

SCHOOL DISTRICT

OF

ALLENHURST

**ALLENHURST BOARD OF EDUCATION
ALLENHURST, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

ALLENHURST BOARD OF EDUCATION

ALLENHURST, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

**ALLENHURST BOARD OF EDUCATION
FINANCE DEPARTMENT**

ALLENHURST SCHOOL DISTRICT

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INTRODUCTORY SECTION

ALLENHURST PUBLIC SCHOOLS

OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR

125 CORLIES AVE, ALLENHURST, NEW JERSEY 07711

Peter E. Genovese III, RSBO, QPA
School Business Administrator
Board Secretary
(732) 531-8483

September 18, 2017

Honorable President and
Members of the Board of Education
Allenhurst School District
County of Monmouth, NJ 07711

Dear Board Members:

The comprehensive annual financial report of the Allenhurst School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 and 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 the 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 present on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Title 2 U.S. C.F.R. Part 200 and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

I. REPORTING ENTITY AND ITS SERVICES:

Allenhurst School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No. 14. All funds and account groups of the district are included in this report. The Allenhurst Board of Education constitutes the District's reporting entity.

The district provides a full range of education programs and services appropriate to grade levels K through 12. These include regular and special education for youngsters with disabilities. The regular program in grades K through 12 are provided in the Asbury Park School District.

The district maintains a sending-receiving relationship with the Asbury Park School District and pays tuition for students in grades K through 12. Resident vocational students are sent to the Monmouth County Vocational Technical School District. Handicapped students whose individual education programs indicate the need for placement beyond these districts are sent to appropriate public or private schools where the needs of these students can best be met. The Asbury Park Child Study Team evaluates the students thought to be in need of special education services. The District completed the 2016-2017 fiscal year with an enrollment of zero students.

II. ECONOMIC CONDITION AND OUTLOOK:

The Borough of Allenhurst is a residential community. The town is nearly fully developed with few lots remaining for the construction of new homes.

III. MAJOR INITIATIVES:

As a sending district to the Asbury Park School District, the Allenhurst Board of Education continues to monitor the progress of enrolled students through articulation with the Asbury Park Child Study Team and the Director of Pupil Personnel. Additionally, the Allenhurst Board of Education entered into a shared services agreement with the Long Branch Board of Education for the purposes of sharing the School Business Administrator. This initiative has saved the Allenhurst public schools a substantial amount of money. In March of 2017 the district applied to the Commissioner of Education to establish a new sending/receiving relationship with the West Long Branch and Shore Regional public schools.

IV. 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

IV. INTERNAL ACCOUNTING CONTROLS (continued):

that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

V. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

VI. 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.

VII. DEBT ADMINISTRATION:

The district, in June of 2016 lease purchased a 24 passenger school bus for \$61,454.40 using a 5 year lease purchase program. The annual debt service for this purchase is \$13,388.63 and will conclude on August 15, 2020 at which point Allenhurst will own the bus outright.

VIII. CASH MANAGEMENT:

The investment policy of the District is guided in large part by State statute as detailed in "notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The Board's cash position is strong at year-end.

IX. RISK MANAGEMENT:

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

X. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board of Education. In addition to meeting the requirements set-forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related Title 2 U.S. C.F.R. Part 200 and State Treasury Circular Letter 15-08 OMB.

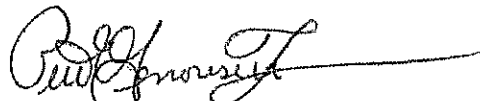
The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

XI. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



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

PEG/sdz

ALLENHURST SCHOOL DISTRICT**ROSTER OF OFFICIALS****JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lawrence J. O'Rourke - President	2019
Robert Selden - Vice-President	2019
Virginia Koar	2017
Lindsay Horowitz	2018
Christine M. McIver	2018
 <u>Other Officials</u>	
Peter E. Genovese III, RSBO, QPA - School Business Administrator/Board Secretary	
Nancy L. Valenti - Treasurer	
Richard D. McOmber, Esq. - Solicitor	

ALLENHURST SCHOOL DISTRICT**CONSULTANTS AND ADVISORS****AUDIT FIRM**

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, NJ 07719

ATTORNEY

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

Kearny Federal Savings
1903 Highway 35
Oakhurst, NJ 07755

FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Allenhurst School District
County of Monmouth
Allenhurst, 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 Allenhurst School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 to 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017 on our consideration of the Allenhurst's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allenhurst Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

September 18, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

ALLENHURST SCHOOL DISTRICT
BOROUGH OF ALLENHURST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The discussion and analysis of Allenhurst School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2016-2017 fiscal year are as follows:

- General revenues accounted for \$240,643 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$80,234.
- The School District had \$160,409 in expenses; \$0 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$240,643 were adequate to provide for these programs.
- The General Fund had \$240,643 in revenues and \$168,007 in expenditures. The General Fund's balance increased \$72,636 over 2016.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during the 2016-2017 fiscal year?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District has the following type of activity:

- Governmental activities – All of the School District’s programs and services are reported here including, but not limited to, support services, general administration and pupil transportation.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on page 17. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District only has one major governmental fund - General Fund.

