RISK MANAGEMENT:

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


OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert Hulsart & Company, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related Title 2 U.S. "CFR", Part 200 and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS:

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

Respectfully submitted,



Jessica Alfone
Superintendent of Schools



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

**MONMOUTH BEACH BOARD OF EDUCATION
MONMOUTH BEACH, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Karen Dolan, President	2024
Vincent Sasso, Ph.D., Vice President	2024
Melanie Andrews	2024
Ken Marowitz	2023
Barbara Kaye	2023
Aleksandra King	2023
Joe Vecchio	2022
Christopher Dudick	2022
Boyd Decker	2022

Other Officials

Jessica Alfone, Superintendent/Principal

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

Anthony P. Sciarrillo, Esq.
Sciarrillo, Cornell, Merlino, McKeever, & Osborne, LLC

**MONMOUTH BEACH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

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

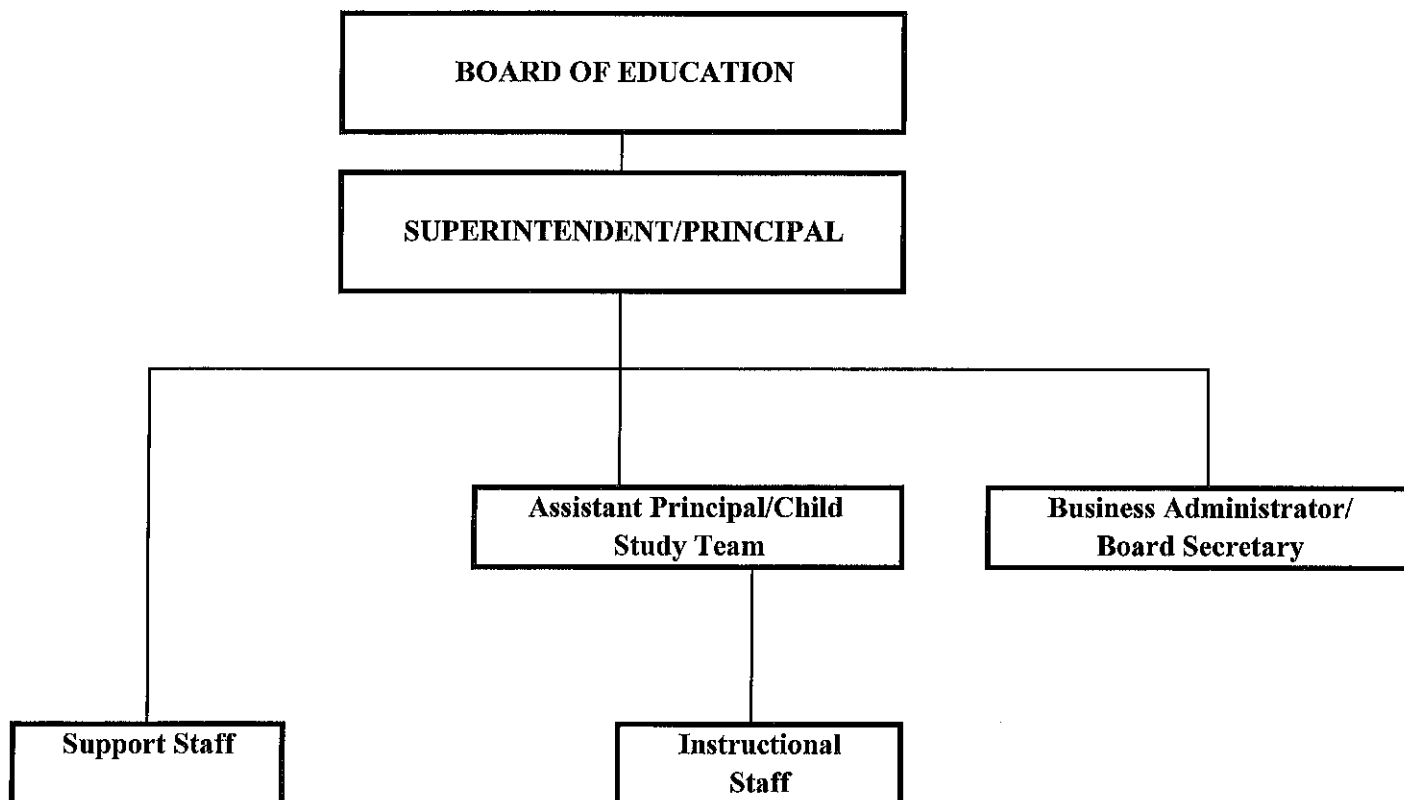
ATTORNEY

Anthony P. Sciarrillo, Esq.
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, New Jersey 07090

OFFICIAL DEPOSITORIES

Investor Savings Bank
169 Broadway
Long Branch, New Jersey 07740

**MONMOUTH BEACH BOARD OF EDUCATION
ORGANIZATIONAL CHART
(UNIT CONTROL)**



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Monmouth Beach School District
 County of Monmouth
 Monmouth Beach, 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 Monmouth Beach School District, in the County of Monmouth, 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 Monmouth Beach School District, in the County of Monmouth, 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 Monmouth Beach 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.

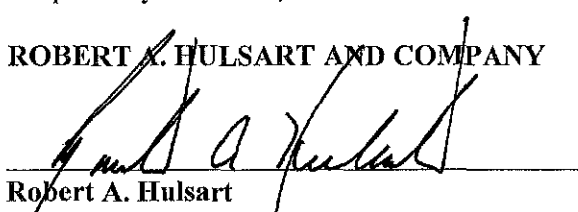
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

BOROUGH OF MONMOUTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The discussion and analysis of Monmouth Beach School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Annual Comprehensive Financial Report's (ACFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2020-2021 fiscal year is as follows:

- Total net position of governmental activities decreased by \$228,300.
- The School District had \$6,772,256 in expenses; only \$129,070 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,414,886 were adequate to provide for these programs.
- The General Fund had \$6,192,558 in revenues and \$6,354,817 in expenditures. The General Fund's balance decreased \$162,259 from 2020.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2020-2021 fiscal year?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on exhibit A-1. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2021 and 2020.

	Table 1	
	Net Position	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,282,871	2,293,058
Capital Assets, Net	<u>4,045,507</u>	<u>4,265,179</u>
Total Assets	<u>\$ 6,328,378</u>	<u>6,558,237</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 135,724</u>	<u>218,451</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 312,757</u>	<u>330,675</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 1,622,720	1,869,888
Other Liabilities	<u>407,988</u>	<u>310,847</u>
Total Liabilities	<u>\$ 2,030,708</u>	<u>2,180,735</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 3,030,507	3,065,179
Restricted	1,796,796	1,626,771
Unrestricted	<u>(706,666)</u>	<u>(426,672)</u>
Total Net Position	<u>\$ 4,120,637</u>	<u>4,265,278</u>

Table 2 shows the changes in activities for fiscal years ended 2021 and 2020.

Table 2
Changes in Activities

	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 4,015	2,312
Operating Grants and Contributions	130,263	107,037
General Revenues		
Property Taxes	5,033,609	4,948,692
Grants and Entitlements	1,162,302	971,311
Other	<u>218,986</u>	<u>168,261</u>
Total Revenues	<u>6,549,175</u>	<u>6,197,613</u>
<u>Program Expenses</u>		
Instruction	2,621,755	2,149,337
Support Services		
Pupils and Instructional Staff	661,832	653,280
General Administration, School Administration, Business	2,774,117	568,049
Operations and Maintenance of Facilities	659,976	710,400
Pupil Transportation	9,659	33,167
Interest on Debt	44,917	53,104
Enterprise	<u>3,847</u>	<u>6,436</u>
Total Expenses	<u>6,776,103</u>	<u>4,173,773</u>
Increase in Net Position	<u>\$ (226,928)</u>	<u>2,023,840</u>

Business-Type Activities

Revenues for the District's business-type activities (food service program and preschool program) were comprised of charges for services and federal and state reimbursements.

- Revenues exceeded expenses by \$1,372.
- Charges for services represent \$3,847 of revenue. This represents amount paid by patrons for daily food services.
- Federal reimbursements for special milk was \$1,193.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

School Board Funds

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

As the School Board completed the fiscal year ended June 30, 2021, it reported a combined net position balance of \$4,118,387. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

School Board Funds (Continued)

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

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

Capital Assets

At June 30, 2021, the School Board had approximately \$7,088,145 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2021 fiscal year.

	Governmental Activities
Table II	
Capital Assets at June 30, 2021	
Land	\$ 47,821
Buildings & Sites	3,761,109
Machinery and Equipment	<u>236,577</u>
Total	<u>\$ 4,045,507</u>

Debt Administration

At June 30, 2021 the School District had \$1,812,720 as outstanding debt. Of this amount \$130,652 is for compensated absences, \$667,068 is for pension liability, and the balance \$1,015,000 for bonds for school construction.

Economic Factors and Next Year's Budget

The Monmouth Beach School District is in very good financial condition presently. Future finances are not without challenges as state funding is decreased.

The Borough of Monmouth Beach is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

The \$(709,916) is unrestricted net position for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a deficit of \$(709,916).

