

SCHOOL DISTRICT
OF
VILLAGE OF LOCH ARBOUR

Village of Loch Arbour Board of Education
Loch Arbour, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT

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INTRODUCTORY SECTION

Village of Loch Arbour Board of Education
c/o Deal Board of Education
201 Roseld Avenue
Deal, NJ 07723

October 4, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Village of Loch Arbour 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 Village of Loch Arbour Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, and the New Jersey OMB Circular Uniform Guidance 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. However, required information related to this audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Village of Loch Arbour School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Village of Loch Arbour Board of Education, a non-operating district, constitutes the District's reporting entity.

The District offers a full range of educational services appropriate to grade levels pre-K through 12 through its sending-receiving relationship with the West Long Branch and Shore Regional Boards of Education. Classes offered are regular, vocational, and special education for disabled youngsters. Vocational students are sent to the Monmouth County Vocational School District. Academically or gifted students are enrolled at Monmouth County Vocational School's technical or specialized vocational high schools. Shore Regional Board of Education's Child Study Team or the West Long Branch Board of Education's Child Team Study Team evaluates the students considered in need of special educational services. Handicapped students whose Individualized Educational Plans (IEPs) indicate the need for unique placements are sent to the most appropriate public or private schools where their needs can be met. The District completed the 2020-2021 school year with an enrollment of 1.5 special education students in private special education placements. General education students consisted of 1 West Long Branch student, 1 Shore Regional High School student and 2.5 vocational school students. The latter group was accepted into specialized programs through competitive testing or performances and participation is consistent with code.

2. ECONOMIC CONDITIONS AND OUTLOOK:

The Village of Loch Arbour is a small community with fewer than 200 residents on one tenth of a square mile of dry land and is one of New Jersey's smallest municipalities, ranked fifth lowest in population and third smallest in area and as such continues to put additional burdens on the taxpayers of the community.

3. MAJOR INITIATIVES:

The District is continuing its current sending-receiving relationship with the West Long Branch and Shore Regional School Districts per sending agreements dated July 1, 2017 and terminating at the conclusion of the 2023-2024 school year.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund, the latter as necessary. The district does not have any debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

The District has no outstanding debt.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institutions 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.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, hazard and theft insurance on property and fidelity bonds. The Board worked with its insurance broker, New Jersey School Insurance Group, to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

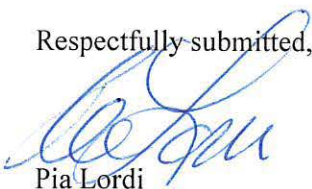
10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino & Shechter L.L.C., CPA’s was selected by the Board to provide this service. The auditor’s report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports specifically related to the federal and state financial assistance are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,



Pia Lordi
School Business Administrator/Board Secretary

**VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION
ORGANIZATION CHART
(UNIT CONTROL)**

STUDENTS AND TAXPAYERS

BOARD OF EDUCATION

Attorney Auditor School Business Administrator/Board Secretary

VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Fernicola - President	2023
Maureen Sherlock - Vice President	2023
Martin Januario	2022
Abigail Collins	2021
Catherine Cunniff	2021

Other Officials

Pia Lordi - School Business Administrator/Board Secretary
(Shared Service Agreement with Deal School District)

VILLAGE OF LOCH ARBOUR BOARD OF EDUCATION

CONSULTANT AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
Certified Public Accountants
110 Fortunato Place
Neptune, NJ 07753-3767

ATTORNEY

Anthony P. Sciarrillo
Attorney at Law
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

OFFICIAL DEPOSITORY

TD Bank
555 Warren Avenue
Spring Lake Heights, NJ 07762

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Village of Loch Arbour Board of Education
County of Monmouth, 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 Village of Loch Arbour School District (the "District") in the County of Monmouth, as of and for the fiscal 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 District'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 District'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 Village of Loch Arbour School District, in the County of Monmouth, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year 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 management's discussion and analysis and the budgetary comparison information on pages 9 through 13 and 28 through 30 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 inquires 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 District's basic financial statements. The accompanying introductory section, supplementary information such as the combining and individual non-major fund financial statements section, statistical section, 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 expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*", are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements, schedule of expenditures of federal awards as required by the Uniform Guidance and schedule of expenditures of state financial assistance are the responsibility of management and were 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 supplementary schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.


Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
LOCH ARBOUR, NEW JERSEY**

MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)**

The discussion and analysis of the Village of Loch Arbour School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- * General revenues accounted for \$524,826 in revenue or 99.99% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$38 or 0.01% of total revenues of \$524,864..
- * Total net position of governmental activities increased by \$267,075.
- * The School District had \$257,789 in expenses, only \$38 of these expenses were offsert by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$499,944 were adequate to provide for these programs.
- * The General Fund had \$524,826 in revenues and \$257,751 in expenditures. The General Fund's balance increased by \$267,075 over 2020.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the funds of 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 2021?" 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.

**Village of Loch Arbour Board of Education
Management's Discussion and Analysis Report - Unaudited**

Reporting the School District as a Whole (Cont'd)

Statement of Net Position and the Statement of Activities (Cont'd)

These two statements report the School District's net position and changes in those positions. 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, 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, support services, general administration and pupil transportation.