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and Other Assets	\$ <u>549,122</u>	<u>455,859</u>
Total Assets	\$ <u>549,122</u>	<u>455,859</u>
<u>Liabilities</u>		
Accounts Payable	\$ <u>49,759</u>	<u>776</u>
<u>Net Position</u>		
Capital Assets	\$ 7,598	35,954
Restricted	288,674	253,405
Unrestricted	<u>203,091</u>	<u>165,724</u>
Total Net Position	\$ <u>499,363</u>	<u>455,083</u>

Table 2 shows the changes in net position for fiscal years ended 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
General Revenues:		
Property Taxes	\$ 189,073	189,073
Grants and Entitlements	48,676	49,264
Other	<u>2,894</u>	<u>16,645</u>
Total Revenues	<u>240,643</u>	<u>254,982</u>
<u>Program Expenses</u>		
Support Services:		
Tuition	62,568	104,540
General Administration	21,472	20,256
Central Services	17,373	16,805
Pupil Transportation	58,496	76,133
Business and Other Support Services	<u>500</u>	<u>500</u>
Total Expenses	<u>160,409</u>	<u>218,234</u>
Increase/(Decrease) in Net Position	\$ <u>80,234</u>	<u>36,748</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 76% percent of revenues for governmental activities for the Allenhurst Public School District for fiscal year 2017. The District's total revenues were \$240,643 for the fiscal year ended June 30, 2017.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined net position balance of \$499,363. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

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

The General Fund increased during the fiscal year by \$72,636 to \$491,765. Of the \$491,765 fund balance, \$250,000 has been reserved for emergency purposes.

The fund balance used to fund the 2017-2018 fiscal budget is \$34,674.

Capital Assets

At June 30, 2017, the School District had capital assets of \$57,357. This is a school bus used to transport students

Debt Administration

At June 30, 2017, the School District had capital leases in the amount of \$48,065 outstanding.

Economic Factors and Next Year's Budget

The Allenhurst School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Allenhurst is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Peter E. Genovese III, School Business Administrator/Board Secretary at Allenhurst Board of Education, 125 Corlies, Allenhurst, NJ 07711.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

ALLENHURST SCHOOL DISTRICT**STATEMENT OF NET POSITION****Exhibit A-1****JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash and Cash Equivalents - Restricted	\$ 287,905	287,905
Cash and Cash Equivalents - Unrestricted	203,091	203,091
Receivables, Net	769	769
Capital Assets, Net	<u>57,357</u>	<u>57,357</u>
Total Assets	<u>\$ 549,122</u>	<u>549,122</u>
<u>Liabilities</u>		
Accrued Interest	\$ 1,694	1,694
Noncurrent Liabilities:		
Due Within One Year	11,130	11,130
Due Beyond One Year	<u>36,935</u>	<u>36,935</u>
Total Liabilities	<u>\$ 49,759</u>	<u>49,759</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 7,598	7,598
Restricted For:		
Other Purposes	288,674	288,674
Unrestricted	<u>203,091</u>	<u>203,091</u>
Total Net Position	<u>\$ 499,363</u>	<u>499,363</u>

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

ALLENHURST SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Support Services:						
Tuition	\$ 62,568	-	-	(62,568)		(62,568)
General Administrative Services	21,472			(21,472)		(21,472)
Central Services	17,373			(17,373)		(17,373)
Pupil Transportation	58,496			(58,496)		(58,496)
Unallocated Benefits	500			(500)		(500)
Total Government Activities	<u>160,409</u>	<u>-</u>	<u>-</u>	<u>(160,409)</u>	<u>-</u>	<u>(160,409)</u>
Total Primary Government	<u>160,409</u>	<u>-</u>	<u>-</u>	<u>(160,409)</u>	<u>-</u>	<u>(160,409)</u>
General Revenues:						
Property Taxes, Levied for General Purpose, Net				189,073		189,073
Federal and State Aid Not Restricted				48,676		48,676
Miscellaneous				2,894		2,894
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>240,643</u>	<u>-</u>	<u>240,643</u>
Change in Net Position				80,234	-	80,234
Adjustment for Fixed Assets Retired				(35,954)		(35,954)
Net Position - Beginning				<u>455,083</u>	<u>-</u>	<u>455,083</u>
Net Position - Ending				<u>\$ 499,363</u>	<u>-</u>	<u>499,363</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents - Restricted	\$ 490,996	490,996
Accounts Receivable	769	769
Total Assets	<u>\$ 491,765</u>	<u>491,765</u>
<u>Fund Balance</u>		
Committed to:		
Emergency Reserve	250,000	250,000
Year End Encumbrances	4,000	4,000
Assigned to:		
Legally Restricted - Designated for Subsequent Years Expenditures	34,674	34,674
Unassigned:		
General Fund	203,091	203,091
Total Fund Balances	<u>491,765</u>	<u>491,765</u>
Total Liabilities and Fund Balances	<u>\$ 491,765</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$61,454 and the accumulated depreciation is \$4,097.

