

*SCHOOL DISTRICT*

*OF*

*INTERLAKEN*

Interlaken Board of Education  
Interlaken, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

# INTERLAKEN SCHOOL DISTRICT

## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>		<b>Page</b>
Letter of Transmittal		1 to 3
Organizational Chart		4
Roster of Officials		5
Consultants and Advisors		6
 <b>FINANCIAL SECTION</b>		
<b>Independent Auditor's Report</b>		7 to 8
<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>		9 to 14
<b>Basic Financial Statements</b>		
A.	District-Wide Financial Statements:	
	A-1 Statement of Net Position	15
	A-2 Statement of Activities	16
B.	Fund Financial Statements:	
	Governmental Funds:	
	B-1 Balance Sheet	17
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	19
	Proprietary Funds:	
	B-4 Statement of Net Position	N/A
	B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
	B-6 Statement of Cash Flows	N/A
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	N/A
	B-8 Statement of Changes in Fiduciary Net Position	N/A
<b>Notes to the Financial Statements</b>		20 to 27
<b>Required Supplementary Information - Part II</b>		
C.	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	28 to 30
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block Grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A
<b>Notes to the Required Supplementary Information - Part II</b>		
	C-3 Budget-to-GAAP Reconciliation	31

	<b>Page</b>
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	N/A
L-2 Schedule of District Contributions - PERS	N/A
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	N/A
<b>Notes to the Required Supplementary Information - Part III</b>	N/A
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	N/A
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
Proprietary Funds:	
G. Enterprise Fund:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	N/A

I.	Long Term-Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A

### STATISTICAL SECTION (Unaudited)

#### Introduction to the Statistical Section

#### Financial Trends

J-1	Net Assets by Component	32
J-2	Changes in Net Assets/Net Position	33 to 34
J-3	Fund Balances - Governmental Funds	35
J-4	Changes in Fund Balances - Governmental Funds	36
J-5	General Fund Other Local Revenue by Source	37

#### Revenue Capacity

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

#### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	42
J-11	Ratios of General Bonded Debt Outstanding	43
J-12	Direct and Overlapping Governmental Activities Debt	44
J-13	Legal Debt Margin Information	45

#### Demographic and Economic Information

J-14	Demographic and Economic Statistics	46
J-15	Principal Employers	47

#### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	48
J-17	Operating Statistics	49
J-18	School Building Information	50
J-19	Schedule of Required Maintenance Expenditures by School Facility	51
J-20	Insurance Schedule	52
J-21	Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A

### SINGLE AUDIT SECTION

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	53 to 54
K-2	Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance and New Jersey OMB Circular 15-08	N/A
K-3	Schedule of Expenditures of Federal Awards, Schedule A	55
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	56
K-5	Notes to Schedules of Expenditures of Awards and Financial Assistance	57
K-6	Schedule of Findings and Questioned Costs	58
K-7	Summary Schedule of Prior Audit Findings	59



## **INTRODUCTORY SECTION**

**Interlaken Board of Education**  
**100 Grassmere Avenue**  
**Interlaken, N.J. 07712**

December 1, 2016

The Honorable President and Members  
of the Board of Education of the Borough of Interlaken  
100 Grassmere Avenue  
Interlaken, N.J. 07712

Dear Board Members:

The comprehensive annual financial report of the Interlaken School District (District) for the fiscal year ended June 30, 2016 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 Interlaken Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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:**

Interlaken 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 Interlaken 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 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 or are accepted into Red Bank Regional High School's specialized performing arts or financial programs. 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 2015-2016 school year with an enrollment of 8 special education students, 1 in private special education placements, 5 in West Long Branch School and 2 in Shore Regional High School. Regular students consisted of 21 West Long Branch students, 6 Shore Regional High School students, 4 vocational school students and 1 Red Bank Regional High School student. The latter two groups were accepted into specialized programs through competitive testing or performances and participation is consistent with code.



**2. ECONOMIC CONDITIONS AND OUTLOOK:**

Five blocks wide and seven blocks long, Interlaken was founded in 1895 as a haven for artists, and is the only exclusively residential community in New Jersey, with no schools, churches or businesses. The State of New Jersey, Department of Labor and Workforce Development estimates the population at 808 residents as of June 30, 2016. The area is virtually fully developed. Residences continue to come on the real estate market and are quickly sold, frequently to families with young children who are attracted to the Borough's charm despite its lack of a Borough public school. Interlaken's well-maintained homes on tree-lined streets and proximity to metropolitan areas as well as excellent recreational opportunities and low taxes make it a very desirable residential 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 September 1, 2014 and terminating at the conclusion of the 2020-2021 school year. The Board is also continuing its joint MOESC, enabling the district to offer busing to students who would not otherwise receive transportation services to schools beyond the courtesy transportation distance.

**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, 2016.

**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 contents, 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 Interlaken Board of Education for their continued interest in providing fiscal accountability to the taxpayers and citizens of the Borough of Interlaken, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Susanne O'Halloran, CPA, MBA  
School Business Administrator/ Treasurer/Custodian of Records



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

STUDENTS AND TAXPAYERS

**BOARD OF EDUCATION**

Attorney Auditor School Business Administrator/Treasurer/Custodian of Records

# INTERLAKEN BOARD OF EDUCATION

## ROSTER OF OFFICIALS JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dean Schoonover - President	2017
Tracy Handerhan - Vice President	2016
Linda Adrams	2017
Suzanne P. Montanari	2018
Michele Helies	2018

### Other Officials

Susanne O'Halloran, CPA, MBA - School Business Administrator/Treasurer/Custodian of Records  
(Shared Service Agreement with Shore Regional High School District)

Anthony P. Sciarrillo, Esq. - Solicitor

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

**OFFICIAL DEPOSITORY**

**Investors Bank**  
88 Norwood Avenue  
Deal, NJ 07723

**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  
Interlaken 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 Interlaken School District (the "District") in the County of Monmouth, as of and for the fiscal year ended June 30, 2016, 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 Interlaken School District, in the County of Monmouth, as of June 30, 2016, 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 14 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 November 30, 2016 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**



**INTERLAKEN BOARD OF EDUCATION  
INTERLAKEN, NEW JERSEY**

**MONMOUTH COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**Introduction**

Interlaken 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 Interlaken Board of Education, a non-operating district, constitutes the District's reporting entity.