Economic Factors and Next Year's Budget (Continued)

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information please contact Peter E. Genovese, III, School Business Administrator/Board Secretary at Monmouth Beach Board of Education, 9 Hastings Place, Monmouth Beach, NJ 07739.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

MONMOUTH BEACH SCHOOL DISTRICT**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	\$ 126,981	9,024	136,005
Receivables, Net	55,810	1,105	56,915
Restricted Assets:			
Cash and Cash Equivalents	2,089,951		2,089,951
Capital Assets, Not Being Depreciated	47,821		47,821
Capital Assets, Net	3,997,686		3,997,686
Total Assets	<u>\$ 6,318,249</u>	<u>10,129</u>	<u>6,328,378</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>\$ 135,724</u>		<u>135,724</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>\$ 312,757</u>		<u>312,757</u>
<u>Liabilities</u>			
Accounts Payable & Accrued Interest	\$ 83,467	7,879	91,346
Payroll Deductions and Withholdings	126,142		126,142
Deferred Revenue	500		500
Noncurrent Liabilities:			
Due Within One Year	190,000		190,000
Due Beyond One Year	1,622,720		1,622,720
Total Liabilities	<u>\$ 2,022,829</u>	<u>7,879</u>	<u>2,030,708</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,030,507		3,030,507
Restricted For:			
Other Purposes	1,796,796		1,796,796
Unrestricted	(708,916)	2,250	(706,666)
Total Net Position	<u>\$ 4,118,387</u>	<u>2,250</u>	<u>4,120,637</u>

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

MONMOUTH BEACH 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	\$ 2,103,182			(2,103,182)		(2,103,182)
Special Education	488,886		57,546	(431,340)		(431,340)
Other Instruction	29,687			(29,687)		(29,687)
Support Services:						
Student & Instruction Related Services	661,832		71,524	(590,308)		(590,308)
School Administrative Services	117,912			(117,912)		(117,912)
Other Administrative Services	642,602			(642,602)		(642,602)
Plant Operations and Maintenance	440,304			(440,304)		(440,304)
Pupil Transportation	9,659			(9,659)		(9,659)
Unallocated Benefits	1,815,204			(1,815,204)		(1,815,204)
Interest on Long-Term Debt	44,917			(44,917)		(44,917)
Capital Outlay	198,399			(198,399)		(198,399)
Unallocated Depreciation	219,672			(219,672)		(219,672)
Total Government Activities	<u>6,772,256</u>	<u>-</u>	<u>129,070</u>	<u>(6,643,186)</u>	<u>-</u>	<u>(6,643,186)</u>
Business-Type Activities:						
Food Service	3,847	4,015	1,193		1,361	1,361
Total Business-Type Activities	<u>3,847</u>	<u>4,015</u>	<u>1,193</u>	<u>-</u>	<u>1,361</u>	<u>1,361</u>
Total Primary Government	<u>6,776,103</u>	<u>4,015</u>	<u>130,263</u>	<u>(6,643,186)</u>	<u>1,361</u>	<u>(6,641,825)</u>

MONMOUTH BEACH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

**Exhibit A-2
Sheet 2 of 2**

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>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				\$ 4,811,281	4,811,281	
Property Taxes, Levied for Debt Service, Federal and State Aid Not Restricted				222,328	222,328	
Miscellaneous				1,162,302	1,162,302	
				218,975	11	218,986
Total General Revenues, Special Items and Transfers				6,414,886	11	6,414,897
Change in Net Position				(228,300)	1,372	(226,928)
Prior Period Adjustments				82,287		82,287
Net Position - Beginning				4,264,400	878	4,265,278
Net Position - Ending				\$ 4,118,387	2,250	4,120,637

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 126,142	839	126,981
Cash and Cash Equivalents - Restricted	2,034,153	55,798	2,089,951
Interfund Receivable	942		942
Receivables from Other Governments	53,499	1,369	54,868
Total Assets	\$ 2,214,736	58,006	2,272,742
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ 64,842	766	65,608
Deferred Revenue		500	500
Payroll Deductions and Withholdings	126,142		126,142
Interfund Payable		942	942
Total Liabilities	\$ 190,984	2,208	193,192
Fund Balance:			
Restricted for:			
Designated for Subsequent Years Expenditures	\$ 170,668		170,668
Designated for Subsequent Years Expenditures - Excess Surplus	404,889		404,889
Maintenance Reserve	355,151		355,151
Capital Reserve Account	596,903		596,903
Emergency Reserve	10,205		10,205
Student Activities		55,798	55,798
Committed To:			
Other Purposes	249,316		249,316
Unemployment Compensation	10,364		10,364
Unassigned:			
General Fund	226,256		226,256
Total Fund Balances	2,023,752	55,798	2,079,550
Total Liabilities and Fund Balance	\$ 2,214,736	58,006	

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 \$8,978,582 and the accumulated depreciation is \$4,933,075.	4,045,507
Deferred outflow of resources - contributions to pension plan	135,724
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(312,757)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,812,720)
Accrued Interest	(16,917)
Net position of governmental activities	\$ 4,118,387

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

MONMOUTH BEACH 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>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 4,811,281		222,328	5,033,609
Miscellaneous	218,975	32,871		251,846
Total Local Sources	5,030,256	32,871	222,328	5,285,455
State Sources	1,162,302			1,162,302
Federal Sources		96,199		96,199
Total Revenues	<u>6,192,558</u>	<u>129,070</u>	<u>222,328</u>	<u>6,543,956</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	2,100,181			2,100,181
Special Education Instruction	431,340	57,546		488,886
Other Instruction	29,687			29,687
Support Services and Undistributed Costs:				
Student and Instruction Related Services	574,169	87,663		661,832
School Administrative Services	117,912			117,912
Other Administrative Services	642,602			642,602
Plant Operations and Maintenance	440,304			440,304
Pupil Transportation	9,659			9,659
Unallocated Benefits	1,810,564			1,810,564
Debt Service:				
Principal			185,000	185,000
Interest and Other Charges			48,000	48,000
Capital Outlay	198,399			198,399
Total Expenditures	<u>6,354,817</u>	<u>145,209</u>	<u>233,000</u>	<u>6,733,026</u>

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

MONMOUTH BEACH 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>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Net Change in Fund Balances	(162,259)	(16,139)	(10,672)	(189,070)
Prior Period Adjustment	10,350	71,937		82,287
Fund Balance - July 1	<u>2,175,661</u>	<u></u>	<u>10,672</u>	<u>2,186,333</u>
Fund Balance - June 30	<u>\$ 2,023,752</u>	<u>55,798</u>	<u>-</u>	<u>2,079,550</u>

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

MONMOUTH BEACH SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS****Exhibit B-3****TO THE STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (189,070)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(219,672)
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.	185,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position	(82,727)
Pension related deferrals	17,918
Net pension liability is reported on the statement of net position	60,169
Compensated Absences	(3,001)
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. The accrued interest is an addition in the reconciliation.	<u>3,083</u>
Change in Net Position of Governmental Activities	<u><u>\$ (228,300)</u></u>

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

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2021

	<u>Business-type Activities Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,024
Accounts Receivable:	
Federal	94
Miscellaneous	1,011
Total Current Assets	<u>10,129</u>
Total Assets	<u>\$ 10,129</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 7,879</u>
Total Liabilities	<u>\$ 7,879</u>
<u>Net Position</u>	
Unrestricted	<u>\$ 2,250</u>
Total Net Position	<u>\$ 2,250</u>

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

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2021

	<u>Business-type Activities Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 4,015
Total Operating Revenue	<u>4,015</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	<u>3,847</u>
Total Operating Expenses	<u>3,847</u>
Operating (Loss)/Profit	168
Non-Operating Revenues:	
Interest Revenue	11
Federal Sources:	
Special Milk Program	<u>1,193</u>
Total Non-Operating Revenues	<u>1,204</u>
Change in Net Position	1,372
Net Position, July 1	<u>878</u>
Net Position, June 30	<u>\$ 2,250</u>

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

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2021

	<u>Business-type Activities Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales & Fees	\$ 4,015
Payments to Suppliers	(2,524)
Net Cash Used by Operating Activities	<u>1,491</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	1,193
Net Cash Provided by Noncapital Financing Activities	<u>1,193</u>
Cash Flows from Investing Activities:	
Interest Earned	11
Net Cash Provided by Investing Activities	<u>11</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,695
Cash and Cash Equivalents July 1	<u>6,329</u>
Cash and Cash Equivalents June 30	<u>\$ 9,024</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ 168
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Changes in Assets and Liabilities:	
Increase/(Decrease) in Accounts Payable	1,417
(Increase)/Decrease in Accounts Receivable	(94)
Net Cash Used by Operating Activities	<u>\$ 1,491</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
MONMOUTH BEACH 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 Monmouth Beach 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 Monmouth Beach School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Monmouth Beach School District had an approximate enrollment at June 30, 2021 of 257 students.

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

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

B. Government-Wide 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

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. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

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. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 were insignificant.

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

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

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

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Short-Term Interfund Receivables/Payables:**

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2020-2021 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2021, fiscal year 2021 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2021</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 47,821	_____	_____	47,821
Total Capital Assets Not Being Depreciated	<u>47,821</u>	_____	_____	<u>47,821</u>
Depreciable Assets:				
Buildings & Site Improvements	8,141,817			8,141,817
Machinery & Equipment	<u>788,944</u>	_____	_____	<u>788,944</u>
Totals at Historical Cost	<u>8,930,761</u>	_____	_____	<u>8,930,761</u>
Less: Accumulated Depreciation for:				
Buildings & Site Improvements	(4,202,823)	(177,885)		(4,380,708)
Machinery & Equipment	<u>(510,580)</u>	<u>(41,787)</u>	_____	<u>(552,367)</u>
Total Accumulated Depreciation	<u>(4,713,403)</u>	<u>(219,672)</u>	_____	<u>(4,933,075)</u>
Net Depreciable Assets	<u>4,217,358</u>	<u>(219,672)</u>	_____	<u>3,997,686</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,265,179</u>	<u>(219,672)</u>	_____	<u>4,045,507</u>

Depreciation expense was charged to governmental functions as follows:

 Unallocated \$ 219,672

NOTE 1: Summary of Significant Accounting Policies (Continued)**K. 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 rights to the benefits.

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

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

L. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

M. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

N. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

O. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

P. Tuition Payable

Tuition charges for the fiscal year 2020-2021 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Q. 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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

NOTE 2: Cash and Cash Equivalents and Investments

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 Board 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 of 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.

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

FDIC	\$ 250,000
GUPDA	<u>2,101,790</u>
	<u>\$ 2,351,790</u>

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

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 2,225,956</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2021 was \$2,225,956 and the bank balance was \$2,351,790. Of the bank balance \$250,000 was covered by federal depository insurance and \$2,101,790 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

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</u>			<u>Balance</u>	<u>Amounts Due</u>	
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>	<u>Within</u>	<u>Long-Term</u>
					<u>One Year</u>	<u>Portion</u>
Compensated Absences Payable	\$ 127,651	3,001		130,652		130,652
Bonds Payable	1,200,000		(185,000)	1,015,000	190,000	825,000
Net Pension	<u>727,237</u>		<u>(60,169)</u>	<u>667,068</u>		<u>667,068</u>
	<u>\$ 2,054,888</u>	<u>3,001</u>	<u>(245,169)</u>	<u>1,812,720</u>	<u>190,000</u>	<u>1,622,720</u>

A. Bonds Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2022	\$ 190,000	40,600	230,600
2023	200,000	33,000	233,000
2024	200,000	25,000	225,000
2025	210,000	17,000	227,000
2026	<u>215,000</u>	<u>8,600</u>	<u>223,600</u>
	<u>\$ 1,015,000</u>	<u>124,200</u>	<u>1,139,200</u>

Refinancing bonds issued 3/25/10 for \$2,580,000 at interest from 2.00% to 5.00% maturing 2/21/26 with a balance of \$1,015,000 at June 30, 2021.