57,357

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

(48,065)

Accrued Interest

(1,694)

Net Position of governmental activities

\$ 499,363

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>		
Local Sources:		
Local Tax Levy	\$ 189,073	189,073
Miscellaneous	2,894	2,894
Total Local Sources	<u>191,967</u>	<u>191,967</u>
State Sources	<u>48,676</u>	<u>48,676</u>
Total Revenues	<u>240,643</u>	<u>240,643</u>
<u>Expenditures</u>		
Support Services and Undistributed Costs:		
Tuition	62,568	62,568
General Administrative Services	21,472	21,472
Central Services	17,373	17,373
Pupil Transportation	66,094	66,094
Unallocated Benefits	500	500
Total Expenditures	<u>168,007</u>	<u>168,007</u>
Net Change in Fund Balances	72,636	72,636
Fund Balance - July 1	<u>419,129</u>	<u>419,129</u>
Fund Balance - June 30	<u>\$ 491,765</u>	<u>491,765</u>

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

ALLENHURST SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 72,636
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(4,097)
Payment of Capital Leases is an expenditure in the governmental funds, but the payments reduces the long-term liabilities in the statement of net assets and is not reported in the statement of activities	
	13,389
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	
	<u>(1,694)</u>
Change in Net Position of Governmental Activities	<u>\$ 80,234</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
ALLENHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Allenhurst School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. Allenhurst is a non-operating District, sending its students to Asbury Park. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services, which report fees, and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

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

Governmental Fund Types

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

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

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

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

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

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

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

F. Encumbrances:

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Encumbrances (Continued):

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

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

I. Capital Assets and Depreciation

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

The District contracted with an outside service company during the 2017 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2016-2017 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2017, fiscal year 2017 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
Machinery and Equipment	<u>\$ 89,891</u>	<u>61,454</u>	<u>89,891</u>	<u>61,454</u>
Totals at Historical Cost	<u>89,891</u>	<u>61,454</u>	<u>89,891</u>	<u>61,454</u>
Less: Accumulated Depreciation For:				
Equipment	<u>53,937</u>	<u>4,097</u>	<u>53,937</u>	<u>4,097</u>
Total Accumulated Depreciation	<u>53,937</u>	<u>4,097</u>	<u>53,937</u>	<u>4,097</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>35,954</u>	<u>57,357</u>	<u>35,954</u>	<u> </u>
Governmental Activities Capital Assets, Net	<u>\$ 35,954</u>	<u>57,357</u>	<u>35,954</u>	<u>57,357</u>

J. Compensated Absences

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

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

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2017. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

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

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash <u>Equivalents</u>
Money Market Account	<u>\$ 506,974</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2017 was \$490,996 and the bank balance was \$506,974. Of the bank balance, \$250,000 was covered by federal depository insurance and \$256,974 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

FDIC	\$ 250,000
GUDPA	<u>256,974</u>
	<u>\$ 506,974</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Long-Term</u> <u>Portion</u>	<u>2017-18</u> <u>Payment</u>
Capital Lease	<u>\$ 0</u>	<u>61,454</u>	<u>13,389</u>	<u>48,065</u>	<u>36,935</u>	<u>11,130</u>

A. Capital Leases Payable:

The District has a lease for a school bus. These capital leases are for a term of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2018	\$ 13,389
2019	13,389
2020	13,388
2021	<u>13,388</u>
	53,554
Less: Amount Representing Interest	<u>5,489</u>
Present Value of Net Minimum Lease Payments	<u>\$ 48,065</u>

NOTE 4: Pension Plans

Plan Descriptions – Substantially all of the District’s employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers’ Pension and Annuity Fund (“TPAF”) or the Public Employees’ Retirement System (“PERS”). These systems are sponsored and administered by the State of New Jersey. The Teachers’ Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system’s other related non-contributing employers. The Public Employees’ Retirement System is considered a cost sharing multiple-employer plan.