New Jersey has over 600 school districts, 23 of which are termed "non-operating" due to their lack of school facilities. In all other aspects, these districts function similar to operating districts. They have boards of education, hold public board meetings, develop and approve board policies, approve educational programs for students sent to other districts, provide transportation for regular and special education students, etc. from a business office perspective, non-operating districts are similar to operating districts inasmuch as they prepare budgets for public vote, issue purchase orders for goods and services, enter into contracts and pay bills. Standard state reports are submitted such as the Application for State School Aid dealing with student population statistics, the District Report of Transported Students assembling statistics on student transportation, reports on Debt Service requirements, and others.

While a non-operating district, the Interlaken Board of Education offers a full range of educational services appropriate to grade level K through 12 through its sending-receiving relationship with the West Long Branch and Shore Regional Boards of Education. Classes offered are regular and vocational, and special education for disabled youngsters. Academically or artistically gifted students are eligible to compete for positions in Monmouth County Vocational School's technical or specialized high schools. West Long Branch Board of Education's Child Study Team or the Shore Regional High School's Child Study Team evaluates the students considered in need of special educational services and enrolled through their district. Students with disabilities 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 2015-2016 school year with an enrollment of 8 special education students, 1 in private special education placements, 5 in West Long Branch School and 2 in Shore Regional High School. Regular students consisted of 21 West Long Branch students, 6 Shore Regional High School students, 4 vocational students and 1 Red Bank Regional High School student. The latter two group were accepted into specialized programs through competitive testing or performances and participation is consistent with code.

In recent years, the state has been attempting to reform education and consolidate school districts. Being a "non-operating" school district, the district has been faced with the possibility of its dissolution through legislative actions. The community remains committed to actively oppose any legislation that would promote dissolving the non-public school district.

The Interlaken Board of Education has incurred large legal fees in recent years including some in the 2015-2016 school year in obtaining its successful decision from the Commissioner of Education to terminate its sending-receiving relationship with the Asbury Park School District and continuing its current relationships with the Shore Regional and West Long Branch School Districts that are consistent with law and provide appropriate services to district students. During the course of the year concern was also raised about the increased special education costs. The District has experienced a steady increase in special education costs which make up a large portion of the annual budget.



**Interlaken Board of Education  
Management Discussion and Analysis Report - Unaudited**

**Basic Financial Statements**

The annual reports consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the Interlaken School District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a “report card” of sorts on the district’s financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly held companies. All of these activities are intended to advance the district’s mission as stated at the beginning of this analysis.

The financial statements previously presented in the district’s Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General fund as applicable. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General fund. As of June 30, 2016, the district did not have any Special Revenue funds.

The Statement of Net Position presents the district’s assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net Position represent the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted and unrestricted. Using this methodology requires depreciation of capital assets. The district had no assets for the fiscal year ended June 30, 2016.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the district’s net position and how they have changed year to year, reflecting a variety of influences such as the current change in educational philosophy (resulting in increased purchases of new material, consultants, etc.), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received, as the flat funding over the past three years.

**Financial Highlights**

Key financial highlights for 2015-2016 are as follows:

The district ended fiscal year 2015-2016 with a fund balance of \$432,808. Under the S1701 legislation, the district can only maintain 2% of its general fund expenditures as a reserve or a maximum of \$250,000.00 plus some allowable adjustments which ever is greater. Any amount over this must be allocated to tax relief in the 2017-2018 budget process. The district has \$130,331.61 in excess fund balance to be allocated back to the taxpayers in the 2017-2018 budget process.

The School District had an original 2015-2016 General Fund budget of \$895,739 and completed June 30, 2016, with \$671,992 in expenses. There were no Special Revenue funds during this year.

The state contributed \$79,515 in transportation, categorical, security, adjustment, under adequacy, per pupil growth, PRACC readiness aid, extraordinary aid and non-public transportation aid, to the General Fund, a increase of \$16,730 from the 2015-2016 state aid. The 2015-2016 tax levy was \$834,003, a decrease of \$1,394 over the prior year’s taxes.

The state also continued its recent practice of deferring its final fiscal year June payments until the start of the next fiscal year in July.

**Interlaken Board of Education  
Management Discussion and Analysis Report - Unaudited**

**Financial Highlights**

**Using this General Accepted Accounting Principals Report (GAAP)**

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, 2016 compared to June 30, 2015.

**Table 1  
Net Position**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and Other Assets	508,264.00	358,271.00
<b>Total Assets</b>	<u>\$508,264.00</u>	<u>\$358,271.00</u>
<b>Liabilities</b>		
Current Liabilities	75,456.00	172,915.00
<b>Total Liabilities</b>	<u>\$ 75,456.00</u>	<u>\$172,915.00</u>
<b>Net Position</b>		
Restricted	166,089.00	35,685.00
Unrestricted	266,719.00	149,671.00
<b>Total Net Position</b>	<u>\$432,808.00</u>	<u>\$185,356.00</u>

Table 2 shows the changes in net position for the fiscal years 2016 and 2015.

**Table 2  
Changes in Net Position**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program Revenue:		
Charge for Services	.00	.00
Operating Grants and Contributions	.00	.00
General Revenues:		
Property Taxes	834,003.00	835,397.00
Grants and Entitlements	79,515.00	62,685.00
Other	5,926.00	479.00
<b>Total Revenues</b>	<u>\$919,444.00</u>	<u>\$898,561.00</u>
<b>Program Expenses</b>		
Support Services:		
Instruction - Tuition	476,390.00	544,896.00
Student & Instruction Related Services	32,094.00	80,411.00
General Administration and Central Services	50,766.00	81,415.00
Pupil Transportation	112,742.00	108,878.00
<b>Total Program Expenses</b>	<u>\$671,992.00</u>	<u>\$815,600.00</u>
Increase (Decrease) in Net Position Before Other Items	247,452.00	82,961.00
Other Decrease	.00	.00
<b>Increase (Decrease) in Net Position</b>	<u>\$247,452.00</u>	<u>\$ 82,961.00</u>



**Interlaken Board of Education  
Management Discussion and Analysis Report - Unaudited**

**Governmental Activities**

The budget as approved is funded primarily by property taxes that make up 91 percent of revenues for governmental activities for the Interlaken Board of Education for fiscal year 2015-2016. The balancing 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 2016 and 2015.