B. Bonds Authorized But Not Issued

As of June 30, 2021, the Board had no authorized but not issued bonds.

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 Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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 Employee's 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 1/55 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 provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions 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 contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 4: Pension Plans (Continued)

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 contained 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 District's 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.

Contribution Requirements -- The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions 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 both 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.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/21	\$ 46,032	100%	0
6/30/20	44,895	100%	0
6/30/19	44,068	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/21	\$ 805,268	100%	0
6/30/20	629,525	100%	0
6/30/19	588,820	100%	0

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$805,268 to the TPAF for normal and post-retirement 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 \$163,888 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. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

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 \$46,032. 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	\$ 12,146	2,359
Changes of Assumptions	21,640	279,308
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,801	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	33,105	31,090
District Contributions Subsequent to the Measurement Date	<u>46,032</u>	<u> </u>
Total	<u>\$ 135,724</u>	<u>312,757</u>

\$46,032 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**June 30,**

2021	\$ (83,079)
2022	(75,743)
2023	(43,285)
2024	(17,504)
2025	<u>(3,785)</u>
	<u>\$ (223,396)</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	\$ 135,724	218,451
Collective Deferred Inflows of Resources	312,757	330,675
Collective Net Pension Liability	667,068	727,237
District's Proportion	.00406%	.00401%

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>\$ 839,727</u>	<u>667,068</u>	<u>520,562</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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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>\$ 13,530,004</u>	<u>12,366,210</u>
District's Proportion	.02054%	.02010%

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>15,892,574</u>	<u>13,530,004</u>	<u>11,568,286</u>
	<u>\$ 15,892,574</u>	<u>13,530,004</u>	<u>11,568,286</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 <u>OPEB Liability</u>
Balances at June 30, 2019	\$ 7,791,925
Changes for the Year:	
Service Cost	340,563
Interest	281,026
Difference Between Expected and Actual Experience	1,870,623
Changes in Assumptions or Other Inputs	2,251,885
Benefit Payments	(214,619)
Member Contributions	<u>6,505</u>
Balance at June 30, 2020	<u>\$ 12,327,908</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>\$ 14,861,929</u>	<u>12,327,908</u>	<u>10,346,547</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>\$ 9,951,503</u>	<u>12,327,908</u>	<u>15,157,678</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 \$607,648 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 Monmouth Beach 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	\$ 1,871,698	1,667,242
Changes in Proportion	145,799	282,895
Changes of Assumptions or Other Inputs	<u>2,096,937</u>	<u>1,406,684</u>
Total	<u>\$ 4,114,434</u>	<u>3,356,821</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	\$ 89,131
2023	89,131
2024	89,131
2025	89,131
2026	89,131
Thereafter	<u>311,958</u>
	<u>\$ 757,613</u>

NOTE 6: 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.

NOTE 7: Equity Balance

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

Restricted For:	
Capital Reserve	\$ 596,903
Emergency Reserve	10,205
Maintenance Reserve	355,151
Designated for Subsequent Year's Expenditures – Excess Surplus	404,889
Designated for Subsequent Year's Expenditures	170,668
Unemployment Compensation	10,364
Assigned to –Year-End Encumbrances	249,316
Unassigned – General Fund	<u>243,931</u>
	<u>\$ 2,041,427</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.

4% Calculation of Excess Surplus

2020-21 Total General Fund Expenditures Per the ACFR	\$ 6,354,817
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(969,156)</u>
Adjusted 2020-21 General Fund Expenditures	<u>\$ 5,385,661</u>
4% of Adjusted 2020-21 General Fund Expenditures	<u>\$ 215,426</u>
Enter Above or \$250,000 Whichever is Greater	\$ 250,000
Increased by: Allowable Adjustment	<u>3,770</u>
Maximum Unassigned Fund Balance	<u>\$ 253,770</u>

NOTE 7: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-21	\$ 2,041,427
Decreased by:	
Reserve for Encumbrances	(249,316)
Other Restricted Balances	(972,623)
Designated for Subsequent Year’s Expenditures:	
Excess Surplus	(404,889)
Unreserved	<u>(170,668)</u>
Total Unassigned Fund Balance	<u>\$ 243,931</u>
Excess Surplus – Reserved Fund Balance	<u>\$ 0</u>

Section 3

Reserved Fund Balance – Excess Surplus --Designated for Subsequent Years Expenditures	\$ 404,889
Excess Surplus – Current Year	<u>0</u>
	<u>\$ 404,889</u>

Detail of Allowable Adjustments

Non-Public Transportation	<u>\$ 3,770</u>
---------------------------	-----------------

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 355,151
Emergency Reserve	10,205
Capital Reserve	596,903
Unemployment Compensation	<u>10,364</u>
Total Other Restricted/Reserved Fund Balance	<u>\$ 972,623</u>

NOTE 8: 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.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due 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 year:

NOTE 8: Risk Management (Continued)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 146			10,225
2019-2020	125			10,350
2020-2021	14			10,364

NOTE 9: Capital Reserve Account

A Capital Reserve account was established by the Borough of Monmouth Beach Board of Education by inclusion of \$1,000 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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:

Balance July 1, 2020	\$ 596,563
Add: Interest Earned	_____ 340
Balance June 30, 2021	<u>\$ 596,903</u>

NOTE 10: Fair Values of Financial Instruments

The following methods and assumptions were used by the Monmouth Beach Board of Education in estimating its fair value disclosures for financial instruments.

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

NOTE 11: Fund Balance Appropriated

General Fund – Of the \$2,041,427 General Fund fund balance at June 30, 2021, \$249,316 is year-end encumbrances; \$596,903 has been reserved in the Capital Reserve Account; \$10,205 has been reserved as Emergency Reserve, \$355,151 has been reserved in the Maintenance Reserve Account; \$575,557 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$243,931 is unreserved and undesignated; and \$10,364 is reserved for unemployment claims.

NOTE 12: Economic Dependency

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

NOTE 13: 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 14: 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	\$ 4,265,278
Prior Period Adjustment – Implementation of GASB 84:	
Restricted Fund Balance – Unemployment	10,350
Restricted Fund Balance – Student Activities	<u>71,937</u>
Total Prior Period Adjustment	<u>82,287</u>
Net Position as Restated, July 1, 2020	<u>\$ 4,347,565</u>

NOTE 14: 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	\$ 2,175,661	
Prior Period Adjustments:		
Implementations of GASB 84:		
Restricted Fund Balance - Unemployment	10,350	
Restricted Fund Balance – Student Activities	<u> </u>	<u>71,937</u>
Total Prior Period Adjustment	<u>10,350</u>	<u>71,937</u>
Fund Balance as Restated, July 1, 2020	<u>\$ 2,186,011</u>	<u>71,937</u>

NOTE 15: 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 interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and 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>
Special Revenue Fund	\$ 942	
General Fund	<u> </u>	<u>942</u>
	<u>\$ 942</u>	<u>942</u>

These interfund loans are due to the General Service Fund awaiting reimbursement from the Special Revenue Fund after receivables are received. Once received, the interfunds will be eliminated, which is expected to be within one year.

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 disclosure are required.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

MONMOUTH BEACH SCHOOL DISTRICT

**Exhibit C-1
Sheet 1 of 11**

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	\$ 4,811,281		4,811,281	4,811,281	-
Tuition	55,000		55,000	212,699	157,699
Interest Earned on Maintenance Reserve Funds	-		-	499	499
Interest Earned on Capital Reserve Funds	-		-	340	340
Interest Earned on Emergency Reserve Funds	-		-	14	14
Miscellaneous	25,000		25,000	5,409	(19,591)
Other Restricted Miscellaneous Reserves			-	14	14
Total Local Sources	<u>4,891,281</u>	<u>-</u>	<u>4,891,281</u>	<u>5,030,256</u>	<u>138,975</u>
State Sources:					
Special Education Aid	153,692		153,692	148,418	(5,274)
Security Aid	10,874		10,874	10,874	-
Transportation Aid	30,330		30,330	30,330	-
Non-Public Transportation Aid				3,770	3,770
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	192,028	192,028
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	601,314	601,314
On-Behalf T.P.A.F Non-Contributory Insurance			-	11,441	11,441
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	485	485
T.P.A.F Social Security Contribution (Reimbursed)			-	163,888	163,888
Total State Sources	<u>194,896</u>	<u>-</u>	<u>194,896</u>	<u>1,162,548</u>	<u>967,652</u>
Total Revenues	<u>5,086,177</u>	<u>-</u>	<u>5,086,177</u>	<u>6,192,804</u>	<u>1,106,627</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 11

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>
Distributed Expenditures:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	62,346	58,818	121,164	121,164	-
Kindergarten - Salaries of Teachers	114,285	(51,685)	62,600	62,600	-
Grades 1-5 - Salaries of Teachers	972,130	50,348	1,022,478	1,022,477	1
Grades 6-8 - Salaries of Teachers	896,531	(378,660)	517,871	517,870	1
Subtotal	<u>2,045,292</u>	<u>(321,179)</u>	<u>1,724,113</u>	<u>1,724,111</u>	<u>2</u>
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	(3,714)	286		286
Subtotal	<u>4,000</u>	<u>(3,714)</u>	<u>286</u>	-	<u>286</u>
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	116,100	(79,232)	36,868	36,868	-
Purchased Prof. Ed. Services	10,000	18,751	28,751	28,751	-
Purchased Technical Services	9,000	(3,600)	5,400	5,368	32
Other Purchased Services	17,200	836	18,036	17,966	70
General Supplies	82,648	206,363	289,011	286,646	2,365
Textbooks	51,000	(51,000)	-		-
Other Objects	16,000	(15,500)	500	471	29
Subtotal	<u>301,948</u>	<u>76,618</u>	<u>378,566</u>	<u>376,070</u>	<u>2,496</u>
Total Regular Programs - Instruction	<u>2,351,240</u>	<u>(248,275)</u>	<u>2,102,965</u>	<u>2,100,181</u>	<u>2,784</u>
Special Education					
Behavioral Disabilities					
Salaries of Teachers	51,939	(51,939)	-		-
Total Behavioral Disabilities	<u>51,939</u>	<u>(51,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>