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of goods or services provided. There are no activities 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 is included in the 2020-2021 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District's major governmental funds are the General Fund and Special Revenue 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 provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2021 compared to June 30, 2020.

**Table 1
Net Position**

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	1,219,946.00	949,853.00
Total Assets	<u>\$1,219,946.00</u>	<u>\$949,853.00</u>
Liabilities		
Current Liabilities	3,018.00	.00
Total Liabilities	<u>\$ 3,018.00</u>	<u>\$.00</u>
Net Position		
Restricted	786,566.00	689,486.00
Unrestricted	430,362.00	260,367.00
Total Net Position	<u>\$1,216,928.00</u>	<u>\$949,853.00</u>

Village of Loch Arbour Board of Education
Management's Discussion and Analysis Report - Unaudited

The School District as a Whole (Cont'd)

Table 2 shows the changes in net position for the fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenue:		
Charge for Services	.00	.00
Operating Grants and Contributions	38.00	.00
General Revenues:		
Property Taxes	499,944.00	499,944.00
State Aid	24,882.00	14,966.00
Miscellaneous	.00	4.00
Total Revenues	<u>\$524,864.00</u>	<u>\$514,914.00</u>
Program Expenses		
Support Services:		
Tuition	168,573.00	136,845.00
Support Services	38.00	6,006.00
General Administration and Central Services	54,835.00	37,371.00
Pupil Transportation	<u>34,343.00</u>	<u>21,711.00</u>
Total Program Expenses	<u>\$257,789.00</u>	<u>\$201,933.00</u>
Increase (Decrease) in Net Position	<u>\$267,075.00</u>	<u>\$312,981.00</u>

Governmental Activities

The budget as approved is funded primarily by property taxes that make up 99 percent of revenues for governmental activities for the Village of Loch Arbour Board of Education for fiscal year 2020-2021. The balance is comprised of state aid and very modest interest income.

The Statement of Activities shows the cost of program services and the charges for services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements for the fiscal years 2021 and 2020.

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Support Services:				
Tuition	168,573.00	168,573.00	136,845.00	136,845.00
Support Services	38.00	.00	6,006.00	6,006.00
General Administration & Central Services	54,835.00	54,835.00	37,371.00	37,371.00
Pupil Transportation	<u>34,343.00</u>	<u>34,343.00</u>	<u>21,711.00</u>	<u>21,711.00</u>
Total Expenses	<u>\$257,789.00</u>	<u>257,751.00</u>	<u>\$201,933.00</u>	<u>201,933.00</u>

**Village of Loch Arbour Board of Education
Management's Discussion and Analysis Report - Unaudited**

Governmental Activities (Cont'd)

Instruction expenses are limited to tuition paid for out-of-district education; special education in appropriate private schools consistent with each student's Individualized Education Plan and Monmouth County Vocational schools.

As a non-operating district, Loch Arbour incurs no expense customarily associated with direct student instruction: teaching salaries, curriculum and staff development, guidance, school supplies, etc.

General administration and central services include the expenses of the school business administrator, a shared service agreement with Deal School District. Other expenses of general and central services include the costs of attorneys, auditors, communications, appropriate insurance coverage and office supplies.

With no facilities to maintain, Village of Loch Arbour does not have any custodial or maintenance expenses.

Pupil transportation consists of all out-of-district transportation for general education, special education and vocational schools as prescribed in legislative code.

The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, hazard and theft insurance on property and fidelity bonds. The Board worked with its insurance broker and New Jersey School Insurance Group, to review insurance requirements in order to secure the most appropriate coverage at least possible cost.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues including transfers of \$524,864 and expenditures of \$257,751. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

The unassigned fund balance of the General Fund is at the allowable maximum as established by the State and this represents approximately 37% of the general fund budget for 2020-2021.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey Legislative code and Department of Education guidelines 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.

The district manages its financial reporting of budgets and actual expenses using a real-time accounting system designed to provide comprehensive management and reporting tools.

The original General Fund budget estimated revenue was \$503,852 and the final budgeted General Fund revenue was \$524,796.

Capital Assets

At the end of the fiscal year 2021, as a non-operating district, Village of Loch Arbour had no investments in land, buildings, or furniture and equipment.

Debt Administration

At June 30, 2021, the Village of Loch Arbour Board of Education had no debt.

**Village of Loch Arbour Board of Education
Management's Discussion and Analysis Report - Unaudited**

Current Financial Issues and Concerns

The Village of Loch Arbour School District is a primarily residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which are voted on in the budget by the residents annually.