**Table 3**

	<b><u>Total Cost of Services 2016</u></b>	<b><u>Net Cost of Services 2016</u></b>	<b><u>Total Cost of Services 2015</u></b>	<b><u>Net Cost of Services 2015</u></b>
Support Services:				
Tuition	476,390.00	476,390.00	544,896.00	544,896.00
Student & Instruction Related Services	32,094.00	32,094.00	80,411.00	80,411.00
General Administrative & Central Services	50,766.00	50,766.00	81,415.00	81,415.00
Pupil Transportation	<u>112,742.00</u>	<u>112,742.00</u>	<u>108,878.00</u>	<u>108,878.00</u>
<b>Total Expenses</b>	<b><u>\$671,992.00</u></b>	<b><u>671,992.00</u></b>	<b><u>\$815,600.00</u></b>	<b><u>815,600.00</u></b>

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, Monmouth County Vocational schools and specialized or performing arts programs at Red Bank Regional High School that are not available in the West Branch or Shore Regional School System.

As a non-operating district, Interlaken 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 and transportation supervisor, a shared service agreement with Shore Regional High School. In addition, there are school district expenses required by legislative code: membership required by code in the New Jersey School Boards Association.

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, Interlaken does not have any custodial or maintenance expenses.

Pupil transportation consists of all out-of-district transportation for 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 contents, 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.

**Interlaken Board of Education  
Management Discussion and Analysis Report - Unaudited**

**The School District's Funds**

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues including transfers of \$999,444 and expenditures of \$671,992. 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 29% of the general fund budget for 2015-2016.

**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 \$895,739 and the final budgeted General Fund revenue was \$919,944.

**Capital Assets**

At the end of the fiscal year 2016, as a non-operating district Interlaken had no investments in land, buildings, or furniture and equipment.

**Debt Administration**

At June 30, 2016, the Interlaken Board of Education had no debt.

**Current Financial Issues and Concerns**

The Interlaken School District is essentially financially stable, with surplus fully funded as of June 30, 2016. The School District is proud of its community support; however, new residents in the district are not familiar with the "non-operating district" concept and the reduced or non-existent services customarily expected in regular school districts are quite disconcerting, particularly as they pertain to remote transportation and special education services. Aid from the state is not expected to increase but many residents are willing to accept the challenge of living in a non-operating district in return for very low school taxes. The Board and administration continue to be extremely sensitive to the financial concerns of Interlaken taxpayers, particularly those on fixed incomes.

The Interlaken Board of Education has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible, and there is no reason to believe that this commitment will not continue.



**Interlaken Board of Education  
Management Discussion and Analysis Report - Unaudited**

**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 Susanne O'Halloran, School Business Administrator/Treasurer/Custodian of Records at Shore Regional High School, 132 Monmouth Park Hwy. West Long Branch, NJ 07764.

## **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.



**INTERLAKEN SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2016**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	25,726.27	25,726.27
Receivables, Net	446,780.50	446,780.50
Restricted Assets:		
Capital Reserve Account - Investment	<u>35,757.63</u>	<u>35,757.63</u>
Total Assets	<u>508,264.40</u>	<u>508,264.40</u>
<b>LIABILITIES:</b>		
Accounts Payable	<u>75,456.16</u>	<u>75,456.16</u>
Total Liabilities	<u>75,456.16</u>	<u>75,456.16</u>
<b>NET POSITION:</b>		
Restricted for:		
Other Purposes	166,089.24	166,089.24
Unrestricted	<u>266,719.00</u>	<u>266,719.00</u>
Total Net Position	<u>\$432,808.24</u>	<u>432,808.24</u>

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

**INTERLAKEN SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

<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 &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<b>GOVERNMENTAL ACTIVITIES:</b>						
Support Services:						
Tuition	476,389.96	.00	.00	.00	(476,389.96)	(476,389.96)
Student & Instruction Related Services	32,093.95	.00	.00	.00	(32,093.95)	(32,093.95)
General Administration	29,990.27	.00	.00	.00	(29,990.27)	(29,990.27)
Central Services	20,776.31	.00	.00	.00	(20,776.31)	(20,776.31)
Pupil Transportation	<u>112,741.62</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(112,741.62)</u>	<u>(112,741.62)</u>
Total Governmental Activities	<u>\$671,992.11</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(671,992.11)</u>	<u>(671,992.11)</u>
 <b>GENERAL REVENUES:</b>						
					834,003.00	834,003.00
					79,515.00	79,515.00
					328.40	328.40
					<u>5,597.75</u>	<u>5,597.75</u>
Total General Revenues and Special Items					<u>919,444.15</u>	<u>919,444.15</u>
					247,452.04	247,452.04
					185,356.20	185,356.20
					<u>\$432,808.24</u>	<u>432,808.24</u>

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.



**INTERLAKEN SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	25,726.27	25,726.27
Receivable From Other Governments	446,780.50	446,780.50
Restricted Cash and Cash Equivalents		
Capital Reserve Account - Investment	<u>35,757.63</u>	<u>35,757.63</u>
Total Assets	<u>\$508,264.40</u>	<u>508,264.40</u>
<b>LIABILITIES AND FUND BALANCES:</b>		
Liabilities:		
Accounts Payable	<u>75,456.16</u>	<u>75,456.16</u>
Total Liabilities	<u>75,456.16</u>	<u>75,456.16</u>
Fund Balances:		
Restricted for:		
Excess Surplus - Current Year	130,331.61	130,331.61
Capital Reserve Account	35,757.63	35,757.63
Assigned to:		
Other Purposes	5,000.00	5,000.00
Unassigned:		
General Fund	<u>261,719.00</u>	<u>261,719.00</u>
Total Fund Balance	<u>432,808.24</u>	<u>432,808.24</u>
Total Liabilities and Fund Balances	<u>\$508,264.40</u>	<u>508,264.40</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.

**INTERLAKEN SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>		
Local Sources:		
Local Tax Levy	834,003.00	834,003.00
Interest Earned on Investments	328.40	328.40
Miscellaneous	<u>5,597.75</u>	<u>5,597.75</u>
Total - Local Sources	839,929.15	839,929.15
State Sources	<u>79,515.00</u>	<u>79,515.00</u>
Total Revenues	<u>919,444.15</u>	<u>919,444.15</u>
<b>EXPENDITURES:</b>		
Current:		
Support Services:		
Tuition	476,389.96	476,389.96
Student & Instruction Related Services	32,093.95	32,093.95
General Administration	29,990.27	29,990.27
Central Services	20,776.31	20,776.31
Pupil Transportation	<u>112,741.62</u>	<u>112,741.62</u>
Total Expenditures	<u>671,992.11</u>	<u>671,992.11</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>247,452.04</u>	<u>247,452.04</u>
Net Change in Fund Balances	247,452.04	247,452.04
Fund Balance - July 1	<u>185,356.20</u>	<u>185,356.20</u>
Fund Balance - June 30	<u>\$432,808.24</u>	<u>432,808.24</u>

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

**INTERLAKEN 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, 2016**

Total net change in fund balances - governmental funds (from B-2)	<u>247,452.04</u>
No adjustments necessary	
Change in net position of governmental activities	<u>\$247,452.04</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Interlaken 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 Interlaken 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, except for fiduciary activities. 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.