MONMOUTH BEACH SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 11**

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>
Language and/or Learning Disabilities:					
Salaries of Teachers		377,880	377,880	377,879	1
Other Salaries for Instruction		53,462	53,462	53,461	1
Total Language and/or Learning Disabilities	<u>-</u>	<u>431,342</u>	<u>431,342</u>	<u>431,340</u>	<u>2</u>
Resource Room/Center:					
Purchased Professional Education Services	1,000	(1,000)	-	-	-
General Supplies	1,500	(1,500)	-	-	-
Total Resource Room/Center	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education - Instruction	<u>54,439</u>	<u>376,903</u>	<u>431,342</u>	<u>431,340</u>	<u>2</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	14,841	(1,220)	13,621	13,621	-
Other Objects	3,000	(3,000)	-	-	-
Total School Sponsored Co-Curricular	<u>17,841</u>	<u>(4,220)</u>	<u>13,621</u>	<u>13,621</u>	<u>-</u>
School Sponsored Athletics - Instruction:					
Salaries	32,600	(20,540)	12,060	11,103	957
Purchased Services	2,000	(1,878)	122	122	-
Supplies and Materials	7,000	(2,155)	4,845	4,841	4
Other Objects	4,000	(4,000)	-	-	-
Total School Sponsored Athletics - Instruction	<u>45,600</u>	<u>(28,573)</u>	<u>17,027</u>	<u>16,066</u>	<u>961</u>
Total Distributed Expenditures	<u>2,469,120</u>	<u>95,835</u>	<u>2,564,955</u>	<u>2,561,208</u>	<u>3,747</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 11

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:					
Instruction:					
Tuition to Private Schools for Disabled Within State	142,000	(142,000)	-	-	-
Total Instruction	<u>142,000</u>	<u>(142,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health Services:					
Salaries	92,550	(850)	91,700	91,700	-
Purchased Professional & Technical Services	3,000	580	3,580	3,580	-
Supplies and Materials	9,750	6,731	16,481	15,613	868
Miscellaneous	500	(500)	-	-	-
Total Health Services	<u>105,800</u>	<u>5,961</u>	<u>111,761</u>	<u>110,893</u>	<u>868</u>
Other Support Services Students - Related:					
Purchased Professional/Technical Services	51,450	(50,755)	695	-	695
Supplies and Materials	500	(500)	-	-	-
Total Other Support Services Students - Related	<u>51,950</u>	<u>(51,255)</u>	<u>695</u>	<u>-</u>	<u>695</u>
Other Support Services-Guidance					
Salary	93,421	(1,721)	91,700	91,700	-
Other Purchased/Technical Services	11,000	(11,000)	-	-	-
Total Other Support-Guidance	<u>104,421</u>	<u>(12,721)</u>	<u>91,700</u>	<u>91,700</u>	<u>-</u>
Other Support Services Students - Special:					
Salaries of Other Professional Staff	209,554	(46,079)	163,475	163,474	1
Salaries of Secretarial & Clerical	51,842	1,017	52,859	52,859	-
Purchased Professional/Educational Services	69,700	11,966	81,666	81,624	42
Other Purchased Services	5,260	(290)	4,970	4,970	-
Supplies and Materials	5,000	(1,900)	3,100	2,474	626
Other Objects	500	(500)	-	-	-
Total Other Support Services Students - Special	<u>341,856</u>	<u>(35,786)</u>	<u>306,070</u>	<u>305,401</u>	<u>669</u>

MONMOUTH BEACH SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 11**

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 Instructional Services:					
Salaries of Other Professional Staff	10,000	(8,380)	1,620	1,620	-
Purchased Professional Educational Services	26,490	(10,990)	15,500	15,500	-
Other Purchased Services	1,250	(1,250)	-	-	-
Supplies and Materials	3,000	(2,946)	54	-	54
Other Objects	2,000	(2,000)	-	-	-
Total Improvement Instructional Services	<u>42,740</u>	<u>(25,566)</u>	<u>17,174</u>	<u>17,120</u>	<u>54</u>
Educational Media/Library:					
Salaries	39,509	(19,262)	20,247	20,247	-
Supplies & Materials	4,000	2,830	6,830	6,830	-
Total Educational Media/Library	<u>43,509</u>	<u>(16,432)</u>	<u>27,077</u>	<u>27,077</u>	<u>-</u>
Staff Training:					
Other Purchased Services	14,800	6,696	21,496	21,478	18
Supplies and Materials	1,000	(937)	63	-	63
Other Objects	1,000	-	1,000	500	500
Total Staff Training	<u>16,800</u>	<u>5,759</u>	<u>22,559</u>	<u>21,978</u>	<u>581</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1

Sheet 6 of 11

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	103,580	88,333	191,913	191,912	1
Unused Vacation Payment to Staff			-		-
Legal Services	15,000	428	15,428	15,427	1
Audit Fees	8,500	(1,000)	7,500	7,500	-
Other Purchased Professional Services	72,000	20,835	92,835	92,735	100
Purchased Technical Services	500		500		500
Communications/Telephone	33,200	(5,597)	27,603	27,256	347
BOE - Other Purchased Services	3,250	(3,000)	250		250
Other Purchased Services	6,674	(5,673)	1,001	729	272
General Supplies	4,000	320	4,320	4,315	5
Miscellaneous Expenditures	8,000	(4,400)	3,600	3,518	82
BOE-In House Training-Supplies	400		400	81	319
BOE Membership Dues and Fees	3,000	40	3,040	3,037	3
Total Support Services - General Administration	<u>258,104</u>	<u>90,286</u>	<u>348,390</u>	<u>346,510</u>	<u>1,880</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	56,700	34,401	91,101	91,101	-
Salaries of Secretarial & Clerical	25,482	623	26,105	26,105	-
Miscellaneous Purchased Services	100		100		100
Supplies & Materials	2,500	(1,700)	800	706	94
Total Support Services - School Administration	<u>84,782</u>	<u>33,324</u>	<u>118,106</u>	<u>117,912</u>	<u>194</u>

MONMOUTH BEACH SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 11**

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>
Central Services:					
Salaries	51,366	725	52,091	52,091	-
Purchased Professional Services	1,000	1,280	2,280	2,280	-
Purchased Technical Services	41,200	(6,881)	34,319	33,689	630
Miscellaneous Purchased Services	5,000	(4,000)	1,000	700	300
Supplies and Materials	4,000	(1,655)	2,345	2,321	24
Miscellaneous Expenditures	1,000	(700)	300	290	10
Total Central Services	<u>103,566</u>	<u>(11,231)</u>	<u>92,335</u>	<u>91,371</u>	<u>964</u>
Admin. Information Technology:					
Salaries	65,667	(24,426)	41,241	41,241	-
Purchased Technical Services	8,000	13,602	21,602	21,602	-
Supplies	5,000	203,472	208,472	141,878	66,594
Other Objects	1,000	(1,000)	-	-	-
Total Admin. Information Technology	<u>79,667</u>	<u>191,648</u>	<u>271,315</u>	<u>204,721</u>	<u>66,594</u>
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance	19,000	6,952	25,952	25,948	4
Other Objects	100	-	100	-	100
Total Required Maintenance for School Facilities	<u>19,100</u>	<u>6,952</u>	<u>26,052</u>	<u>25,948</u>	<u>104</u>
Other Operations & Maintenance:					
Salaries	103,326	9,495	112,821	112,750	71
Purchased Professional & Tech. Services	3,500	2,069	5,569	5,569	-
Cleaning, Repair & Maintenance Services	55,000	(1,800)	53,200	53,149	51
Other Purchased Property Services	9,150	1,126	10,276	10,275	1
Insurance	54,645	4,817	59,462	59,462	-
General Supplies	18,000	36,351	54,351	54,324	27
Energy (Heat & Electricity)	55,000	(10,300)	44,700	44,657	43
Other Objects	2,500	(2,000)	500	-	500
Energy-Natural Gas	21,000	9,430	30,430	29,509	921
Total Other Operations & Maintenance	<u>322,121</u>	<u>49,188</u>	<u>371,309</u>	<u>369,695</u>	<u>1,614</u>

MONMOUTH BEACH 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>
Care & Upkeep of Grounds:					
Purchased Professional & Tech. Services	1,000	(1,000)	-	-	-
Cleaning, Repair & Maintenance Services	19,000	(3,000)	16,000	15,985	15
Other Objects	1,000	(660)	340	332	8
Total Care & Upkeep of Grounds	<u>21,000</u>	<u>(4,660)</u>	<u>16,340</u>	<u>16,317</u>	<u>23</u>
Security:					
Purchased Professional & Technical Services	30,000	(7,300)	22,700	22,638	62
Cleaning, Repairs & Maintenance Services	25,000	(19,294)	5,706	5,706	-
Total Security	<u>55,000</u>	<u>(26,594)</u>	<u>28,406</u>	<u>28,344</u>	<u>62</u>
Total Operations & Maintenance	<u>417,221</u>	<u>24,886</u>	<u>442,107</u>	<u>440,304</u>	<u>1,803</u>
Student Transportation:					
Management Fee - ESC Transportation Program	440	(315)	125	116	9
Contracted Services (Other than Between Home & School) - Vendors	19,000	(19,000)	-	-	-
Contracted Services (Regular Students)	7,300	(4,600)	2,700	2,543	157
Contracted Services (Special Ed. Students)	22,431	(22,400)	31	-	31
Contracted Services-Aid in Lieu	34,000	(27,000)	7,000	7,000	-
Total Student Transportation	<u>83,171</u>	<u>(73,315)</u>	<u>9,856</u>	<u>9,659</u>	<u>197</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 11