NOTE 4: Pension Plans (Continued)

Teachers' Pension and Annuity Fund – The Teachers' Pension and Annuity Fund was established in January, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employees' Retirement System – The Public Employee's Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, N.J. 08625-0295.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997 the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment accounts of TPAF and PERS, respectively.

NOTE 4: Pension Plans (Continued)

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provides for a reduction in the employers for FY 1998, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation describe above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

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

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

During the year ended June 30, 2017, the State of New Jersey did not contribute to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$0 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

The District's contributions to PERS for the years ended June 30, 2017, 2016 and 2015 were \$-0-, \$-0- and \$-0- respectively, equal to the required contributions for each year.

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

NOTE 6: Risk Management

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

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

NOTE 7: Contingent Liabilities

The Board is not involved in any claims or lawsuits incidental to its operations as of June 30, 2017, and, as such, no known contingent liabilities.

NOTE 8: Fair Values of Financial Instruments

The following methods and assumptions were used by the Borough of Allenhurst School District in estimating its fair value disclosures for financial instruments.

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

NOTE 9: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 C73 (\$1701), the designation for Reserved 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 30th if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$-0-.

Excess Surplus Calculation

2016-17 Total General Fund Expenditures Per the CAFR	<u>\$ 168,007</u>
Adjusted 2016-17 General Fund Expenditures	<u>\$ 168,007</u>
2% of Adjusted 2016-17 General Fund Expenditures	<u>\$ 3,360</u>
Minimum Allowed	\$ 250,000
Increased by: Allowable Adjustment-Non-Public Transportation Aid	<u>769</u>
Maximum Unassigned Fund Balance	<u>\$ 250,769</u>
Total General Fund – Fund Balance @ 6-30-17	\$ 496,559
Decreased by:	
Encumbrances	4,000
Designated for Subsequent Year's Expenditures	34,674
Other Reserves	<u>250,000</u>
Total Unassigned Fund Balance	<u>\$ 207,885</u>
Total Unassigned Fund Balance for Excess Surplus Calculation	<u>\$ 207,885</u>
Maximum Unassigned Fund Balance	<u>\$ 250,769</u>
Restricted Fund Balance – Excess Surplus	<u>\$ -0-</u>
<u>Recapitulation of Excess Surplus as of June 30, 2017</u>	
Reserved Fund Balance – Excess Surplus	\$ -0-
Reserved Excess Surplus – Designated for Subsequent Year's Expenditures	<u>-0-</u>
Total	<u>\$ -0-</u>
<u>Other Reserves</u>	
Emergency Reserve	<u>\$ 250,000</u>

NOTE 10: Fund Balance Appropriated

General Fund – Of the \$496,559 General Fund fund balance at June 30, 2017, \$-0- is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$34,674 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$250,000 had been set up as an emergency reserve; \$4,000 is reserved for encumbrances; and \$207,885 is unreserved and undesignated.

NOTE 11: Economic Dependency

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

NOTE 12: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2017. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2017 through September 18, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 189,073	-	189,073	189,073	-
Miscellaneous	1,400		1,400	2,894	1,494
Total Local Sources	<u>190,473</u>	<u>-</u>	<u>190,473</u>	<u>191,967</u>	<u>1,494</u>
State Sources:					
Categorical Security Aid	172		172	172	-
Adjustment Aid	27,815	-	27,815	27,815	-
Categorical Transportation Aid	19,617	-	19,617	19,617	-
Categorical Special Education Aid	198		198	198	
PARCC Readiness Aid	30		30	30	-
Per Pupil Growth Aid	30		30	30	-
Professional Learning Community Aid	60		60	60	-
Non-Public Transportation Aid			-	769	769
Total State Sources	<u>47,922</u>	<u>-</u>	<u>47,922</u>	<u>48,691</u>	<u>769</u>
Total Revenues	<u>238,395</u>	<u>-</u>	<u>238,395</u>	<u>240,658</u>	<u>2,263</u>
Expenditures:					
Current Expense:					
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	74,388	(10,884)	63,504	42,600	20,904
Tuition to County Voc. School - Regular	24,960	-	24,960	19,968	4,992
Total Undistributed Expenditures-Instruction	<u>99,348</u>	<u>(10,884)</u>	<u>88,464</u>	<u>62,568</u>	<u>25,896</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Supp. Serv. - General					
Administration:					
Legal Services	8,000	7,800	15,800	11,016	4,784
Audit Fees	2,900	-	2,900	2,900	-
Communications/Telephone	720	45	765	764	1
Other Purchased Services (400-500 Series)	6,671	-	6,671	6,505	166
General Supplies	300	-	300	-	300
BOE Membership Dues and Fees	400	-	400	197	203
Miscellaneous Expenditures	100	-	100	90	10
Total Undistributed Expenditures - Supp. Serv. General Administration	<u>19,091</u>	<u>7,845</u>	<u>26,936</u>	<u>21,472</u>	<u>5,464</u>
Undistributed Expenditures - Supp. Serv. - Central Services:					
Purchased Professional Services	<u>42,266</u>	<u>(14,000)</u>	<u>28,266</u>	<u>17,373</u>	<u>10,893</u>
Total Undistributed Expenditures - Supp. Serv. - Central Services	<u>42,266</u>	<u>(14,000)</u>	<u>28,266</u>	<u>17,373</u>	<u>10,893</u>
Undistributed Expenditures - Custodial Services					
Insurance	<u>675</u>		<u>675</u>	<u>-</u>	<u>675</u>
Total Undistributed Expenditures - Custodial Services	<u>675</u>	<u>-</u>	<u>675</u>	<u>-</u>	<u>675</u>