**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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, including its fiduciary funds. Separate statements for each fund category - *governmental*, and *fiduciary* - are presented. 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.

**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; the fiduciary funds use the 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.



**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. The Board previously voted to adopt P.L. 2011 c.202, effective January 17, 2012, which eliminated the annual voter referendum on budgets which meet the statutory tax levy cap limitations and board of education members are elected at the November general elections. 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.

**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 carrying amount. The difference between the carrying amount and market value is not material to the basic financial statements.

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. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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.

**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Allowance for Uncollectible Accounts:

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

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:

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definition". 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.



**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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. Recent Accounting Pronouncements Not Yet Effective:**

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the year ended June 30, 2017. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the year ended June 30, 2018. The District does not expect this Statement to impact its financial statements.

**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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

**E. Recent Accounting Pronouncements Not Yet Effective (Cont'd):**

- GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the year ended June 30, 2017. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for the year ended June 30, 2017. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will be effective for the year ended June 30, 2017. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, will be effective for the year ended June 30, 2018. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the year ended June 30, 2018. The District does not expect this Statement to impact its financial statements.
- GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68 No. 73*, will be effective for the year ended June 30, 2018. The District does not expect this Statement to impact its 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 deposits and investments held at June 30, 2016, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
<b>Deposits:</b>			
Demand Deposits			25,726.27
<b>Investments:</b>			
Certificate Deposit	N/A	07/268/16	<u>35,752.37</u>
<b>Total deposits and investments</b>			<b><u>\$61,478.64</u></b>
<b>Reconciliation of Statement of Net Position</b>			
Current:			
Cash and Cash Equivalents			25,726.27
Investments - Capital Reserve Account			<u>35,752.37</u>
			<b><u>\$61,478.64</u></b>

**Custodial Credit Risk** - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of \$183,721.68 at June 30, 2016. Of the bank balance \$183,721.68 was fully insured by depository insurance.

**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. Maturities of investments held at June 30, 2016, are provided in the above schedule.



**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

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

**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 State 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.

**Concentration of Investment Credit Risk** - The District places no limit on the amount it may invest in any one issuer. At June 30, 2016, all of the District's investments are with Investors Bank.

**NOTE 3. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Interlaken Board of Education prior to July 18, 2000 and therefore shall be utilized for the original purpose for which funds were deposited (N.J.A.C.6A:26-9.1(h)).

Capital reserve accounts may be established by New Jersey School Districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8-2. Funds withdrawn from the account must be included in the annual budget certified for taxes as a revenue labeled withdrawal from capital reserve account. Post-April 2004 transfers must be in compliance with P.L.2004, c.73 (S1701).

Increases in the account from sources other than investment income cannot exceed the amount appropriated in the annual budget certified for taxes as an increase in the capital reserve account.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$35,685.21
Interest earnings	72.42
Deposits	
Approved by budget	.00
Withdrawals	
Board resolution	<u>.00</u>
Ending balance, June 30, 2016	<u>\$35,757.63</u>

**INTERLAKEN SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2016, consisted of interfund and intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<b><u>Governmental Fund Financial Statements</u></b>	<b><u>District-Wide Financial Statements</u></b>
State Aid	17,879.00	17,879.00
Local Tax Levy	428,901.50	428,901.50
Gross Receivables	446,780.50	446,780.50
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	<u>\$446,780.50</u>	<u>446,780.50</u>

**NOTE 5. CAPITAL ASSETS**

There are no capital assets as of June 30, 2016.

**NOTE 6. FUND BALANCE APPROPRIATED**

General Fund - Of the \$432,808.24 General Fund fund balance at June 30, 2016, \$130,331.61 has been restricted for excess surplus; \$35,757.63 has been restricted for the Capital Reserve Account; \$5,000.00 of encumbrances for outstanding purchase orders have been assigned for other purposes; \$261,719.00 is unassigned.

**NOTE 7. 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, 2016 is \$130,331.61.

**NOTE 8. CONTINGENT LIABILITIES**

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

**NOTE 9. PENSION PLANS**

The District has no employees and therefore no pensionable wages.

**NOTE 10. RISK MANAGEMENT**

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

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

**NOTE 11. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November 30, 2016, 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**

**INTERLAKEN SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	834,003.00	.00	834,003.00	834,003.00	.00
Interest Earned on Capital Reserve Funds	100.00	.00	100.00	72.42	(27.58)
Miscellaneous	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>5,853.73</u>	<u>5,853.72</u>
<b>Total Local Sources</b>	<u>834,103.00</u>	<u>.00</u>	<u>834,103.00</u>	<u>839,929.15</u>	<u>5,826.15</u>
<b>State Sources:</b>					
Transportation Aid	26,064.00	.00	26,064.00	26,064.00	.00
Special Education Categorical Aid	9,706.00	.00	9,706.00	9,706.00	.00
Security Aid	1,558.00	.00	1,558.00	1,558.00	.00
Adjustment Aid	17,431.00	.00	17,431.00	17,431.00	.00
Under Adequacy Aid	5,877.00	.00	5,877.00	5,877.00	.00
Per Pupil Growth Aid	500.00	.00	500.00	500.00	.00
PRACC Readiness Aid	500.00	.00	500.00	500.00	.00
Reimbursed of Nonpublic School Transportation Costs	.00	.00	.00	911.00	911.00
Extraordinary Aid	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>16,968.00</u>	<u>16,968.00</u>
<b>Total State Sources</b>	<u>61,636.00</u>	<u>.00</u>	<u>61,636.00</u>	<u>79,515.00</u>	<u>17,879.00</u>
<b>Total Revenues</b>	<u>895,739.00</u>	<u>.00</u>	<u>895,739.00</u>	<u>919,444.15</u>	<u>23,705.15</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAS Within the State - Regular	482,000.00	.00	482,000.00	356,935.76	125,064.24
Tuition to County Vocational School Districts - Regular	30,600.00	.00	30,600.00	24,480.00	6,120.00
Tuition to Private Schools for the Handicapped - Within the State	<u>140,458.00</u>	<u>.00</u>	<u>140,458.00</u>	<u>94,974.20</u>	<u>45,483.80</u>
<b>Total Undistributed Expenditures - Instruction</b>	<u>653,058.00</u>	<u>.00</u>	<u>653,058.00</u>	<u>476,389.96</u>	<u>176,668.04</u>
<b>Undistributed Expenditures - Health Services:</b>					
Purchased Professional & Technical Services	<u>53,800.00</u>	<u>.00</u>	<u>53,800.00</u>	<u>31,843.95</u>	<u>21,956.05</u>
<b>Total Undistributed Expenditures - Health Services</b>	<u>53,800.00</u>	<u>.00</u>	<u>53,800.00</u>	<u>31,843.95</u>	<u>21,956.05</u>
<b>Undistributed Expenditures - Child Study Team:</b>					
Purchased Professional - Educational Services	<u>4,000.00</u>	<u>.00</u>	<u>4,000.00</u>	<u>250.00</u>	<u>3,750.00</u>
<b>Total Undistributed Expenditures - Child Study Team</b>	<u>4,000.00</u>	<u>.00</u>	<u>4,000.00</u>	<u>250.00</u>	<u>3,750.00</u>