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-Employee Benefits:					
Other Retirement Contrib. - Social Security	48,932	20,850	69,782	69,781	1
Other Retirement Contributions - PERS	55,000	(8,968)	46,032	46,032	-
T.P.A.F. Contributions - ERIP	100	12,490	12,590	12,587	3
Other Retirement Contributions - Regular	5,280	1,018	6,298	6,298	-
Unemployment Compensation	2,000	1,632	3,632	3,605	27
Workman's Compensation	39,159	(11,300)	27,859	27,800	59
Health Benefits	654,498	9,503	664,001	651,290	12,711
Tuition Reimbursements	3,600	1,050	4,650	4,650	-
Other Employee Benefits	19,500	(134)	19,366	19,365	1
Total Unallocated Benefits	<u>828,069</u>	<u>26,141</u>	<u>854,210</u>	<u>841,408</u>	<u>12,802</u>
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	192,028	(192,028)
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	601,314	(601,314)
On-Behalf T.P.A.F Non-Contributory Insurance			-	11,441	(11,441)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	485	(485)
TPAF Social Security Contribution (Reimbursed)	-	-	-	163,888	(163,888)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>969,156</u>	<u>(969,156)</u>
Total Undistributed Expenditures	<u>2,703,656</u>	<u>9,699</u>	<u>2,713,355</u>	<u>3,595,210</u>	<u>(881,855)</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 11

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>
Total General Current Expense	<u>5,172,776</u>	<u>105,534</u>	<u>5,278,310</u>	<u>6,156,418</u>	<u>(878,108)</u>
Equipment:					
Regular Programs - Instruction:					
Technology	10,000	65,023	75,023	42,805	32,218
Instruction		5,325	5,325	5,325	-
Total Regular Programs - Instruction	<u>10,000</u>	<u>70,348</u>	<u>80,348</u>	<u>48,130</u>	<u>32,218</u>
Facilities, Acquisition and Construction Services:					
Construction Services	151,000	138,986	289,986	135,442	154,544
Architectural/Engineering Services		1,950	1,950	1,950	-
Assessment For Debt Service on SDA Funding	12,877		12,877	12,877	-
Total Facilities, Acquisition and Construction Services	<u>163,877</u>	<u>140,936</u>	<u>304,813</u>	<u>150,269</u>	<u>154,544</u>
Total Capital Outlay	<u>173,877</u>	<u>211,284</u>	<u>385,161</u>	<u>198,399</u>	<u>186,762</u>
Total Current Expense and Capital Outlay	<u>5,346,653</u>	<u>316,818</u>	<u>5,663,471</u>	<u>6,354,817</u>	<u>(691,346)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(260,476)	(316,818)	(577,294)	(162,013)	415,281

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 11

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>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(260,476)	(316,818)	(577,294)	(162,013)	415,281
Fund Balance, July 1	2,193,090		2,193,090	2,193,090	-
Prior Period Adjustment			-	10,350	10,350
Fund Balances, July 1, Restated	2,193,090	-	2,193,090	2,203,440	10,350
Fund Balance, June 30	<u>\$ 1,932,614</u>	<u>(316,818)</u>	<u>1,615,796</u>	<u>2,041,427</u>	<u>425,631</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Designated for Subsequent Years Expenditures				\$ 170,668	
Designated for Subsequent Years Expenditures - Excess Surplus				404,889	
Maintenance Reserve				355,151	
Capital Reserve				596,903	
Emergency Reserve				10,205	
Committed Fund Balance:					
Year End Encumbrances				249,316	
Unemployment Compensation				10,364	
Unassigned Fund Balance				243,931	
				<u>2,041,427</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(17,675)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,023,752</u>	

MONMOUTH BEACH 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	<u>\$ 32,871</u>	<u></u>	<u>32,871</u>	<u>32,871</u>	<u>-</u>
Federal Sources:					
Title I, Part A	39,464		39,464	39,464	-
Title IIA, Part A	5,208		5,208	5,208	-
Title IV, Part A	10,000		10,000	10,000	-
IDEA Part B, Basic	857		857	857	-
IDEA Part B, Preschool	35,445		35,445	35,445	-
Educational Stabilization Fund (CARES Act)	<u>5,225</u>	<u></u>	<u>5,225</u>	<u>5,225</u>	<u>-</u>
Total Federal Sources	<u>96,199</u>	<u>-</u>	<u>96,199</u>	<u>96,199</u>	<u>-</u>
Total Revenues	<u>129,070</u>	<u>-</u>	<u>129,070</u>	<u>129,070</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	7,035		7,035	7,035	-
Instructional Supplies	<u>50,511</u>	<u></u>	<u>50,511</u>	<u>50,511</u>	<u>-</u>
Total Instruction	<u>57,546</u>	<u>-</u>	<u>57,546</u>	<u>57,546</u>	<u>-</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-2
Sheet 2 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>
Support Services:					
Purchased Prof & Technical Services	35,445		35,445	35,445	-
Other Purchased Services	5,208		5,208	5,208	-
Supplies and Materials	2,946		2,946	2,946	-
Student Activities	44,064		44,064	44,064	-
Total Support Services	<u>87,663</u>	<u>-</u>	<u>87,663</u>	<u>87,663</u>	<u>-</u>
Total Expenditures	<u>145,209</u>	<u>-</u>	<u>145,209</u>	<u>145,209</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,139)</u>	<u>-</u>	<u>(16,139)</u>	<u>(16,139)</u>	<u>-</u>
Fund Balance, July 1				\$ -	
Prior Period Adjustment				<u>71,937</u>	
Fund Balance, July 1 (Restated)				<u>71,937</u>	
Fund Balance, June 30				<u>\$ 55,798</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 55,798</u>	
Total Fund Balance				<u>\$ 55,798</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MONMOUTH BEACH SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATIONBUDGET TO GAAP RECONCILIATIONNOTE TO RSIJUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 6,192,804	129,070
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	17,429	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(17,675)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 6,192,558</u>	<u>129,070</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 6,354,817	145,209
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 6,354,817</u>	<u>145,209</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

MONMOUTH BEACH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

Exhibit L-1

NET PENSION LIABILITY - PERS

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)	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)	\$ 667,068	727,237	809,313	952,979	1,316,690	760,937	430,967	662,964
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	-	-	-	-	-	-	-	-
Total	<u>\$ 667,068</u>	<u>727,237</u>	<u>809,313</u>	<u>952,979</u>	<u>1,316,690</u>	<u>760,937</u>	<u>430,967</u>	<u>662,964</u>
District's Covered-Employee Payroll	\$ 304,892	296,012	286,812	291,414	272,908	280,275	196,268	150,236
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	45.71%	40.70%	35.44%	30.58%	20.73%	36.83%	45.54%	22.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

MONMOUTH BEACH 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	\$ 44,895	44,068	54,706	56,807	10,791	26,218	31,682	31,894
Contributions in Relation to the Contractually Required Contribution	<u>44,895</u>	<u>44,068</u>	<u>54,706</u>	<u>56,807</u>	<u>10,791</u>	<u>26,218</u>	<u>31,682</u>	<u>31,894</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	\$ 304,892	296,012	286,812	291,414	272,908	280,275	196,268	150,236
Contributions as a Percentage of Covered-Employee Payroll	14.72%	14.89%	19.07%	19.49%	3.95%	9.35%	16.14%	21.23%

MONMOUTH BEACH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

Exhibit L-3

NET PENSION LIABILITY - TPAF

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)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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>13,530,004</u>	<u>12,366,210</u>	<u>12,220,332</u>	<u>13,647,410</u>	<u>15,610,832</u>	<u>12,556,877</u>	<u>11,583,709</u>	<u>10,792,901</u>
Total	<u>\$13,530,004</u>	<u>12,366,210</u>	<u>12,220,332</u>	<u>13,647,410</u>	<u>15,610,832</u>	<u>12,556,877</u>	<u>11,583,709</u>	<u>10,792,901</u>
District's Covered-Employee Payroll	\$ 2,269,069	2,236,203	2,140,642	2,021,068	2,068,290	2,065,244	1,860,019	1,910,236
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.77%	18.08%	17.52%	14.81%	13.25%	16.45%	16.06%	17.70%
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%

MONMOUTH BEACH 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.

MONMOUTH BEACH 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**

MONMOUTH BEACH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FIVE FISCAL YEARS

Exhibit M-1

	<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	\$ 340,563	304,518	347,234	419,609	*
Interest	281,026	337,305	360,853	312,151	*
Benefit Payments	(214,619)	(239,189)	(227,991)	(227,951)	*
Member Contributions	6,505	7,090	7,880	8,394	*
Difference between Expected and Actual Experience	1,870,623	(1,260,291)	(824,758)		*
Change of Assumptions	2,251,885	116,178	(978,437)	(1,312,747)	*
Net Change in Total OPEB Liability	<u>4,535,983</u>	<u>(734,389)</u>	<u>(1,315,219)</u>	<u>(800,544)</u>	*
Total Attributable OPEB Liability - Beginning	<u>7,791,925</u>	<u>8,526,314</u>	<u>9,841,533</u>	<u>10,642,077</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 12,327,908</u>	<u>7,791,925</u>	<u>8,526,314</u>	<u>9,841,533</u>	<u>10,642,077</u>
District's Covered Payroll	\$ 2,573,961	2,532,215	1,919,908	2,312,482	2,341,198
District's Contribution	None	None	None	None	None
State's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	478.95%	307.71%	444.10%	425.58%	454.56%

* - 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.