ALLENHURST SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 4**

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Other Purchased Prof./Tech. Services	29,360	-	29,360	18,360	11,000
Cleaning, Repair and Maintenance Services	5,000	-	5,000	473	4,527
Lease Purchase of Vehicle	-	14,000	14,000	13,389	611
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	23,300	3,039	26,339	21,080	5,259
Contr. Serv. (Reg. Students)-ESCs & CTSAs	12,376	-	12,376	8,309	4,067
Contr. Serv. - Aid in Lieu - Non-Public Schools	884	-	884	-	884
Misc. Purchased Services - Transportation	3,400	-	3,400	3,355	45
Transportation Supplies	4,500	-	4,500	393	4,107
Other Objects	1,100	-	1,100	735	365
Total Undistributed Expenditures - Student Transportation Services	<u>79,920</u>	<u>17,039</u>	<u>96,959</u>	<u>66,094</u>	<u>30,865</u>
Undistributed Expenditures - Support Services - Workmen's Compensation	<u>500</u>		<u>500</u>	<u>500</u>	<u>-</u>
Total Undistributed Expenditures - Business and Other Support Services	<u>500</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Total Undistributed Expenditures	<u>241,800</u>	<u>-</u>	<u>241,800</u>	<u>168,007</u>	<u>73,793</u>
Total Expenditures	<u>241,800</u>	<u>-</u>	<u>241,800</u>	<u>168,007</u>	<u>73,793</u>

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(3,405)	-	(3,405)	72,651	76,056
Fund Balance July 1	<u>423,908</u>		<u>423,908</u>	<u>423,908</u>	
Fund Balance June 30	<u>\$ 420,503</u>	<u>-</u>	<u>420,503</u>	<u>496,559</u>	<u>76,056</u>
Recapitulation:					
Emergency Reserve				\$ 250,000	
Assigned Fund Balance - Designated for Subsequent Year's Expenditures				34,674	
Committed Fund Balance - Year End Encumbrances				4,000	
Unassigned Fund Balance				<u>207,885</u>	
				496,559	
Reconciliation to Governmental Funds Statements (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(4,794)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 491,765</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ALLENHURST SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULENOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule	\$ 240,658
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,779
State Aid Payment Recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(4,794)</u>
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 240,643</u>
<u>Uses/Outflows of Resources</u>	
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 168,007</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 168,007</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

N/A

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

N/A

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT - I

ALLENHURST SCHOOL DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit I-2

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2017

<u>Series</u>	<u>Interest Payable</u>	<u>Amount of Original Issue</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
School Bus	4.23%	\$ 61,454	\$ 61,454	13,389	48,065
			<u>\$ 61,454</u>	<u>13,389</u>	<u>48,065</u>

STATISTICAL SECTION

(Unaudited)

ALLENHURST BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

J-1

	<u>2017</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>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 7,598	35,954	41,947	47,940	53,933	59,926	65,919	71,912	77,905	83,898
Restricted	288,674	253,405	265,369	323,369	352,508	353,399	355,101	378,484	436,701	361,882
Unrestricted	203,091	165,724	111,019	(2,691)	18,610	58,468	76,712	100,465	120,869	248,424
Total Governmental Activities	<u>\$ 499,363</u>	<u>455,083</u>	<u>418,335</u>	<u>368,618</u>	<u>425,051</u>	<u>471,793</u>	<u>497,732</u>	<u>550,861</u>	<u>635,475</u>	<u>694,204</u>