**INTERLAKEN SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued):</b>					
<b>Undistributed Expenditures - Support</b>					
<b>Services General Administration:</b>					
Legal Services	30,000.00	.00	30,000.00	17,085.75	12,914.25
Audit Fees	5,200.00	5,000.00	10,200.00	5,000.00	5,200.00
Other Purchased Professional Services	500.00	.00	500.00	.00	500.00
Communications/Telephone	500.00	.00	500.00	462.45	37.55
BOE Other Purchase Services	400.00	.00	400.00	247.00	153.00
Other Purchased Services	7,500.00	(170.45)	7,329.55	7,024.62	304.93
BOE Membership Dues & Fees	<u>100.00</u>	<u>170.45</u>	<u>270.45</u>	<u>170.45</u>	<u>100.00</u>
<b>Total Undistributed Expenditures - Support Services General Administration</b>	<u>44,200.00</u>	<u>5,000.00</u>	<u>49,200.00</u>	<u>29,990.27</u>	<u>19,209.73</u>
<b>Undistributed Expenditures - Central Services:</b>					
Purchased Professional Services	15,606.00	.00	15,606.00	15,606.00	.00
Purchased Technical Services	5,800.00	.00	5,800.00	5,170.31	629.69
Supplies and Materials	100.00	.00	100.00	.00	100.00
Miscellaneous Expenditures	<u>175.00</u>	<u>.00</u>	<u>175.00</u>	<u>.00</u>	<u>175.00</u>
<b>Total Undistributed Expenditures - Central Services</b>	<u>21,681.00</u>	<u>.00</u>	<u>21,681.00</u>	<u>20,776.31</u>	<u>904.69</u>
<b>Undistributed Expenditures - Student</b>					
<b>Transportation Services:</b>					
Contract Services (Between Home and School) - Joint Agreement	64,500.00	(26,034.42)	38,465.58	32,307.20	6,158.38
Contracted Services (Regular Students)-ESC's	20,400.00	11,623.54	32,023.54	32,023.54	.00
Contracted Services (Special Ed. Students)-ESC's	<u>34,000.00</u>	<u>14,410.88</u>	<u>48,410.88</u>	<u>48,410.88</u>	<u>.00</u>
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<u>118,900.00</u>	<u>.00</u>	<u>118,900.00</u>	<u>112,741.62</u>	<u>6,158.38</u>
<b>Total Undistributed Expenditures</b>	<u>895,639.00</u>	<u>5,000.00</u>	<u>900,639.00</u>	<u>671,992.11</u>	<u>228,646.89</u>
<b>Total Expenditures - Current Expenses</b>	<u>895,639.00</u>	<u>5,000.00</u>	<u>900,639.00</u>	<u>671,992.11</u>	<u>228,646.89</u>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	<u>100.00</u>	<u>.00</u>	<u>100.00</u>	<u>.00</u>	<u>100.00</u>
<b>Total Capital Outlay</b>	<u>100.00</u>	<u>.00</u>	<u>100.00</u>	<u>.00</u>	<u>100.00</u>



**INTERLAKEN SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b> (Continued):					
<b>Total Expenditures</b>	895,739.00	5,000.00	900,739.00	671,992.11	228,746.89
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	.00	(5,000.00)	(5,000.00)	247,452.04	252,452.04
<b>Fund Balances - July 1</b>	191,516.20	.00	191,516.20	191,516.20	.00
<b>Fund Balances - June 30</b>	<u>191,516.20</u>	<u>(5,000.00)</u>	<u>186,516.20</u>	<u>438,968.24</u>	<u>252,452.04</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				35,757.63	
Excess Surplus - Current Year				130,331.61	
Assigned Fund Balance:					
Year End Encumbrances				5,000.00	
Unassigned Fund Balance				<u>267,879.00</u>	
				438,968.24	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(6,160.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$432,808.24</u>	

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

**INTERLAKEN SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2016**

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

	<b><u>General Fund</u></b>
<b>Sources/inflows of revenue</b>	
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	919,444.15
Difference - budget to GAAP:	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	6,160.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(6,160.00)</u>
Total revenues as reported for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>\$919,444.15</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>671,992.11</u>
No differences - budget to GAAP	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$671,992.11</u>

**STATISTICAL SECTION (Unaudited)**



Interlaken School District  
 Net Position by Component,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	68,448	78,605	109,922	169,894	369,327	234,892	35,583	35,619	35,685	166,089
Unrestricted	213,805	246,943	244,046	248,259	249,332	173,546	43,235	66,776	149,671	266,719
Total governmental activities net position	<u>\$ 282,253</u>	<u>\$ 325,548</u>	<u>\$ 353,968</u>	<u>\$ 418,153</u>	<u>\$ 618,659</u>	<u>\$ 408,438</u>	<u>\$ 78,818</u>	<u>\$ 102,395</u>	<u>\$ 185,356</u>	<u>\$ 432,808</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	68,448	78,605	109,922	169,894	369,327	234,892	35,583	35,619	35,685	166,089
Unrestricted	213,805	246,943	244,046	248,259	249,332	173,546	43,235	66,776	149,671	266,719
Total district net position	<u>\$ 282,253</u>	<u>\$ 325,548</u>	<u>\$ 353,968</u>	<u>\$ 418,153</u>	<u>\$ 618,659</u>	<u>\$ 408,438</u>	<u>\$ 78,818</u>	<u>\$ 102,395</u>	<u>\$ 185,356</u>	<u>\$ 432,808</u>