MONMOUTH BEACH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR 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

MONMOUTH BEACH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Exhibit E-1

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Title IA</u>	<u>Title IIA</u>	<u>Title IV</u>	<u>Coronavirus Relief Fund</u>	<u>MOCSSIF</u>	<u>Jersey Sustainable</u>	<u>I.D.E.A Part B Basic</u>	<u>I.D.E.A Part B Preschool</u>	<u>Student Activity</u>	<u>Totals June 30, 2021</u>
Revenues:										
Federal Sources	\$ 39,464	5,208	10,000	5,225			857	35,445		96,199
Local Sources					2,946	2,000			27,925	32,871
Total Revenue	<u>39,464</u>	<u>5,208</u>	<u>10,000</u>	<u>5,225</u>	<u>2,946</u>	<u>2,000</u>	<u>857</u>	<u>35,445</u>	<u>27,925</u>	<u>129,070</u>
Expenditures:										
Instruction:										
Personal Services - Salaries	7,035									7,035
Instructional Supplies	32,429		10,000	5,225		2,000	857			50,511
Total Instruction	<u>39,464</u>	<u>-</u>	<u>10,000</u>	<u>5,225</u>	<u>-</u>	<u>2,000</u>	<u>857</u>	<u>-</u>	<u>-</u>	<u>57,546</u>
Support Services:										
Employee Benefits										-
Professional & Tech. Services								35,445		35,445
Other Purchased Services		5,208								5,208
Supplies and Materials					2,946					2,946
Student Activities									44,064	44,064
Total Support Services	<u>-</u>	<u>5,208</u>	<u>-</u>	<u>-</u>	<u>2,946</u>	<u>-</u>	<u>-</u>	<u>35,445</u>	<u>44,064</u>	<u>87,663</u>
Total Expenditures	<u>39,464</u>	<u>5,208</u>	<u>10,000</u>	<u>5,225</u>	<u>2,946</u>	<u>2,000</u>	<u>857</u>	<u>35,445</u>	<u>44,064</u>	<u>145,209</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>(16,139)</u>	<u>(16,139)</u>
Fund Balance, July 1										-
Prior Period Adjustment									71,937 *	71,937
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,937</u>	<u>71,937</u>
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,798</u>	<u>55,798</u>

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

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

MONMOUTH BEACH SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2021

Exhibit I-1

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	3/25/2010	\$ 2,580,000	2/1/2022	\$ 190,000	4.00%	\$ 1,200,000	185,000	1,015,000
			2/1/2023	200,000				
			2/1/2024	200,000				
			2/1/2025	210,000				
			2/1/2026	215,000				
						<u>\$ 1,200,000</u>	<u>185,000</u>	<u>1,015,000</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

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 Fund to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 222,328		222,328	222,328	
Total Revenues	<u>222,328</u>	<u>-</u>	<u>222,328</u>	<u>222,328</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	48,000		48,000	48,000	-
Redemption of Principal	185,000		185,000	185,000	-
Total Expenditures	<u>233,000</u>	<u>-</u>	<u>233,000</u>	<u>233,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,672)	-	(10,672)	(10,672)	-
Fund Balance July 1	<u>10,672</u>		<u>10,672</u>	<u>10,672</u>	
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

MONMOUTH BEACH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

J-1

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities										
Invested in Capital Assets, net of related Debt	\$ 3,030,507	3,065,179	1,333,079	1,320,352	1,314,083	1,333,733	1,946,872	1,878,208	1,806,888	2,052,321
Restricted	1,796,796	1,626,771	1,569,501	2,544,099	2,179,303	2,019,569	2,926,408	2,605,861	2,387,586	1,929,392
Unrestricted	<u>(708,916)</u>	<u>(427,550)</u>	<u>(705,384)</u>	<u>(656,376)</u>	<u>(605,964)</u>	<u>(576,385)</u>	<u>(1,011,504)</u>	<u>126,862</u>	<u>200,113</u>	<u>102,936</u>
Total Governmental Activities	<u>\$ 4,118,387</u>	<u>4,264,400</u>	<u>2,197,196</u>	<u>3,208,075</u>	<u>2,887,422</u>	<u>2,776,917</u>	<u>3,861,776</u>	<u>4,610,931</u>	<u>4,394,587</u>	<u>4,084,649</u>
Business Type Activities										
Invested in Capital Assets, net of related Debt	\$ -	-	-	-	-	-	-	-	807	1,344
Unrestricted	<u>2,250</u>	<u>878</u>	<u>44,242</u>	<u>59,000</u>	<u>89,074</u>	<u>44,356</u>	<u>58,766</u>	<u>39,972</u>	<u>2,902</u>	<u>2,672</u>
Total Business Type Activities	<u>\$ 2,250</u>	<u>878</u>	<u>44,242</u>	<u>59,000</u>	<u>89,074</u>	<u>44,356</u>	<u>58,766</u>	<u>39,972</u>	<u>3,709</u>	<u>4,016</u>
District-wide										
Invested in Capital Assets, net of related Debt	\$ 3,030,507	3,065,179	1,333,079	1,320,352	1,314,083	1,333,733	1,946,872	1,878,208	1,807,695	2,053,665
Restricted	1,796,796	1,626,771	1,569,501	2,544,099	2,179,303	2,019,569	2,926,408	2,605,861	2,387,586	1,929,392
Unrestricted	<u>(706,666)</u>	<u>(426,672)</u>	<u>(661,142)</u>	<u>(597,376)</u>	<u>(516,890)</u>	<u>(532,029)</u>	<u>(952,738)</u>	<u>166,834</u>	<u>203,015</u>	<u>105,608</u>
Total District Position	<u>\$ 4,120,637</u>	<u>4,265,278</u>	<u>2,241,438</u>	<u>3,267,075</u>	<u>2,976,496</u>	<u>2,821,273</u>	<u>3,920,542</u>	<u>4,650,903</u>	<u>4,398,296</u>	<u>4,088,665</u>

MONMOUTH BEACH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:										
Governmental Activities	\$ 6,772,256	4,167,337	6,997,132	5,457,435	5,412,111	5,657,047	5,234,445	4,953,467	4,674,977	4,573,761
Business Type Activities	3,847	6,436	105,286	125,725	11,416	57,946	56,811	58,685	1,120	4,618
Total District Expenses	<u>6,776,103</u>	<u>4,173,773</u>	<u>7,102,418</u>	<u>5,583,160</u>	<u>5,423,527</u>	<u>5,714,993</u>	<u>5,291,256</u>	<u>5,012,152</u>	<u>4,676,097</u>	<u>4,578,379</u>
Program Revenues:										
Governmental Activities	129,070	105,971	93,464	106,634	104,719	103,639	145,707	13,081	65,755	86,938
Business Type Activities	5,208	3,378	87,613	95,651	56,134	43,536	75,605	95,755	813	5,430
Total District Program Revenues	<u>134,278</u>	<u>109,349</u>	<u>181,077</u>	<u>202,285</u>	<u>160,853</u>	<u>147,175</u>	<u>221,312</u>	<u>108,836</u>	<u>66,568</u>	<u>92,368</u>
Net (Expense):										
Governmental Activities	(6,643,186)	(4,061,366)	(6,903,668)	(5,350,801)	(5,307,392)	(5,553,408)	(5,088,738)	(4,940,386)	(4,609,222)	(4,486,823)
Business Type Activities	1,361	(3,058)	(17,673)	(30,074)	44,718	(14,410)	18,794	37,070	(307)	812
Total District-wide Net Expense	<u>(6,641,825)</u>	<u>(4,064,424)</u>	<u>(6,921,341)</u>	<u>(5,380,875)</u>	<u>(5,262,674)</u>	<u>(5,567,818)</u>	<u>(5,069,944)</u>	<u>(4,903,316)</u>	<u>(4,609,529)</u>	<u>(4,486,011)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities	6,414,886	6,128,570	5,892,789	5,671,474	5,417,897	4,468,549	5,178,342	5,156,730	4,919,160	4,714,439
Business Type Activities	11	(40,306)	2,915	-	-	-	-	-	-	-
Total District-wide	<u>6,414,897</u>	<u>6,088,264</u>	<u>5,895,704</u>	<u>5,671,474</u>	<u>5,417,897</u>	<u>4,468,549</u>	<u>5,178,342</u>	<u>5,156,730</u>	<u>4,919,160</u>	<u>4,714,439</u>
Change in Net Position:										
Governmental Activities	(228,300)	2,067,204	(1,010,879)	320,673	110,505	(1,084,859)	89,604	216,344	309,938	227,616
Business Type Activities	1,372	(43,364)	(14,758)	(30,074)	44,718	(14,410)	18,794	37,070	(307)	812
Total District	<u>(226,928)</u>	<u>2,023,840</u>	<u>(1,025,637)</u>	<u>290,599</u>	<u>155,223</u>	<u>(1,099,269)</u>	<u>108,398</u>	<u>253,414</u>	<u>309,631</u>	<u>228,428</u>

MONMOUTH BEACH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

J-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:										
Reserved	\$ 1,797,496	1,943,090	1,569,501	2,544,099	2,126,670	1,966,956	2,873,795	2,553,248	2,334,973	1,861,039
Unreserved	226,256	232,571	243,105	258,077	241,912	188,884	236,021	237,977	236,551	242,236
Total General Fund	<u>\$ 2,023,752</u>	<u>2,175,661</u>	<u>1,812,606</u>	<u>2,802,176</u>	<u>2,368,582</u>	<u>2,155,840</u>	<u>3,109,816</u>	<u>2,791,225</u>	<u>2,571,524</u>	<u>2,103,275</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Capital Projects Fund	\$ -	-	-	-	52,613	52,613	52,613	52,613	52,613	56,663
Special Revenue Fund	55,798									
Debt Service Fund		10,672	10,672							11,690
Total All Other Government Funds	<u>\$ 55,798</u>	<u>10,672</u>	<u>10,672</u>	<u>-</u>	<u>52,613</u>	<u>52,613</u>	<u>52,613</u>	<u>52,613</u>	<u>52,613</u>	<u>68,353</u>