ALLENHURST BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

J-2

	<u>2017</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>
Expenses:										
Governmental Activities	\$ 160,409	218,234	205,456	145,576	135,245	117,842	136,629	164,005	151,163	149,350
Program Revenues:										
Governmental Activities	-	-	-	-	-	-	8,642	-	-	-
Net (Expense):										
Governmental Activities	(160,409)	(218,234)	(205,456)	(145,576)	(135,245)	(117,842)	(127,987)	(164,005)	(151,163)	(149,350)
General Revenues and Other Changes in Net Position:										
Governmental Activities	240,643	254,982	255,173	89,143	88,503	91,543	74,858	79,391	92,434	335,275
Change in Net Position:										
Governmental Activities	<u>\$ 80,234</u>	<u>36,748</u>	<u>49,717</u>	<u>(56,433)</u>	<u>(46,742)</u>	<u>(26,299)</u>	<u>(53,129)</u>	<u>(84,614)</u>	<u>(58,729)</u>	<u>185,925</u>

ALLENHURST BOARD OF EDUCATION
FUND BALANCES, GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

J-3

	<u>2017</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>
General Fund:										
Reserved	\$ 288,674	253,405	265,369	323,369	352,508	353,399	355,101	378,484	436,701	361,882
Unreserved	<u>207,885</u>	<u>165,724</u>	<u>111,019</u>	<u>(2,691)</u>	<u>18,610</u>	<u>58,468</u>	<u>76,712</u>	<u>100,465</u>	<u>120,869</u>	<u>248,424</u>
Total General Fund	<u>\$ 496,559</u>	<u>419,129</u>	<u>376,388</u>	<u>320,678</u>	<u>371,118</u>	<u>411,867</u>	<u>431,813</u>	<u>478,949</u>	<u>557,570</u>	<u>610,306</u>

ALLENHURST BOARD OF EDUCATION
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS
UNAUDITED

J-4

	<u>2017</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>
Revenues:										
Local Tax Levy	\$ 189,073	189,073	189,073	38,307	37,556	36,820	24,065	24,065	24,065	257,516
Other Local Revenue	2,894	16,645	16,263	1,538	1,710	2,273	12,116	13,395	8,773	10,657
State & Federal Revenue	48,691	49,264	49,837	49,298	49,237	52,450	47,319	41,931	59,596	67,102
Total Revenues	<u>240,658</u>	<u>254,982</u>	<u>255,173</u>	<u>89,143</u>	<u>88,503</u>	<u>91,543</u>	<u>83,500</u>	<u>79,391</u>	<u>92,434</u>	<u>335,275</u>
Expenditures:										
Instruction:										
Special										
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undistributed:										
Instruction	62,568	104,540	96,900	59,100	49,700	39,268	46,636	39,265	45,216	38,940
General Administration	21,472	20,256	9,730	7,740	7,829	10,194	10,935	14,551	19,589	18,166
Central Services	17,373	16,805	16,252	15,819	15,399	14,789	15,349	27,764	16,588	16,810
Operations and Maintenance	-	-	620	620	500	500	500	500	-	-
Student Transportation	66,094	70,140	75,461	55,804	55,324	44,277	56,716	75,432	61,593	65,610
Business and Other Support Services	500	500	500	500	500	2,461	500	500	1,615	1,601
Reimbursed TPAF Social Security Contr.								-	569	2,230
Total Undistributed	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>	<u>158,012</u>	<u>145,170</u>	<u>143,357</u>
Capital Outlay								-	-	89,891
Total General Fund Expenditures	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>	<u>158,012</u>	<u>145,170</u>	<u>233,248</u>
Special Revenue:										
State										
Total Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Fund Expenditures	<u>168,007</u>	<u>212,241</u>	<u>199,463</u>	<u>139,583</u>	<u>129,252</u>	<u>111,489</u>	<u>130,636</u>	<u>158,012</u>	<u>145,170</u>	<u>233,248</u>
Net Change in Fund Balance	<u>\$ 72,651</u>	<u>42,741</u>	<u>55,710</u>	<u>(50,440)</u>	<u>(40,749)</u>	<u>(19,946)</u>	<u>(47,136)</u>	<u>(78,621)</u>	<u>(52,736)</u>	<u>102,027</u>

Source: District Records

ALLENHURST SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
UNAUDITED

J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Totals</u>
2008	\$ 7,900		2,109	648	10,657
2009	5,967		2,781	25	8,773
2010	6,363		5,070	1,962	13,395
2011	3,474		8,642		12,116
2012	2,212			61	2,273
2013	1,710				1,710
2014	1,461			77	1,538
2015	1,363	14,900			16,263
2016	1,645	15,000			16,645
2017	1,894	-		1,000	2,894

Source: District Records.