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 in the next few years could experience growth in student population, this will hold true especially if the area changes from a summer town to a full-time residential area. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, and 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 on this report or need additional financial information please contact Pia Lordi, School Business Administrator/Board Secretary at Village of Loch Arbour Board of Education, P.O. Box 569, Village of Loch Arbour, NJ 07711.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Total</u>
ASSETS:		
Cash and Cash Equivalents	1,199,001.78	1,199,001.78
Receivables, Net	<u>20,944.00</u>	<u>20,944.00</u>
Total Assets	<u>1,219,945.78</u>	<u>1,219,945.78</u>
LIABILITIES:		
Accounts Payable	<u>3,018.28</u>	<u>3,018.28</u>
Total Liabilities	<u>3,018.28</u>	<u>3,018.38</u>
NET POSITION:		
Restricted for:		
Other Purposes	786,565.50	786,565.50
Unrestricted	<u>430,362.00</u>	<u>430,362.00</u>
Total Net Position	<u>\$1,216,927.50</u>	<u>1,216,927.50</u>

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

<u>Functions/Program</u>	<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 & Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:						
Support Services:						
Tuition	168,573.29	.00	.00	(168,573.29)	.00	(168,573.29)
Support Services	38.00	.00	38.00	(.00)	.00	(.00)
General Administration and Central Services	54,835.01	.00	.00	(54,835.01)	.00	(54,835.01)
Pupil Transportation	<u>34,342.85</u>	<u>.00</u>	<u>.00</u>	<u>(34,342.85)</u>	<u>.00</u>	<u>(34,342.85)</u>
Total Governmental Activities	<u>\$257,789.15</u>	<u>.00</u>	<u>38.00</u>	<u>(257,751.15)</u>	<u>.00</u>	<u>(257,751.15)</u>
 GENERAL REVENUES:						
Property Taxes Levied for General Purposes				499,944.00	.00	499,944.00
State Aid Not Restricted				<u>24,882.00</u>	<u>.00</u>	<u>24,882.00</u>
Total General Revenues and Special Items				<u>524,826.00</u>	<u>.00</u>	<u>524,826.00</u>
Change in Net Position				<u>267,074.85</u>	<u>.00</u>	<u>267,074.85</u>
Net Position - July 1				948,870.65	.00	948,870.65
Prior Period Adjustment				<u>982.00</u>	<u>.00</u>	<u>982.00</u>
Net Position - July 1 (Restated)				<u>949,852.65</u>	<u>.00</u>	<u>949,852.65</u>
Net Position - June 30				<u>\$1,216,927.50</u>	<u>.00</u>	<u>1,216,927.50</u>

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information fund type.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**Balance Sheet****Governmental Funds****For the Fiscal Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	1,199,001.78	.00	1,199,001.78
Receivable From Other Governments	<u>20,944.00</u>	<u>.00</u>	<u>20,944.00</u>
Total Assets	<u><u>1,219,945.78</u></u>	<u><u>.00</u></u>	<u><u>1,219,945.78</u></u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	<u>3,018.28</u>	<u>.00</u>	<u>3,018.28</u>
Total Liabilities	<u>3,018.28</u>	<u>.00</u>	<u>3,018.28</u>
Fund Balances:			
Restricted for:			
Excess Surplus - Current Year	475,551.50	.00	475,551.50
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	311,014.00	.00	311,014.00
Assigned to:			
Designated by BOE For Subsequent Year's Expenditures	159,809.00	.00	159,809.00
Unassigned:			
General Fund	270,553.00	.00	270,553.00
Special Revenue Fund	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Fund Balance	<u>1,216,927.50</u>	<u>.00</u>	<u>1,216,927.50</u>
Total Liabilities and Fund Balances	<u><u>\$1,216,927.50</u></u>	<u><u>.00</u></u>	<u><u>1,219,945.78</u></u>

There are no reconciling amounts between the Governmental Funds Balance Sheet (B-1) and the Statement of Net Assets for Governmental Activities (A-1).

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local Sources:			
Local Tax Levy	499,944.00	.00	499,944.00
Total - Local Sources	499,944.00	.00	499,944.00
State Sources	24,882.00	.00	24,882.00
Federal Sources	.00	38.00	.00
Total Revenues	<u>524,826.00</u>	<u>38.00</u>	<u>524,864.00</u>
EXPENDITURES:			
Current:			
Support Services:			
Tuition	168,573.29	.00	168,573.29
Support Services	.00	38.00	38.00
General Administration and Central Services	54,835.01	.00	54,835.01
Pupil Transportation	34,342.85	.00	34,342.85
Total Expenditures	<u>257,751.15</u>	<u>38.00</u>	<u>257,789.15</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>267,074.85</u>	<u>.00</u>	<u>267,074.85</u>
Net Change in Fund Balances	<u>267,074.85</u>	<u>.00</u>	<u>267,074.85</u>
Fund Balance - July 1	948,870.65	.00	948,870.65
Prior Period Adjustment	<u>982.00</u>	<u>.00</u>	<u>982.00</u>
Fund Balance - July 1 (Restated)	<u>949,852.65</u>	<u>.00</u>	<u>949,852.65</u>
Fund Balance - June 30	<u>\$1,216,927.50</u>	<u>.00</u>	<u>1,216,927.50</u>

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds (from B-2)	<u>270,093.13</u>
No adjustments necessary	
Change in net position of governmental activities	<u>\$270,093.13</u>

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

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF LOCH ARBOUR 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 Village of Loch Arbour School District (District) have been prepared in conformity with general accepted 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. Description of the District and Reporting Entity:

The Village of Loch Arbour School District was formed on May 1, 2017 and the 2017/2018 school year was the first year of financial operations.