MONMOUTH BEACH SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED

J-4

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Tax Levy	\$ 5,033,609	4,948,692	4,865,125	4,766,778	4,672,380	4,311,849	4,235,006	4,149,172	4,317,142	4,251,318
Other Local Revenue	251,846	174,959	92,878	88,986	19,614	17,087	100,989	147,304	13,943	9,586
State Sources	1,162,302	971,311	934,786	815,710	725,903	668,425	575,323	541,247	588,075	473,451
Federal Sources	96,199	99,257	93,464	106,634	104,719	103,639	412,731	273,869	65,755	86,938
Total Revenues	<u>6,543,956</u>	<u>6,194,219</u>	<u>5,986,253</u>	<u>5,778,108</u>	<u>5,522,616</u>	<u>5,101,000</u>	<u>5,324,049</u>	<u>5,111,592</u>	<u>4,984,915</u>	<u>4,821,293</u>
Expenditures										
Instruction:										
Regular	2,100,181	1,726,249	1,916,135	1,655,401	1,693,010	1,698,940	1,585,548	1,644,184	1,542,941	1,547,186
Special	431,340	333,302	222,516	264,294	246,369	209,341	276,489	299,270	233,717	273,984
Other	29,687	41,761	42,157	133,685	107,632	160,863	104,081	92,241	100,643	104,372
School-sponsored/other instructional										
Total instruction	<u>2,561,208</u>	<u>2,101,312</u>	<u>2,180,808</u>	<u>2,053,380</u>	<u>2,047,011</u>	<u>2,069,144</u>	<u>1,966,118</u>	<u>2,035,695</u>	<u>1,877,301</u>	<u>1,925,542</u>
Undistributed:										
Instruction/Tuition			10,670	178,115						7,562
Support Services - Instructional staff	574,169	580,436	549,574	462,439	727,989	544,029	393,638	369,043	300,898	276,944
School Administration	117,912	257,875	252,145	89,880	130,226	139,209	316,663	136,312	118,058	195,513
Other Administration	642,602	310,174	170,832	317,488	372,124	262,416	172,832	249,244	239,958	239,661
Operations and Maintenance	440,304	381,400	425,740	353,336	305,861	371,961	408,497	417,107	291,354	319,538
Student Transportation	9,659	33,167	79,838	92,600	94,711	54,245	42,836	43,301	87,892	52,795
Unallocated Benefits	1,810,564	1,530,617	1,463,491	1,297,025	1,259,077	1,135,511	1,127,874	1,121,938	996,218	910,034
Education Jobs/Other	-	-	-	-	-	-	-	-	-	8,801
Total Undistributed	<u>3,595,210</u>	<u>3,093,669</u>	<u>2,952,290</u>	<u>2,790,883</u>	<u>2,889,988</u>	<u>2,507,371</u>	<u>2,462,340</u>	<u>2,336,945</u>	<u>2,034,378</u>	<u>2,010,848</u>
Capital Outlay:										
Equipment	198,399	338,784	1,506,193	213,230	40,656	609,522	201,543	341,939	328,472	30,591
Total Capital Outlay	<u>198,399</u>	<u>338,784</u>	<u>1,506,193</u>	<u>213,230</u>	<u>40,656</u>	<u>609,522</u>	<u>201,543</u>	<u>341,939</u>	<u>328,472</u>	<u>30,591</u>
Total General Fund Expenditures	<u>6,354,817</u>	<u>5,533,765</u>	<u>6,639,291</u>	<u>5,057,493</u>	<u>4,977,655</u>	<u>5,186,037</u>	<u>4,630,001</u>	<u>4,714,579</u>	<u>4,240,151</u>	<u>3,966,981</u>
Special Revenue:										
Federal and Local	145,209	105,971	95,860	106,634	104,719	103,639	145,707	13,081	65,755	78,137
Total Special Revenue expenditures	<u>145,209</u>	<u>105,971</u>	<u>95,860</u>	<u>106,634</u>	<u>104,719</u>	<u>103,639</u>	<u>145,707</u>	<u>13,081</u>	<u>65,755</u>	<u>78,137</u>
Capital Projects Fund Expenditures										
Debt Service Expenditures										
	<u>233,000</u>	<u>231,750</u>	<u>230,000</u>	<u>233,000</u>	<u>227,500</u>	<u>236,488</u>	<u>229,750</u>	<u>222,450</u>	<u>226,500</u>	<u>225,400</u>
Total Governmental Fund Expenditures	<u>6,733,026</u>	<u>5,871,486</u>	<u>6,965,151</u>	<u>5,397,127</u>	<u>5,309,874</u>	<u>5,526,164</u>	<u>5,005,458</u>	<u>4,950,110</u>	<u>4,532,406</u>	<u>4,270,518</u>
Excess(Deficiency) of Revenues										
Over(Under) Expenditures	(189,070)	322,733	(978,898)	380,981	212,742	(425,164)	318,591	161,482	452,509	550,775
Other Financing Sources (Uses)										
		<u>40,322</u>				<u>(528,812)</u>		<u>58,219</u>		<u>(19,916)</u>
Net Change in Fund Balance	<u>\$ (189,070)</u>	<u>363,055</u>	<u>(978,898)</u>	<u>380,981</u>	<u>212,742</u>	<u>(953,976)</u>	<u>318,591</u>	<u>219,701</u>	<u>452,509</u>	<u>530,859</u>

Source: District records

MONMOUTH BEACH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 8,058		1,528	9,586
2013			13,943	13,943
2014			146,304	146,304
2015			100,989	100,989
2016			17,087	17,087
2017	1,548		18,066	19,614
2018	1,968		87,018	88,986
2019	1,261	46,250	42,971	90,482
2020	5,975	94,425	67,845	168,245
2021	867	212,699	5,409	218,975

Source: District records

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

J-6

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2011	\$ 1,262,410,459	1,372,185,282	92.00%
2012	1,260,209,500	1,369,792,935	92.00%
2013	1,210,464,700	1,261,163,472	95.98%
2014	1,202,784,900	1,273,462,043	94.45%
2015	1,299,878,900	1,300,268,981	99.97%
2016	1,295,283,678	1,328,904,974	97.47%
2017	1,376,781,700	1,402,732,247	98.15%
2018	1,465,914,900	1,499,964,085	97.73%
2019	1,555,952,600	1,592,093,114	97.73%
2020	1,596,446,200	1,633,527,269	97.73%

Source: Abstract of Ratables, County Board of Taxation.

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

J-7

<u>Assessment Year</u>	<u>Monmouth Beach School District</u>	<u>Shore Regional High School</u>	<u>Monmouth Beach Borough</u>	<u>Monmouth County</u>	<u>Total</u>
2011	\$ 0.337	0.322	0.305	0.323	1.287
2012	0.343	0.328	0.309	0.307	1.287
2013	0.343	0.300	0.328	0.312	1.283
2014	0.352	0.292	0.333	0.323	1.300
2015	0.332	0.276	0.338	0.311	1.257
2016	0.361	0.316	0.343	0.303	1.323
2017	0.346	0.284	0.343	0.295	1.268
2018	0.332	0.260	0.336	0.301	1.229
2019	0.318	0.286	0.317	0.281	1.202
2020	0.313	0.309	0.318	0.286	1.226

Source: Tax Collector

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

J-8

<u>Taxpayer</u>	<u>Assessed Valuation 2021</u>	<u>As a Percentage of District Net Assessed Valuation</u>
Taxpayer #1	\$ -	0.00%
Taxpayer #2		0.00%
Taxpayer #3	NO DATA AVAILABLE	0.00%
Taxpayer #4		0.00%
Taxpayer #5		0.00%
Taxpayer #6		0.00%
Taxpayer #7		0.00%
Taxpayer #8		0.00%
Taxpayer #9		0.00%
Taxpayer #10		0.00%
 Total	 \$ -	 0.00%

Source: Municipal Tax Assessor.

Note: Information for Nine Years ago was not available

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

J-9

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2011	\$ 16,326,535	16,309,727	98.24%
2012	16,298,628	16,011,166	98.23%
2013	15,845,481	15,844,473	99.99%
2014	15,616,487	15,375,993	98.46%
2015	16,424,401	16,216,862	98.71%
2016	17,245,820	17,055,597	98.84%
2017	17,590,272	17,416,068	99.01%
2018	18,093,535	17,849,811	98.65%
2019	18,791,105	18,396,087	97.89%
2020	19,645,186	19,495,627	99.23%

Source: Municipal Tax Collector

MONMOUTH BEACH SCHOOL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
UNAUDITED

J-10

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Other</u> <u>Debt</u>	<u>Total Debt</u> <u>Per</u> <u>District</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per Capita</u>
2012	\$ 2,410,000		2,410,000	2.6%	734.31
2013	2,275,000		2,275,000	2.8%	693.17
2014	2,140,000		2,140,000	3.1%	660.70
2015	1,995,000		1,995,000	3.4%	617.46
2016	1,850,000		1,850,000	3.8%	574.18
2017	1,700,000		1,700,000	4.3%	526.64
2018	1,540,000		1,540,000	4.9%	477.08
2019	1,375,000		1,375,000	5.8%	425.96
2020	1,200,000		1,200,000	6.9%	367.87
2021	1,015,000		1,015,000	8.1%	314.44

Source: District records.

MONMOUTH BEACH SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
UNAUDITED

J-11

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2012	3,279	\$ 1,260,209,500	\$ 2,410,000	0.191%	734.98
2013	3,279	1,210,464,700	2,275,000	0.188%	693.81
2014	3,290	1,210,767,732	2,140,000	0.177%	650.46
2015	3,298	1,300,216,806	1,995,000	0.153%	604.91
2016	3,298	1,295,283,678	1,850,000	0.143%	560.95
2017	3,228	1,376,781,700	1,700,000	0.123%	526.64
2018	3,236	1,465,914,900	1,540,000	0.105%	475.90
2019	3,243	1,555,952,600	1,375,000	0.088%	423.99
2020	3,262	1,596,446,200	1,200,000	0.075%	367.87
2021	3,262	1,596,446,200	1,105,000	0.069%	338.75

**Source: Abstract of Ratables, County Board of Taxation.
School District records.**

MONMOUTH BEACH SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
UNAUDITED

J-12

Net Direct Debt of School District as of December 31, 2020	\$ 1,200,000
Net Overlapping debt of School District: Monmouth Beach Borough	<u>15,355,000</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2020	<u><u>\$ 16,555,000</u></u>

Source: Monmouth Beach Chief Financial Officer.

MONMOUTH BEACH SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
UNAUDITED

J-13

3 Year Average Equalized Valuation of Taxable Property	\$ 1,595,107,308
School Borrowing Margin (3% of \$1,595,107,308)	\$ 47,853,219
Net Bonded School Debt as of June 30, 2021	<u>1,105,000</u>
School Borrowing Margin Available	<u>\$ 46,748,219</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 47,853,219	41,835,527	41,835,527	41,835,536	40,160,080	39,740,534	39,748,799	40,735,931	41,276,702	42,314,403
Net Debt	<u>1,105,000</u>	<u>1,200,000</u>	<u>1,375,000</u>	<u>1,540,000</u>	<u>1,850,000</u>	<u>1,995,000</u>	<u>2,140,000</u>	<u>2,275,000</u>	<u>2,410,000</u>	<u>2,540,000</u>
Legal Debt Margin	<u>\$ 46,748,219</u>	<u>40,635,527</u>	<u>40,460,527</u>	<u>40,295,536</u>	<u>38,310,080</u>	<u>37,745,534</u>	<u>37,608,799</u>	<u>38,460,931</u>	<u>38,866,702</u>	<u>39,774,403</u>

Source: State of New Jersey, Department of Taxation.