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

J-6

<u>Year Ended</u> <u>December 31,</u>	<u>Net Assessed</u> <u>Valuations</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed to</u> <u>Estimated Full</u> <u>Cash Valuations</u>
2007	\$ 589,208,759	510,623,762	115.39%
2008	587,644,603	559,501,669	105.03%
2009	586,306,091	548,718,850	106.85%
2010	587,876,291	592,736,732	99.18%
2011	585,310,403	661,966,074	88.42%
2012	599,655,561	615,726,010	97.39%
2013	579,549,173	515,017,482	112.53%
2014	454,972,286	504,012,724	90.27%
2015	447,664,342	504,637,969	88.71%
2016	501,316,284	584,966,492	85.70%

Source: Monmouth County.

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

J-7

<u>Assessment Year</u>	<u>Allenhurst School District</u>	<u>Municipal</u>	<u>Monmouth County</u>	<u>Total</u>
2007	\$ 0.050	0.300	0.230	0.580
2008	0.010	0.330	0.240	0.580
2009	0.004	0.347	0.242	0.593
2010	0.010	0.370	0.270	0.650
2011	0.005	0.379	0.318	0.702
2012	0.006	0.381	0.298	0.685
2013	0.007	0.390	0.270	0.667
2014	0.009	0.503	0.338	0.850
2015	0.059	0.516	0.347	0.922
2016	0.038	0.461	0.333	0.832

* - Revaluation

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

J-8

<u>Taxpayer</u>	<u>Assessed Valuation 2016</u>	<u>As a % of District's Net Assessed Valuation</u>
Individual Taxpayer #1	\$ 5,371,900	0.93%
Individual Taxpayer #2	5,174,700	0.89%
Individual Taxpayer #3	4,985,100	0.86%
Individual Taxpayer #4	4,968,300	0.86%
Individual Taxpayer #5	4,864,800	0.84%
Individual Taxpayer #6	4,829,400	0.83%
Individual Taxpayer #7	4,724,700	0.81%
Individual Taxpayer #8	4,696,700	0.81%
Individual Taxpayer #9	4,599,800	0.79%
Individual Taxpayer #10	4,591,000	0.79%
	<u>\$ 48,806,400</u>	<u>8.42%</u>

Source: Municipal Tax Assessor.

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

J-9

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2007	\$ 3,412,049	3,392,276	99.42%
2008	3,411,503	3,393,052	99.46%
2009	3,486,233	3,446,458	98.86%
2010	3,828,298	3,786,643	98.91%
2011	4,110,937	4,055,347	98.65%
2012	4,009,910	3,977,299	99.19%
2013	3,873,319	3,780,541	97.60%
2014	3,867,264	3,848,831	99.52%
2015	4,133,606	4,102,707	99.25%
2016	4,188,004	4,118,962	98.35%

Source: Municipal Tax Collector.

ALLENHURST BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

J-10

<u>Fiscal Year Ending</u>	<u>Capital Leases</u>	<u>Total Debt</u>
2017	\$ 48,065	48,065

Not Applicable - 2016 thru 2008

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

J-11

<u>Fiscal Year Ending</u>	<u>Total Debt</u>	<u>Population</u>	<u>Net Bonded Debt Per Capita</u>
2017	\$ 48,065	487	\$ 98.70

Not Applicable - 2016 thru 2008

ALLENHURST SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

J-12

Net Direct Debt of School District as of December 31, 2016		\$ 48,065
Net Overlapping Debt of School District:		
Borough of Allenhurst (100%)	4,737,350	
County of Monmouth - Borough's Share (.5%)	<u>2,185,953</u>	
		<u>6,923,303</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2016		<u><u>\$ 6,923,303</u></u>

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

ALLENHURST BOARD OF EDUCATION
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
UNAUDITED

J-13

	Year	Equalized Valuation Basis
	2016	\$ 563,944,082
	2015	582,724,623
	2014	504,415,927
		\$ 1,651,084,632
Average Equalized Valuation of Taxable Property		\$ 550,361,544
School Borrowing Margin (3% of \$550,361,544)		\$ 16,510,846
Net Bonded School Debt as of June 30, 2017		48,065
School Borrowing Margin Available		\$ 16,462,781

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 16,510,846	17,588,181	17,588,181	17,588,181	17,812,779	18,550,598	18,052,689	17,015,909	16,211,451	14,843,693
Net Debt	48,065	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 16,462,781	17,588,181	17,588,181	17,588,181	17,812,779	18,550,598	18,052,689	17,015,909	16,211,451	14,843,693

Source: State of New Jersey, Department of Taxation.