The Village of Loch Arbour School District is a sending district located in the County of Monmouth, State of New Jersey. As a sending district, they have no operating schools and function independently through a Board of Education. The board is comprised of five members elected to three year-terms and is responsible for the fiscal control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental 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

Based on the aforementioned criteria, the District has no component units.

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-Wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Basis of Presentation, Basis of Accounting (Cont'd):

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB Statement No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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 special revenue fund issued to account for the proceeds of specific revenue from State and Federal Government, and local appropriations that are legally restricted to expenditures for specified purposes.

Basic of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

All governmental activities of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and GAAP with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as presented in the Notes to Required Supplementary Information. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

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

D. Assets, Liabilities, and Net Position/Fund Balance:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at time of purchase and are stated at cost plus accrued interest. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

D. Assets, Liabilities, and Net Position/Fund Balance (Cont'd):

Capital Assets:

The District has no capital assets.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-Wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Net Position:

Net position represent the difference between assets and liabilities.

Fund Balance:

The School District reports fund balance in classification 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 classification, 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) it employed to previously commit to those amounts.

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

D. Assets, Liabilities, and Net Position/Fund Balance (Cont'd):

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 an expenditure is 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 balance first. Moreover, when an expenditure is 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.

Revenue - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and tuition.

Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. New Accounting Standards:

During fiscal year 2021, the District adopted the following GASB statements:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial purposes and how those activities should be reported. Implementation of this Statement did not impact the District's financial statements.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

E. New Accounting Standards (Cont'd):

During fiscal year 2021, the District adopted the following GASB statements (Cont'd):

- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Implementation of this Statement did not impact the District's financial statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 87, *Leases*, will be effective for the year ended June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the year ended June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, will be effective for the year ended June 30, 2021. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the year ended June 30, 2023. The objective of this Statement is to provide a single method of reporting conduit debt obligations. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 92, *Omnibus 2020*, will be effective for the year ended June 30, 2022. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will be effective for the year ended June 30, 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of IBOR. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the year ended June 30, 2023. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Management does not expect this Statement to impact the District's financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the year ended June 30, 2024. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Management does not expect this Statement to impact the District's financial statements.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include (Cont'd):

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*, will be effective for the year ended June 30, 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstance in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not expect this Statement to impact the District's financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of New Jersey state law. The Village of Loch Arbour School District had the following cash and cash equivalents at June 30, 2021:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	<u>\$1,199,001.78</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$1,220,912.27 at June 30, 2021. Of the bank balance \$250,000.00 was fully insured by depository insurance and \$970,912.27 was secured by a collateral held by the bank, but not in the District's name as required by New Jersey statutes.

Investment Interest Rate Risk - The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investments for the fiscal year ending June 30, 2020.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Bond or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by school district;
6. Local governments investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
8. Agreements for the repurchase of fully collateralized securities.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D):

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2021, the District had no investments.

NOTE 3. RECEIVABLES

Receivables at June 30, 2021, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	<u>20,944.00</u>	<u>20,944.00</u>
Gross Receivables	20,944.00	20,944.00
Less: Allowance for Uncollectibles	<u>.00</u>	<u>.00</u>
Total Receivables, Net	<u>\$20,944.00</u>	<u>20,944.00</u>

NOTE 4. CAPITAL ASSETS

There are no capital assets as of June 30, 2021.

NOTE 5. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,216,927.50 General Fund fund balance at June 30, 2021, \$475,551.50 has been restricted for excess surplus; \$311,014.00 has been restricted for excess surplus at June 30, 2020 and has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$159,809.00 has been assigned to be designated for subsequent year's expenditures and included as anticipated revenue for the year ending June 30, 2022; \$270,553.00 is unassigned.

NOTE 6. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Restricted Fund Balance -Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$475,551.50.

NOTE 7. CONTINGENT LIABILITIES

There were no liabilities, contingent or otherwise, which were not provided for by budget appropriation or insurance coverage.

NOTE 8. PENSION PLANS

The District has no employees and therefore no pensionable wages, it operates through a share service agreement with the Deal Board of Education.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District has no retired employees receiving any benefits.

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District has no retired employees receiving any benefits.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of assets and errors and omissions.

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

NOTE 11. PRIOR PERIOD ADJUSTMENT

The District had to increase prior years Receivable from other Governments caused by the incorrect amount of revenue from State Extraordinary Aid being reported. The cumulative effect of this adjustment has resulted in a prior period adjustment of \$982.00 to increase the General Fund Balance and Net Position.