MONMOUTH BEACH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

<u>Year Ended December 31,</u>	<u>Monmouth Beach Unemployment Rate</u>	<u>Monmouth Beach Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2011	8.1%	\$ 199,509,498	60,789	3,282
2012	8.5%	206,563,884	62,996	3,279
2013	2.3%	209,326,250	63,625	3,290
2014	4.5%	216,200,011	66,749	3,239
2015	4.0%	228,140,910	70,610	3,231
2016	3.8%	234,850,194	73,071	3,214
2017	3.5%	244,449,520	75,916	3,220
2018	3.1%	256,293,975	79,471	3,225
2019	2.6%	267,712,893	82,551	3,243
2020	6.6%	Unavailable	Unavailable	3,262

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

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

MONMOUTH BEACH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

J-15

2021

DATA NOT AVAILABLE

2012

DATA NOT AVAILABLE

MONMOUTH BEACH SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<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	22.3	20.9	21.4	22.4	22.0	22.2	22.2	23.6	22.7	23.0
Special Education	5.0	4.0	4.0	4.0	4.0	5.0	5.0	6.0	6.0	6.0
Other Instruction	5.5	4.4	4.1	4.1	4.1	5.0	5.0	2.9	2.9	2.9
Support Services:										
Student and Instruction Related Services	2.1	1.7	2.7	2.5	2.1	2.1	2.1	2.3	2.3	2.3
General Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5
School Administrative Services	0.4	0.2	0.2	0.2	0.2	0.2	0.2	1.5	1.5	1.5
Other Administrative Services	3.0	2.0	2.0	2.0	2.0	2.0	2.0	1.2		
Central Service	1.0	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.0	1.0
Administrative Information Technology	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Other Support Services	-	-	-	-	-	-	-	-	-	-
Total	43.3	38.5	39.7	40.5	39.7	42.8	42.8	42.8	40.9	41.2

Source: District Personnel Records

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teacher Staff (b)</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	314	\$ 4,373,653	13,929	12.38%	27.6	11.9	313.7	301.0	3.09%	96.0%
2013	286	4,240,151	14,826	3.70%	24.9	11.5	282.3	270.7	-10.01%	95.9%
2014	285	4,876,061	17,109	11.54%	25.4	11.2	284.5	271.7	0.78%	95.5%
2015	278	4,206,752	15,132	4.50%	29.5	9.4	265.1	252.2	-7.73%	95.1%
2016	257	4,089,053	15,911	5.56%	30.2	10.8	251.1	240.5	-4.88%	95.8%
2017	231	4,714,770	20,410	17.61%	30.4	9.1	238.7	226.7	-6.08%	95.0%
2018	245	5,057,493	20,643	1.00%	32.2	7.6	244.6	232.3	n/a	n/a
2019	234	6,965,151	29,766	44.20%	32.5	7.2	233.6	221.3	n/a	n/a
2020	240	5,871,486	24,465	0.00%	33.9	7.1	235.1	225.7	n/a	n/a
2021	257	6,733,026	26,199	3.50%	31.9	8.1	252.0	242.0	n/a	n/a

Source: District Records.

Note: Enrollment based on annual October District count.

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

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

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

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

<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>	<u>2021</u>
Elementary:										
Monmouth Beach										
Square Feet	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882
Capacity (Students)	337	337	337	337	337	337	337	337	337	337
Enrollment	314	299	285	278	257	231	245	234	232	257

Source: District Records

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Monmouth</u> <u>Beach</u> <u>Elementary</u>
2012	\$ 19,312
2013	6,975
2014	6,732
2015	36,579
2016	30,431
2017	5,769
2018	21,184
2019	80,869
2020	25,300
2021	25,948

Source: District records.

MONMOUTH BEACH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property-Blanket Building & Contents	\$ 9,965,630	1,000
Comprehensive General Liability	6,000,000	
Comprehensive Auto Liability	6,000,000	
Comprehensive Crime Coverage	25,000	500
Other Flood - Contents	10,000,000	*
Computers and Scheduled Equipment -		
Data Processing Equipment	300,000	1,000
Boiler and Machinery -		
Property Damage	1,000,000	1,000
Umbrella Liability -		
Umbrella Policy	2,000,000	
School Board Legal Liability -		
Directors and Officers Policy	5,000,000	5,000

* = Flood subject to alternate deductibles

Source: District records.

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

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
 Monmouth Beach School District
 County of Monmouth
 Monmouth Beach, 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 Monmouth Beach Board of Education, County of Monmouth, 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 Monmouth Beach Board of Education, County of Monmouth, 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 Monmouth Beach Board of Education, County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monmouth Beach Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monmouth Beach Board of Education, County of Monmouth, State of New Jersey's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

February 11, 2022

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

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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
 Monmouth Beach School District
 County of Monmouth
 Monmouth Beach, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2021. The Board of Education of the Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, State of New Jersey's compliance.

Opinion on Each Major State Program

In our opinion, the Board of Education of the Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, 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 Monmouth Beach School District, County of Monmouth, 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

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

February 11, 2022

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances Adjustment	Balance at June 30, 2021		
											(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture Passed Through State Department of Education:													
Special Milk Program	10.556	211NJ304N1099	N/A	9-1-20 to 6-30-21	\$ 1,193	\$ -	-	1,099	(1,193)	-	(94)	-	-
Total U.S. Department of Agriculture						-	-	1,099	(1,193)	-	(94)	-	-
U.S. Department of Education: Passed Through State Department of Education:													
Special Revenue Fund:													
Title I	84.010	S010A150030	NCLB 20	9-1-19 to 6-30-20	33,103	(2,456)	-	2,456	-	-	-	-	-
Title I	84.010	S010A150030	NCLB 21	9-1-20 to 6-30-21	39,550	-	-	39,464	(39,464)	-	-	-	-
Title IIA	84.367A	S367A160029	NCLB 20	9-1-19 to 6-30-20	5,551	(3,751)	-	3,751	-	-	-	-	-
Title IIA	84.367A	S367A160029	NCLB 21	9-1-20 to 6-30-21	5,208	-	-	5,208	(5,208)	-	-	-	-
Title IV	84.367A	S367A150029	NCLB 20	9-1-19 to 6-30-20	10,000	(10,000)	-	10,000	-	-	-	-	-
Title IV	84.367A	S367A150029	NCLB 21	9-1-20 to 6-30-21	10,000	-	-	9,215	(10,000)	-	(785)	-	-
Coronavirus Relief Fund	21.019	STL0040	NA	9-20-20 to 12-1-20	5,225	-	-	5,225	(5,225)	-	-	-	-
LD.E.A. Basic	84.027	H027A160100	FT21	9-1-20 to 6-30-21	882	-	-	273	(857)	-	(584)	-	-
LD.E.A. Preschool	84.173	H173A150114	FT21	9-1-20 to 6-30-21	62,471	-	-	35,445	(35,445)	-	-	-	-
Total Special Revenue Fund						(16,207)	-	111,037	(96,199)	-	(1,369)	-	-
Total U.S. Department of Education						(16,207)	-	111,037	(96,199)	-	(1,369)	-	-
Total Federal Financial Assistance						\$ (16,207)	-	112,136	(97,392)	-	(1,463)	-	-

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

MONMOUTH BEACH SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2021			MEMO	
				Deferred Revenue (Accounts Receivable)	Due To Grantor	Carryover (Walkover) Amount					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
General Fund:															
Special Education Aid	21-495-034-5120-089	7-1-20 to 6-30-21	\$ 148,418	\$ -			148,418	(148,418)						(13,842)	148,418
Transportation Aid	21-495-034-5120-014	7-1-20 to 6-30-21	30,330				30,330	(30,330)						(2,789)	30,330
Security Aid	21-495-034-5120-084	7-1-20 to 6-30-21	10,874				10,874	(10,874)						(1,044)	10,874
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	21-495-034-5094-001	7-1-20 to 6-30-21	192,028				192,028	(192,028)							192,028
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	21-495-034-5094-002	7-1-20 to 6-30-21	601,314				601,314	(601,314)							601,314
On-Behalf T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	7-1-20 to 6-30-21	11,441				11,441	(11,441)							11,441
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	21-495-034-5094-004	7-1-20 to 6-30-21	485				485	(485)							485
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7-1-20 to 6-30-21	163,888				163,888	(163,888)							163,888
Non Public Transportation	21-495-034-5120-014	7-1-20 to 6-30-21	3,770					(3,770)				(3,770)			3,770
Total General Fund							<u>1,158,778</u>	<u>(1,162,548)</u>	<u>-</u>	<u>-</u>		<u>(3,770)</u>	<u>-</u>	<u>(17,675)</u>	<u>1,162,548</u>
Total State Financial Assistance				<u>\$ -</u>		<u>-</u>	<u>1,158,778</u>	<u>(1,162,548)</u>	<u>-</u>	<u>-</u>		<u>(3,770)</u>	<u>-</u>	<u>(17,675)</u>	<u>1,162,548</u>
Less on Behalf TPAF Pension System Contributions								(805,268)							
Total for State Financial Assistance-Major Program Determination							<u>\$ (357,280)</u>								

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

BOARD OF EDUCATION

K-5

MONMOUTH BEACH 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, Monmouth Beach 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 schedule of financial assistance are presented using the modified accrual 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 Special Milk Program. These bases of accounting are described in 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 payments 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.

Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

	<u>General Fund</u>	<u>Special Revenue 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	\$ 357,280			357,280
Difference -- Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	805,268			805,268
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>(246)</u>	_____	_____	<u>(246)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,162,302</u>	=====	=====	<u>1,162,302</u>

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

	<u>General Fund</u>	<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	\$	96,199	1,193	97,392
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$ _____	<u>96,199</u>	<u>1,193</u>	<u>97,392</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

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.

MONMOUTH BEACH 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 <u> x </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported
Noncompliance material to basic financial statements noted?	_____ Yes <u> x </u> No

Federal Awards

NOT APPLICABLE

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> x </u> Yes _____ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal Control over major programs:	
(1) Material Weakness(es) identified?	_____ Yes <u> x </u> No
(2) Reportable condition(s) identified that are not considered to material weaknesses?	_____ Yes <u> x </u> None Reported
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?	_____ Yes <u> x </u> No

Identification of major programs:

GMIS Number(s)21-495-034-5120-08921-495-034-5120-08421-495-034-5095-002**Name of State Program**Special Education Aid (Public Cluster)Security Aid (Public Cluster)Reimbursed TPAF Social Security

MONMOUTH BEACH 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.

MONMOUTH BEACH 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

MONMOUTH BEACH 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.