ALLENHURST BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

<u>Year Ended December 31,</u>	<u>Allenhurst Unemployment Rate</u>	<u>Allenhurst Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2007	2.5%	41,152,644	58,622	702
2008	3.2%	41,880,585	59,915	699
2009	7.2%	39,963,889	57,337	697
2010	5.4%	28,705,008	57,873	496
2011	5.4%	30,275,344	61,039	496
2012	5.7%	31,248,496	63,001	496
2013	7.6%	31,218,165	63,067	495
2014	4.4%	32,613,386	66,019	494
2015	4.0%	34,080,310	69,410	491
2016	2.0%	Unavailable	Unavailable	487

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

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

ALLENHURST BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

J-15

2017

DATA NOT AVAILABLE

2008

DATA NOT AVAILABLE

ALLENHURST BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

	J-16									
				*	*	*	*	*	*	*
<u>Function/Program</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>	<u>2017</u>
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central Services	0.25	0.25	0.25	-	-	-	-	-	-	-
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	0.25	0.25	0.25	-	-	-	-	-	-	-

Source: District Personnel Records

* - Allenhurst Board of Education entered into a shared services agreement with the City of Long Branch Board of Education

ALLENHURST BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
PUPIL/TEACHER RATIO
UNAUDITED

J-17

Not Applicable - Allenhurst is a non-operating District

ALLENHURST BOARD OF EDUCATION
BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

J-18

Not Applicable - Allenhurst does not own a building

ALLENHURST BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

Not Applicable - Allenhurst does not own a building

ALLENHURST SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2017UNAUDITED

J-20

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive General Liability - N.J. School Boards Assoc.		
Insurance Group		
Property	\$ 300,000,000	
Electronic Data Processing	38,500	
Equipment	100,000,000	
General Liability	6,000,000	
Automobile	6,000,000	
 School Leaders Errors & Omissions - N.J.School Boards Assoc.		
Insurance Group		
Directors and Officers Policy	3,000,000	5,000
 Worker's Compensation - N.J. School Boards Assoc.	2,000,000	
 Treasurer of School Monies Surety Bond - N.J. School Boards Assoc.	100,000	-0-

Source: District Records.

REPORT ON INTERNAL CONTROL

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

57.

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

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allenhurst Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Allenhurst Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated September 18, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

September 18, 2017

SCHEDULE OF FINANCIAL ASSISTANCE

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule A
K-3

Not Applicable - No Federal Awards

See Accompanying Notes to Schedules of Financial Assistance.

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grant or Department of Education Project/Title	State Grant Number	Award Amount	Grant Period	Balance at June 30, 2016			Cash Received	Budgetary Expenditures	Balance at June 30, 2017			MEMO		
				Deferred Income (Accts Rec.)	Due to Grantor	Carryover (Walk-Over) Amount			Intergovernmental (Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Transportation Aid	17-495-034-5120-014	\$ 19,617	7/1/2016	6/30/2017	\$ -		19,617	(19,617)				*	1,967	19,617
Security Aid	17-495-034-5120-084	172	7/1/2016	6/30/2017			172	(172)				*	16	172
Adjustment Aid	17-495-034-5120-085	27,815	7/1/2016	6/30/2017			27,815	(27,815)				*	2,784	27,815
Special Education Aid	17-495-034-5120-089	198	7/1/2016	6/30/2017			198	(198)				*	17	198
PARCC Readiness Aid	17-495-034-5120-098	30	7/1/2016	6/30/2017			30	(30)				*	3	30
Per Pupil Growth Aid	17-495-034-5120-097	30	7/1/2016	6/30/2017			30	(30)				*	3	30
Professional Learning												*		
Community Aid	17-495-034-5120-101	60	7/1/2016	6/30/2017			60	(60)				*	4	60
Non-Public Transportation Aid	17-495-034-5120-014	769	7/1/2016	6/30/2017				(769)	(769)			*		769
Non-Public Transportation Aid	16-495-034-5120-014	1,519	7/1/2015	6/30/2016	(1,519)		1,519					*		
Total General Fund					<u>(1,519)</u>	<u>-</u>	<u>49,441</u>	<u>(48,691)</u>	<u>(769)</u>	<u>-</u>	<u>-</u>		<u>4,794</u>	<u>48,691</u>
Total State Financial Awards					<u>\$ (1,519)</u>	<u>-</u>	<u>49,441</u>	<u>(48,691)</u>	<u>(769)</u>	<u>-</u>	<u>-</u>		<u>4,794</u>	<u>48,691</u>
Less on Behalf Pension System Contributions														
Total for State Financial Assistance Major Program Determination							<u>\$ (48,691)</u>							

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

ALLENHURST SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2017****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of program recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in the Note 1 to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(0) for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented below:

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

	<u>General Fund</u>
<u>State Assistance</u>	
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 48,691
 The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	 <u>(15)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 48,676</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I - Summary of Auditor's Results

Financial Statement Section

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

Description

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes x None Reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

ALLENHURST SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017*Part II - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

ALLENHURST SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.