NOTE 12. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and October 4, 2021, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT**General Fund****Budgetary Comparison Schedule****For the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	499,944.00	.00	499,944.00	499,944.00	.00
Total Local Sources	<u>499,944.00</u>	<u>.00</u>	<u>499,944.00</u>	<u>499,944.00</u>	<u>.00</u>
State Sources:					
Transportation Aid	3,908.00	.00	3,908.00	3,908.00	.00
Extraordinary Aid	.00	.00	.00	16,884.00	16,884.00
Reimbursed Nonpublic School Transportation Costs	.00	.00	.00	4,060.00	4,060.00
Total State Sources	<u>3,908.00</u>	<u>.00</u>	<u>3,908.00</u>	<u>24,852.00</u>	<u>20,944.00</u>
Total Revenues	<u>503,852.00</u>	<u>.00</u>	<u>503,852.00</u>	<u>524,796.00</u>	<u>20,944.00</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAS Within the State - Regular	78,613.00	.00	78,613.00	31,769.92	46,843.08
Tuition to County Vocational School Districts - Regular	13,500.00	.00	13,500.00	13,500.00	.00
Tuition to County Vocational School Districts - Special	6,000.00	.00	6,000.00	6,000.00	.00
Tuition to Private School for the Disabled - Within State	285,121.00	.00	285,121.00	117,303.37	167,817.63
Total Undistributed Expenditures - Instruction	<u>383,234.00</u>	<u>.00</u>	<u>383,234.00</u>	<u>168,573.29</u>	<u>214,660.71</u>
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Purchased Professional - Educational Services	10,000.00	.00	10,000.00	.00	10,000.00
Total Undistributed Expenditures - Speech, OT, PT, Related Services	<u>10,000.00</u>	<u>.00</u>	<u>10,000.00</u>	<u>.00</u>	<u>10,000.00</u>
Undistributed Expenditures - Support Services General Administration:					
Legal Services	150,000.00	.00	150,000.00	12,240.00	137,760.00
Audit Fees	5,000.00	.00	5,000.00	2,900.00	2,100.00
Other Purchased Professional Services	51,000.00	.00	51,000.00	18,804.01	32,195.99
Total Undistributed Expenditures - Support Services General Administration	<u>206,000.00</u>	<u>.00</u>	<u>206,000.00</u>	<u>33,944.01</u>	<u>172,055.99</u>
Undistributed Expenditures - Central Services:					
Purchased Professional Services	25,000.00	.00	25,000.00	18,000.00	7,000.00
Purchased Technical Services	5,090.00	.00	5,090.00	2,891.00	2,199.00
Total Undistributed Expenditures - Central Services	<u>30,090.00</u>	<u>.00</u>	<u>30,090.00</u>	<u>20,891.00</u>	<u>9,199.00</u>

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT

General Fund

Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES: (Continued):					
Undistributed Expenditures - Student					
Transportation Services:					
Contracted Services - Aid in Lieu of Payments - Nonpublic Students	19,000.00	.00	19,000.00	6,661.35	12,338.65
Contracted Services (Regular Students) - ESC's and CTSA's	39,000.00	.00	39,000.00	6,559.62	32,440.38
Contracted Services (Special Ed. Students) - ESC's and CTSA's	<u>45,000.00</u>	<u>.00</u>	<u>45,000.00</u>	<u>21,121.88</u>	<u>23,878.12</u>
Total Undistributed Expenditures - Student Transportation Services	<u>103,000.00</u>	<u>.00</u>	<u>103,000.00</u>	<u>34,342.85</u>	<u>68,657.15</u>
Total Undistributed Expenditures	<u>732,324.00</u>	<u>.00</u>	<u>732,324.00</u>	<u>257,751.15</u>	<u>474,572.85</u>
Total Expenditures - Current Expenses	<u>732,324.00</u>	<u>.00</u>	<u>732,324.00</u>	<u>257,751.15</u>	<u>474,572.85</u>
Total Expenditures	<u>732,324.00</u>	<u>.00</u>	<u>732,324.00</u>	<u>257,751.15</u>	<u>474,572.85</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(228,472.00)</u>	<u>.00</u>	<u>(228,472.00)</u>	<u>267,044.85</u>	<u>495,516.85</u>
Fund Balances - July 1	949,294.65	.00	949,294.65	949,294.65	.00
Prior Period Adjustment	<u>979.00</u>	<u>.00</u>	<u>979.00</u>	<u>979.00</u>	<u>.00</u>
Fund Balance - July 1 (Restated)	<u>950,273.65</u>	<u>.00</u>	<u>950,273.65</u>	<u>950,273.65</u>	<u>.00</u>
Fund Balances - June 30	<u>\$721,801.65</u>	<u>.00</u>	<u>721,801.65</u>	<u>1,217,318.50</u>	<u>495,516.85</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				475,551.50	
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures				311,014.00	
Assigned Fund Balance:					
Designated by BOE for Subsequent Year's Expenditures				159,809.00	
Unassigned Fund Balance				<u>270,944.00</u>	
				1,217,318.50	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(391.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$1,216,927.50</u>	

VILLAGE OF LOCH ARBOUR
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	.00	38.00	38.00	38.00	.00
Total Revenues	.00	38.00	38.00	38.00	.00
EXPENDITURES:					
Support Services					
Material and Supplies	.00	38.00	38.00	38.00	.00
Total Support Services	.00	38.00	38.00	38.00	.00
Total Expenditures	.00	38.00	38.00	38.00	.00
Total Outflows	.00	38.00	38.00	38.00	.00
Excess (Deficiency) of Revenues Over (Under) Expenditures & Other Financing Sources (Uses)	\$.00	.00	.00	.00	.00

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of revenue		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	524,796.00	38.00
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	421.00	.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(391.00)</u>	<u>(.00)</u>
Total revenues as reported for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>\$524,826.00</u>	<u>38.00</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>257,751.15</u>	<u>38.00</u>
No differences - budget to GAAP		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$257,751.15</u>	<u>38.00</u>