Source: CAFR Schedule A-1

Interlaken School District  
 Changes in Net Assets/Net Position, Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
Support Services:										
Instruction	\$ 268,771	\$ 332,194	\$ 350,306	\$ 337,447	\$ 292,988	\$ 481,321	\$ 496,353	\$ 539,065	\$ 544,896	\$ 476,390
Student & instruction related services	7,221	-	-	-	10,790	10,893	32,677	48,488	80,411	32,094
General administrative and central services	36,605	37,201	38,038	30,835	32,985	62,148	144,613	108,983	81,415	50,766
Pupil transportation	61,921	118,492	156,333	138,301	76,581	134,230	140,078	96,066	108,878	112,742
Total governmental activities expenses	<u>\$ 374,518</u>	<u>\$ 487,887</u>	<u>\$ 544,677</u>	<u>\$ 506,583</u>	<u>\$ 413,344</u>	<u>\$ 688,592</u>	<u>\$ 813,721</u>	<u>\$ 792,602</u>	<u>\$ 815,600</u>	<u>\$ 671,992</u>
Business-type activities:										
Food service	-	-	-	-	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district expenses	<u>\$ 374,518</u>	<u>\$ 487,887</u>	<u>\$ 544,677</u>	<u>\$ 506,583</u>	<u>\$ 413,344</u>	<u>\$ 688,592</u>	<u>\$ 813,721</u>	<u>\$ 792,602</u>	<u>\$ 815,600</u>	<u>\$ 671,992</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

33

Interlaken School District  
Changes in Net Assets/Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	-	-	-	-	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	-	-	-	-	-	-	-	-	-	-
Total district program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (374,518)	\$ (487,887)	\$ (544,677)	\$ (506,583)	\$ 413,344	\$ 688,592	\$ 813,721	\$ 792,602	\$ 815,600	\$ 671,992
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide net expense	<u>\$ (374,518)</u>	<u>\$ (487,887)</u>	<u>\$ (544,677)</u>	<u>\$ (506,583)</u>	<u>\$ 413,344</u>	<u>\$ 688,592</u>	<u>\$ 813,721</u>	<u>\$ 792,602</u>	<u>\$ 815,600</u>	<u>\$ 671,992</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 286,791	\$ 456,042	\$ 504,034	\$ 496,704	\$ 504,494	\$ 429,059	\$ 416,787	\$ 737,345	\$ 835,397	\$ 834,003
Unrestricted grants and contributions	61,205	62,935	63,598	70,440	44,713	48,212	65,271	70,943	62,685	79,515
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	11,573	8,561	4,326	2,025	653	655	175	210	479	328
Miscellaneous income	17	3,644	1	1,599	63,990	445	1,868	263	-	5,598
Transfers	-	-	-	-	-	-	-	7,418	0	0
Cancellation of prior year accounts receivable	(1,559)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 358,027</u>	<u>\$ 531,182</u>	<u>\$ 571,959</u>	<u>\$ 570,768</u>	<u>\$ 613,850</u>	<u>\$ 478,371</u>	<u>\$ 484,101</u>	<u>\$ 816,179</u>	<u>\$ 898,561</u>	<u>\$ 919,444</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	<u>\$ 358,027</u>	<u>\$ 531,182</u>	<u>\$ 571,959</u>	<u>\$ 570,768</u>	<u>\$ 613,850</u>	<u>\$ 478,371</u>	<u>\$ 484,101</u>	<u>\$ 816,179</u>	<u>\$ 898,561</u>	<u>\$ 919,444</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (16,491)	\$ 43,295	\$ 27,282	\$ 64,185	\$ 200,506	\$ (210,221)	\$ (329,620)	\$ 23,577	\$ 82,961	\$ 247,452
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total district	<u>\$ (16,491)</u>	<u>\$ 43,295</u>	<u>\$ 27,282</u>	<u>\$ 64,185</u>	<u>\$ 200,506</u>	<u>\$ (210,221)</u>	<u>\$ (329,620)</u>	<u>\$ 23,577</u>	<u>\$ 82,961</u>	<u>\$ 247,452</u>

Source: CAFR Schedule A-2



Interlaken School District  
Fund Balances, Governmental Funds,  
Last Ten Years  
*(modified accrual basis of accounting)*  
*Unaudited*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 68,448	\$ 78,605	\$ 109,922	\$ 169,894	-	-	-	-	-	-
Unreserved	213,805	246,943	244,046	248,259	-	-	-	-	-	-
Restricted	-	-	-	-	369,327	234,892	35,583	35,619	35,685	166,089
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	16,248	-	5,000	-	5,000
Unassigned	-	-	-	-	249,332	157,298	43,235	61,776	149,671	261,719
Total general fund	<u>\$ 282,253</u>	<u>\$ 325,548</u>	<u>\$ 353,968</u>	<u>\$ 418,153</u>	<u>\$ 618,659</u>	<u>\$ 408,438</u>	<u>\$ 78,818</u>	<u>\$ 102,395</u>	<u>\$ 185,356</u>	<u>\$ 432,808</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

35

Beginning with Fiscal Year 2011, the District implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is no required.