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

VILLAGE OF LOCH ARBOUR
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	<u>Coronavirus Relief Fund</u>	<u>Totals</u>
REVENUES:		
Federal Sources	<u>38.00</u>	<u>38.00</u>
Total Revenues	<u>38.00</u>	<u>38.00</u>
EXPENDITURES:		
Support Services:		
Other Purchased Services	<u>38.00</u>	<u>38.00</u>
Total Support Services	<u>38.00</u>	<u>38.00</u>
Total Expenditures	<u>38.00</u>	<u>38.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$.00</u>	<u>.00</u>

STATISTICAL SECTION (Unaudited)

Village of Loch Arbour School District
Net Position by Component
Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	114,632	377,422	689,486	786,566
Unrestricted	201,869	259,450	260,367	430,362
Total governmental activities net position	<u>\$ 316,501</u>	<u>\$ 636,872</u>	<u>\$ 949,853</u>	<u>\$ 1,216,928</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	114,632	377,422	689,486	786,566
Unrestricted	201,869	259,450	260,367	430,362
Total district net position	<u>\$ 316,501</u>	<u>\$ 636,872</u>	<u>\$ 949,853</u>	<u>\$ 1,216,928</u>

Source: CAFR Schedule A-1

Village of Loch Arbour School District
Changes in Net Assets/Net Position, Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses				
Governmental activities				
Support Services:				
Tuition	\$ 142,266	\$ 156,217	\$ 136,845	\$ 168,573
Support services	15,422	4,022	6,006	38
General administration and central services	199,453	89,224	37,371	54,835
Pupil transportation	26,309	36,082	21,711	34,343
Total governmental activities expenses	<u>\$ 383,450</u>	<u>\$ 285,545</u>	<u>\$ 201,933</u>	<u>\$ 257,789</u>
Business-type activities:				
Food service	-	-	-	-
Child care	-	-	-	-
Total business-type activities expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses	<u>\$ 383,450</u>	<u>\$ 285,545</u>	<u>\$ 201,933</u>	<u>\$ 257,789</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction (tuition)	-	-	-	-
Pupil transportation	-	-	-	-
Business and other support services	-	-	-	-
Operating grants and contributions	-	-	-	38
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>
Business-type activities:				
Charges for services:				
Food service	-	-	-	-
Child care	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net (Expense)/Revenue				
Governmental activities	\$ 383,450	\$ 285,545	\$ 201,933	\$ 257,751
Business-type activities	-	-	-	-
Total district-wide net expense	<u>\$ 383,450</u>	<u>\$ 285,545</u>	<u>\$ 201,933</u>	<u>\$ 257,751</u>

Village of Loch Arbour School District
Changes in Net Assets/Net Position, Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

Exhibit J-2
(continued)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 692,522	\$ 592,522	\$ 499,944	\$ 499,944
Unrestricted grants and contributions	7,429	13,394	14,966	24,882
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous income	-	-	4	-
Transfers	-	-	-	-
Cancellation of prior year accounts receivable	-	-	-	-
Total governmental activities	<u>\$ 699,951</u>	<u>\$ 605,916</u>	<u>\$ 514,914</u>	<u>\$ 524,826</u>
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Total district-wide	<u>\$ 699,951</u>	<u>\$ 605,916</u>	<u>\$ 514,914</u>	<u>\$ 524,826</u>
Change in Net Position				
Governmental activities	\$ 316,501	\$ 320,371	\$ 312,981	\$ 267,075
Business-type activities	-	-	-	-
Total district	<u>\$ 316,501</u>	<u>\$ 320,371</u>	<u>\$ 312,981</u>	<u>\$ 267,075</u>

Source: CAFR Schedule A-2

**Village of Loch Arbour School District
Fund Balances - Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Restricted	-	68,627	379,641	786,566
Committed	-	-	-	-
Assigned	114,632	308,795	309,845	159,809
Unassigned	201,869	259,450	260,367	270,553
Total general fund	<u>\$ 316,501</u>	<u>\$ 636,872</u>	<u>\$ 949,853</u>	<u>\$ 1,216,928</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

Village of Loch Arbour School District
Changes in Fund Balances - Governmental Funds
Last Four Fiscal Years
Unaudited

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues				
Tax levy	\$ 692,522	\$ 592,522	\$ 499,944	\$ 499,944
Tuition charges	-	-	-	-
Interest earnings	-	-	-	-
Miscellaneous	-	-	4	-
State sources	7,429	13,394	14,966	24,882
Federal sources	-	-	-	38
Total revenue	<u>\$ 699,951</u>	<u>\$ 605,916</u>	<u>\$ 514,914</u>	<u>\$ 524,864</u>
Expenditures				
Support Services:				
Tuition	142,266	156,217	136,845	168,573
Support Services	15,422	22,951	6,006	38
General Administration and Central Services	199,453	70,295	37,371	54,835
Student Transportation	26,309	36,082	21,711	34,343
Total expenditures	<u>\$ 383,450</u>	<u>\$ 285,545</u>	<u>\$ 201,933</u>	<u>\$ 257,789</u>
Excess (Deficiency) of revenues over (under) expenditures	316,501	320,371	312,981	267,075
Other Financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 316,501</u>	<u>\$ 320,371</u>	<u>\$ 312,981</u>	<u>\$ 267,075</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

Village of Loch Arbour School District
General Fund Other Local Revenue By Source
Last Four Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	4	4
2021	-	-	-	-

Source: District Records

**Village of Loch Arbour School District
Assessed Value and Actual Value of Taxable Property
Last Four Fiscal Years
Unaudited**

Fiscal Year Ended June	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2018	3,849,400	161,059,100	0	0	5,995,400	0	1,050,000	171,953,900	0	68,951	172,022,851	0.374	158,714,153
2019	2,693,200	168,443,700	0	0	6,078,900	0	1,066,200	178,282,000	0	68,833	178,350,833	0.306	161,767,298
2020	5,325,000	212,826,900	0	0	7,653,200	0	1,266,600	227,071,700	0	74,221	227,145,921	0.220	162,960,977
2021	3,623,100	230,220,700	0	0	8,193,200	0	1,340,600	243,377,600	0	75,690	243,453,290	0.205	165,070,336

Source: County Board of Taxation

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

Reassessment occurs when ordered by the County Board of Taxation.

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

b Tax rates are per \$100

Village of Loch Arbour Board of Education
 Direct and Overlapping Property Tax Rates
 Last Four Fiscal Years
 (rate per \$100 of assessed value)
 Unaudited

Fiscal Year Ended June 30,	Village of Loch Arbour Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Village of Loch Arbour	Library/Other	Monmouth County	
2018	0.374	0.000	0.374	0.372	0.000	0.270	1.016
2019	0.306	0.000	0.306	0.359	0.000	0.257	0.922
2020	0.220	0.000	0.220	0.283	0.000	0.201	0.704
2021	0.205	0.000	0.205	0.264	0.000	0.186	0.655

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Source: District Records and Municipal Tax Collector

- Note:
- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
 - b Rates for debt service are based on each year's requirements.

Village of Loch Arbour School District
 Principal Property Taxpayers
 Current Year and Three Years Ago
 Unaudited

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Taxpayer	2021			2018		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 4,666,500	1	1.92%	\$ 3,588,200		2.28%
Individual Taxpayer #2	4,447,700	2	1.83%	2,746,900		1.75%
Individual Taxpayer #3	3,746,700	3	1.54%	2,724,400		1.73%
Individual Taxpayer #4	3,567,800	4	1.47%	2,667,700		1.70%
Individual Taxpayer #5	3,469,700	5	1.43%	2,572,800		1.64%
Individual Taxpayer #6	3,361,400	6	1.38%	2,505,500		1.59%
Individual Taxpayer #7	3,242,600	7	1.33%	2,461,700		1.57%
Individual Taxpayer #8	3,086,700	8	1.27%	2,381,800		1.51%
Individual Taxpayer #9	2,921,100	9	1.20%	2,254,500		1.43%
Individual Taxpayer #10	2,866,000	10	1.18%	2,074,100		1.32%
Total	<u>\$ 35,376,200</u>		<u>14.55%</u>	<u>\$25,977,600</u>		<u>16.52%</u>

Source: District CAFR & Municipal Tax Assessor

Village of Loch Arbour School District
 Property Tax Levies and Collections
 Last Four Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2018	692,522	692,522	100.00%	-
2019	592,522	592,522	100.00%	-
2020	499,944	499,944	100.00%	-
2021	499,944	499,944	100.00%	-

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

Village of Loch Arbour School District
 Ratios of Outstanding Debt by Type
 Last Four Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2018	-	-	-	-	-	-	N/A	79,471	
2019	-	-	-	-	-	-	N/A	82,551	
2020	-	-	-	-	-	-	N/A	N/A	
2021	-	-	-	-	-	-	N/A	N/A	

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Source: District CAFR

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^b Includes Early Retirement Incentive Plan (ERIP) refunding

**Village of Loch Arbour School District
Ratios of General Bonded Debt Outstanding
Last Four Fiscal years
Unaudited**

<u>General Bonded Debt Outstanding</u>						
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property ^a</u>	<u>Per Capita ^b</u>	
2018	-	-	-	0.00%	79,471	
2019	-	-	-	0.00%	82,551	
2020	-	-	-	0.00%	N/A	
2021	-	-	-	0.00%	N/A	

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

- a** See Exhibit J-6 for property tax data.
- b** Per Capita data can be found in Exhibit J-14.