Source: CAFR Schedule B-1

Interlaken School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 286,791	\$ 456,042	\$ 504,034	\$ 496,704	\$ 504,494	\$ 429,059	\$ 416,787	\$ 737,345	\$ 835,397	\$ 834,003
Tuition charges	-	-	-	-	-	-	-	-	-	-
Interest earnings	11,573	8,561	4,326	2,025	653	655	175	210	479	328
Miscellaneous	17	3,644	1	1,599	63,990	445	1,868	263	-	5,598
State sources	61,205	62,935	63,598	70,440	44,713	48,212	65,271	70,943	62,685	79,515
Federal sources	-	-	-	-	-	-	-	-	-	-
Total revenue	\$ 359,586	\$ 531,182	\$ 571,959	\$ 570,768	\$ 613,850	\$ 478,371	\$ 484,101	\$ 808,761	\$ 898,561	\$ 919,444
<b>Expenditures</b>										
Instruction										
Home	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	268,771	332,194	350,306	337,447	292,988	481,321	496,353	539,065	544,896	476,390
Health Services	-	-	-	-	10,790	10,893	32,677	48,488	80,411	32,094
Other Support Services - Special	7,221	-	-	-	-	-	-	-	-	-
General Administration	12,326	12,388	12,432	10,302	15,067	44,696	126,117	88,510	61,490	29,990
Student Transportation	59,408	116,153	149,339	133,436	72,429	134,230	140,078	20,473	108,878	112,742
Central Services	20,774	20,851	22,934	20,208	17,918	17,452	18,496	96,066	19,925	20,776
Unallocated employee benefits	6,018	6,301	9,666	5,190	4,152	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 374,518	\$ 487,887	\$ 544,677	\$ 506,583	\$ 413,344	\$ 688,592	\$ 813,721	\$ 792,602	\$ 815,600	\$ 671,992
Excess (Deficiency) of revenues over (under) expenditures	(14,932)	43,295	27,282	64,185	200,506	(210,221)	(329,620)	16,159	82,961	247,452
<b>Other Financing sources (uses)</b>										
Cancellation of Prior Yr. Accounts Receivable	(1,559)	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	7,418	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,559)	-	-	-	-	-	-	7,418	-	-
Net change in fund balances	\$ (16,491)	\$ 43,295	\$ 27,282	\$ 64,185	\$ 200,506	\$ (210,221)	\$ (329,620)	\$ 23,577	\$ 82,961	\$ 247,452
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

Interlaken School District  
 General Fund Other Local Revenue By Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Prior Year Refunds	Misc.	Total
2007	\$ 11,573	\$ -	\$ 17	\$ 11,590
2008	8,561	-	3,644	12,205
2009	4,326	-	1	4,327
2010	2,025	-	1,599	3,624
2011	653	-	63,990	64,643
2012	655	-	445	1,100
2013	175	-	1,868	2,043
2014	210	263	-	473
2015	479	-	-	479
2016	328	5,598	-	5,926

Source: District Records

Interlaken School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	1,773,900	196,551,200	0	0	0	0	0	198,325,100	0	62,085	198,387,185	0.230	283,587,548
2008	1,504,900	197,265,700	0	0	0	0	0	198,770,600	0	63,222	198,833,822	0.254	294,234,545
2009	1,504,900	197,772,300	0	0	0	0	0	199,277,200	0	107,292	199,385,129	0.249	291,748,719
2010	1,504,900	197,901,800	0	0	0	0	0	199,406,700	0	76,374	199,483,074	0.253	298,233,690
2011	1,504,900	198,424,100	0	0	0	0	0	199,929,000	0	63,739	199,992,739	0.215	286,742,711
2012	1,813,900	197,669,300	0	0	0	0	0	199,483,200	0	74,742	199,557,942	0.209	272,817,653
2013	488,600	226,222,500	0	0	0	0	0	226,711,100	0	118,348	226,829,448	0.325	247,728,943
2014	428,100	226,349,000	0	0	0	0	0	226,711,100	0	71,139	226,848,239	0.368	256,086,069
2015	428,900	239,562,900	0	0	0	0	0	239,991,800	0	80,098	240,071,898	0.348	252,173,361
2016	700,200	242,066,100	0	0	0	0	0	242,766,300	0	79,888	242,846,188	0.349	232,548,880

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



Interlaken Board of Education  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
*(rate per \$100 of assessed value)*  
 Unaudited

Fiscal Year Ended June 30,	Interlaken Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Interlaken	Library/Other	Monmouth County	
2007	0.230	0.000	0.230	0.789	0.000	0.386	1.405
2008	0.254	0.000	0.254	0.857	0.000	0.376	1.487
2009	0.249	0.000	0.249	0.875	0.000	0.377	1.501
2010	0.253	0.000	0.253	0.938	0.000	0.404	1.595
2011	0.215	0.000	0.215	0.903	0.000	0.403	1.521
2012	0.209	0.000	0.209	0.903	0.000	0.398	1.510
2013	0.325	0.000	0.325	0.807	0.000	0.333	1.465
2014	0.368	0.000	0.368	0.807	0.000	0.350	1.525
2015	0.348	0.000	0.348	0.768	0.000	0.322	1.438
2016	0.349	0.000	0.349	0.770	0.000	0.281	1.400

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.

Interlaken School District  
Principal Property TaxPayers\*,  
Current Year and Nine Years Ago  
Unaudited

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
1	\$ 1,798,600	1	0.75%	\$ -		
2	1,313,500	2	0.55%	-		
3	1,305,100	3	0.54%	-		
4	1,243,100	4	0.52%	-		
5	1,233,500	5	0.51%	-		
6	1,230,000	6	0.51%	-		
7	1,188,200	7	0.49%	1,012,000	10	0.51%
8	1,163,700	8	0.48%	-		
9	1,163,600	9	0.48%	-		
10	1,152,100	10	0.48%	-		
11	-			1,376,600	1	6.90%
12	-			1,221,100	2	0.62%
13	-			1,126,200	3	0.57%
14	-			1,106,400	4	0.56%
15	-			1,079,300	5	0.54%
16	-			1,075,000	6	0.54%
17	-			1,021,300	7	5.10%
18	-			1,018,000	8	5.10%
19	-			1,015,600	9	5.10%
	-			-		
Total	<u>\$ 12,791,400</u>		<u>5.33%</u>	<u>\$ 11,051,500</u>		<u>5.61%</u>

Source: District CAFR & Municipal Tax Assessor

**Interlaken School District  
Property Tax Levies and Collections,  
Last Ten 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	
2007	286,791	286,791	100.00%	-
2008	456,042	444,142	97.39%	-
2009	504,034	504,034	100.00%	-
2010	496,704	496,704	100.00%	-
2011	504,494	504,494	100.00%	-
2012	429,059	429,059	100.00%	-
2013	416,787	416,787	100.00%	-
2014	737,345	734,345	100.00%	-
2015	835,397	835,397	100.00%	-
2016	834,003	417,002	50.00%	417,001

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

Interlaken School District  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	-	-	-	-	-	-	N/A	58,622	
2008	-	-	-	-	-	-	N/A	59,915	
2009	-	-	-	-	-	-	N/A	57,337	
2010	-	-	-	-	-	-	N/A	57,873	
2011	-	-	-	-	-	-	N/A	61,039	
2012	-	-	-	-	-	-	N/A	63,001	
2013	-	-	-	-	-	-	N/A	63,067	
2014	-	-	-	-	-	-	N/A	66,019	
2015	-	-	-	-	-	-	N/A	N/A	
2016	-	-	-	-	-	-	N/A	N/A	

Source: District CAFR

<sup>a</sup> See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

<sup>b</sup> Includes Early Retirement Incentive Plan (ERIP) refunding



Interlaken School District  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal years  
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	-	-	-	0.00%	58,503
2008	-	-	-	0.00%	59,215
2009	-	-	-	0.00%	56,965
2010	-	-	-	0.00%	57,387
2011	-	-	-	0.00%	59,875
2012	-	-	-	0.00%	61,997
2013	-	-	-	0.00%	62,901
2014	-	-	-	0.00%	N/A
2015	-	-	-	0.00%	N/A
2016	-	-	-	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 NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-13.