**Village of Loch Arbour School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2021
 Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Village of Loch Arbour	1,287,600	100.000%	1,287,600
Other debt			
Monmouth County	553,290	0.002%	<u>553,290</u>
Subtotal, overlapping debt			1,840,890
Village of Loch Arbour School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 1,840,890</u>

Sources: Village of Loch Arbour Chief Financial Officer, Monmouth County Finance Office

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

**Village of Loch Arbour School District
Legal Debt Margin Information
Last Four Fiscal Years
Unaudited**

N/A
NON-OPERATING DISTRICT

**Village of Loch Arbour School District
Demographic and Economic Statistics
Last Four Fiscal Years
Unaudited**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2018	181	-	79,471	3.6%
2019	180	-	82,551	1.8%
2020	178	-	N/A	5.6%
2021	N/A	-	N/A	N/A

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income - not available

^c Per Capita- Bureau of Economic Analysis

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Village of Loch Arbour School District
 Principal Employers
 Current Year and Three Years Ago
 Unaudited

Employer	2021			2018		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Information not Available						
	-		0.00%	-		0.00%

Village of Loch Arbour School District
Full-time Equivalent District Employees by Function/Program
Last Four Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Instruction:				
Regular				
Special education				
Other special education				
Vocational				
Other instruction				
Nonpublic school programs				
Adult/continuing education programs				
Support Services:				
Tuition				
Student & instruction related services				
General administrative services				
School administrative services				
Business administrative services				
Plant operations and maintenance				
Pupil transportation				
Special Schools				
Food Service				
Child Care				
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source: District Personnel Records

Note: No employees - shared service agreements

Village of Loch Arbour School District
 Operating Statistics
 Last Four Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2018	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-

Note: Non-operating District

Village of Loch School District
School Building Information
Last Four Fiscal Years
Unaudited

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>District Building</u>				
Non-operating District				

Village of Loch Arbour School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Four Fiscal Years
Unaudited

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

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
None - Non-operating District	N/A				

Village of Loch Arbour School District
 Insurance Schedule
 For The Fiscal Year Ended June 30, 2021
 Unaudited

Company	Type of Coverage	Coverage	Deductible
NJSIG	School Package Policy		
	Comprehensive General Liability	\$ 6,000,000	
	Comprehensive Automobile Liability	6,000,000	
NJSIG	School Board Legal Liability		
	Directors and Officers Policy	5,000,000	5,000
NJSIG	Workers' Compensation	3,000,000	
Hanover	School Business Administrator	100,000	
	Public Official Bond		

Source: District Records

SINGLE AUDIT SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

110 Fortunato Place

Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

Member

American Institute of Certified Public Accountants
New Jersey Society of Certified Public Accountants
PCPS of the AICPA Division of CPA Firms

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Village of Loch Arbour School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designated 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Allen B. Shechter
Licensed Public School Accountant No. 2183
Certified Public Accountant

October 4, 2021
Neptune, New Jersey

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021		
					From	To	Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue Fund:																	
Coronavirus Relief Fund	84,425	S425D200027	N/A	38.00	09/23/20	12/30/20					38.00	(38.00)					
Total Special Revenue Fund											\$38.00	(\$38.00)					
Total Federal Financial Awards											\$38.00	(\$38.00)					

(Note: Single Audit is not Required)

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2021			MEMO		
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Transportation Aid	20-495-034-5120-014	3,908.00	07/01/20	06/30/21				3,908.00	(3,908.00)					*	391.00	3,908.00
Extraordinary Aid	20-495-034-5120-044	16,884.00	07/01/20	06/30/21					(16,884.00)		(16,884.00)			*		16,884.00
Reimbursed Non-Public Transportation Costs Aid	20-495-034-5120-014	4,060.00	07/01/20	06/30/21					(4,060.00)		(4,060.00)			*		4,060.00
														*		
Total General Fund								3,908.00	(24,852.00)		(20,944.00)			*	391.00	24,852.00
Total State Financial Assistance								3,908.00	(24,852.00)		(20,944.00)			*	391.00	24,852.00

(Note: Single Audit is not Required)

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjusted to reconcile from the budgetary basis to the GAAP basis is \$30.00 for the general fund and \$.00 for the special revenue fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	.00	24,882.00	24,882.00
Special Revenue Fund	<u>38.00</u>	<u>.00</u>	<u>38.00</u>
Total Awards & Financial Assistance	<u>\$38.00</u>	<u>24,882.00</u>	<u>24,920.00</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness identified?	_____ yes	<u> X </u> no
2) Significant deficiencies identified?	_____ yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal Control over major programs:		
1) Material weakness identified?	<u> N/A </u> yes	<u> N/A </u> no
2) Significant deficiencies identified?	<u> N/A </u> yes	<u> N/A </u> none reported
Type of auditor's report issued on compliance for major programs:	<u> N/A </u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?	<u> N/A </u> yes	<u> N/A </u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ N/A _____	_____ N/A _____	_____ N/A _____

Dollar threshold used to distinguish between type A and type B programs: [518] \$ _____ N/A _____

Auditee qualified as low-risk auditee? N/A yes N/A no

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ N/A

Auditee qualified as low-risk auditee? N/A yes N/A no

Internal Control over major programs:

 1) Material weakness identified? N/A yes N/A no

 2) Significant deficiencies identified that are not
 considered to be material weaknesses? N/A yes N/A none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in
 accordance with NJOMB Circular Letter 15-08 as applicable? N/A yes N/A no

Identification of major programs:

<u>State/Grant Project Number(s)</u>	<u>Name of State Program</u>
<u> N/A </u>	<u> N/A </u>

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards

N/A

State Financial Assistance

N/A

VILLAGE OF LOCH ARBOUR SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2021

Financial Statement Findings

No prior year findings.

Federal Awards

N/A - No prior year Federal Single Audit.

State Financial Assistance

N/A - No prior year State Single Audit.