**Interlaken School District  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2016  
Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Interlaken	511,369	100.000%	511,369
<b>Other debt</b>			
Monmouth County	479,236,724	0.201%	<u>962,023</u>
Subtotal, overlapping debt			1,473,392
<b>Interlaken School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 1,473,392</u></u>

**Sources:** Interlaken Borough 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 Borough of Interlaken. 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.

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

**Interlaken School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years  
Unaudited**

N/A  
NON-OPERATING DISTRICT

Interlaken School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	891	-	58,622	3.8%
2008	883	-	59,915	5.0%
2009	876	-	57,337	5.0%
2010	876	-	57,873	8.3%
2011	820	-	61,039	8.4%
2012	819	-	63,001	8.5%
2013	815	-	63,067	6.4%
2014	815	-	66,019	4.4%
2015	810	-	N/A	4.6%
2016	808	-	N/A	N/A

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income - not available

<sup>c</sup> Per Capita- US Department of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development



Interlaken School District  
Principal Employers,  
Current Year and Nine Years Ago  
Unaudited

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Borough of Interlaken	11	1	N/A	10	N/A	N/A
Interlaken Board of Education	0	2	N/A	3	N/A	N/A
	11		0.00%	13		0.00%

**Source:**  
Interlaken Municipal Clerk  
(100% residential)

Interlaken School District  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</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	1	1	1	1	0	0	0	0	0	0
School administrative services	1	1	1	1	0	0	0	0	0	0
Business administrative services										
Plant operations and maintenance										
Pupil transportation	1	1	1	1	0	0	0	0	0	0
Special Schools										
Food Service										
Child Care										
Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source: District Personnel Records

Interlaken School District  
 Operating Statistics  
 Last Ten 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				
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-

Note: Non-operating District

Interlaken School District  
School Building Information  
Last Ten Fiscal Years  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
Non-operating District										

Source: District records



**INTERLAKEN SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Last Ten Fiscal Years**  
**Unaudited**

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

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
None - Non-operating District	N/A										

Interlaken School District  
 Insurance Schedule  
 For The Fiscal Year Ended June 30, 2016  
 Unaudited

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSIG	School Package Policy Comprehensive General Liability Comprehensive Automobile Liability	\$ 6,000,000 6,000,000	
NJSIG	School Board Legal Liability Directors and Officers Policy	1,000,000	10,000
NJSIG	Workers' Compensation	Statutory	

Source: District Records

**SINGLE AUDIT SECTION**

# ALVINO & SHECHTER, L.L.C.

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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  
Interlaken 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 Interlaken School District, in the County of Monmouth (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated November 30, 2016.

**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

November 30, 2016  
Neptune, New Jersey

INTERLAKEN SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2016

Exhibit K-3  
 SCHEDULE A

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, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor

U.S. Department of Education  
 Passed-through State Department of Education  
 None

**INTERLAKEN SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2016**

EXHIBIT K-4  
 SCHEDULE B

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2016			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	
<b>State Department of Education</b>																
General Fund:																
State Aid Public Cluster:																
Adjustment Aid	16-495-034-5120-085	17,431.00	7/1/15	6/30/16				17,431.00	(17,431.00)					*	1,742.00	17,431.00
Security Aid	16-495-034-5120-084	1,558.00	7/1/15	6/30/16				1,558.00	(1,558.00)					*	156.00	1,558.00
Special Education Categorical Aid	16-495-034-5120-089	9,706.00	7/1/15	6/30/16				9,706.00	(9,706.00)					*	970.00	9,706.00
Under Adequacy Aid	16-495-034-5120-096	5,877.00	7/1/15	6/30/16				5,877.00	(5,877.00)					*	587.00	5,877.00
Per Pupil Growth Aid	16-495-034-5120-097	500.00	7/1/15	6/30/16				500.00	(500.00)					*	50.00	500.00
PARCC Readiness Aid	16-495-034-5120-098	500.00	7/1/15	6/30/16				500.00	(500.00)					*	50.00	500.00
<b>Total State Aid - Public Cluster</b>								<b>35,572.00</b>	<b>(35,572.00)</b>					*	<b>3,555.00</b>	<b>35,572.00</b>
Transportation Aid	16-495-034-5120-014	26,064.00	7/1/15	6/30/16				26,064.00	(26,064.00)					*	2,605.00	26,064.00
Extraordinary Aid	16-100-034-5120-473	16,968.00	7/1/15	6/30/16					(16,968.00)		(16,968.00)			*		16,968.00
Reimbursed Non-Public Transportation Costs Aid	16-100-034-5120-014	911.00	7/1/15	6/30/16					(911.00)		(911.00)			*		911.00
Reimbursed Non-Public Transportation Costs Aid	15-100-034-5120-014	1,146.00	7/1/14	6/30/15	(1,149.00)			1,149.00						*		
<b>Total General Fund</b>					<b>(\$1,149.00)</b>			<b>62,785.00</b>	<b>(79,515.00)</b>		<b>(17,879.00)</b>			*	<b>6,160.00</b>	<b>79,515.00</b>
<b>Total State Financial Assistance</b>					<b>(\$1,149.00)</b>			<b>62,785.00</b>	<b>(79,515.00)</b>		<b>(17,879.00)</b>			*	<b>6,160.00</b>	<b>79,515.00</b>

**Interlaken School District**  
**Notes to Schedules of Expenditures of Awards and Financial Assistance**  
**June 30, 2016**

**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, Interlaken 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 \$.00 for the general 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 fund. 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	<u>.00</u>	<u>79,515.00</u>	<u>79,515.00</u>
Total Awards & Financial Assistance	<u>\$ .00</u>	<u>79,515.00</u>	<u>79,515.00</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.



**INTERLAKEN SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2016**

**Part 1 - Summary of Auditor's Results**

N/A

**Part 2 - Financial Statement Findings**

None

**Part 3 - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

N/A

**INTERLAKEN SCHOOL DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended June 30, 2016**

**Status of Prior Year Findings**

None