

**ALLENDALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Allendale, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Allendale Board of Education  
Allendale, New Jersey  
For The Fiscal Year Ended June 30, 2018**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

# Allendale Public Schools

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Allendale, NJ 07401-1795

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SUPERINTENDENT OF SCHOOLS  
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MARIA L. ENGELEIT  
BUSINESS ADMINISTRATOR/BOARD SECRETARY  
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January 24, 2019

Honorable President and  
Members of the Board of Education  
Borough of Allendale School District  
County of Bergen  
Allendale, New Jersey

The comprehensive annual financial report of the Borough of Allendale School District (District) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the U.S. Uniform Guidance; and New Jersey OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. Information related to this Single Audit, including the auditors' report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the Single Audit section of this report.

1. DESCRIPTION OF THE MUNICIPALITY: The Borough of Allendale is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is primarily a residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. The Borough is bordered by the Boroughs of Ramsey, Saddle River and Waldwick, as well as Mahwah and Wyckoff Townships. The Borough of Allendale encompasses 3.13 square mile, with a density factor of approximately 2,143.9 persons per square mile, based upon the Borough's July 1, 2012 estimated population of 6,657 persons. The District is served by major transportation routes, including Routes 17, 502 and 507 (25.93 miles of municipal roads and 8.22 miles of county roads), as well as Interstates 87 and 287. Metropolitan airports are within fairly easy commuting distance. Nearby rail and bus service for commuting are also available.



2. **REPORTING ENTITY AND ITS SERVICES:** The Borough of Allendale School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Borough of Allendale Board of Education and all its schools constitute the District's reporting entity.

The school district has two schools and utilizes a Pre-Kindergarten-Grade Three, a Grades Four-Eight configuration and provides a full range of educational services. These include regular as well as special education for special needs students. The District completed the 2017-2018 fiscal year with an average daily enrollment of 911 students, same as the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	911	.22%
2016-2017	909	.55%
2015-2016	904	(.33%)
2014-2015	907	.20%
2013-2014	905	(.01%)
2012-2013	913	(.01%)
2011-2012	925	(.03%)
2010-2011	957	1.37%
2009-2010	944	(1.04%)
2008-2009	954	(3.73)

3. **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Allendale is managing within the confines of the region's downturn in the economy. While the County of Bergen median household income is \$93,683, the northwestern section of the County, in which Allendale is located, continues to have one of the highest median household incomes within the County.

4. **MAJOR INITIATIVES:** The Allendale School District prides itself on being an exemplary school system. Various rating groups have ranked both the Pre-K-8 district and the regional high school, located in the Borough, among the best in New Jersey. State of the art programs exist throughout the school system, and student achievement is extraordinarily high when compared to all reference groups. The focus of the school district, however, is equally dedicated to providing a well-rounded educational experience to its students, together with many opportunities for exploration and experimentation. The District also provides a wide array of services for special needs students as well as for those in accelerated programs.

5. **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 principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

**6. 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. 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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30.

**7. 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. These funds are explained in "Notes to the Basic Financial Statements".

**8. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit 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 funds are secured in accordance with the Act.

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

**10. OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed by Board. 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 as amended, the Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA), U.S. Uniform Guidance, New Jersey and OMB Circular Letter 15-08. The auditors' report on the basic financial statements, combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Allendale School 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. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



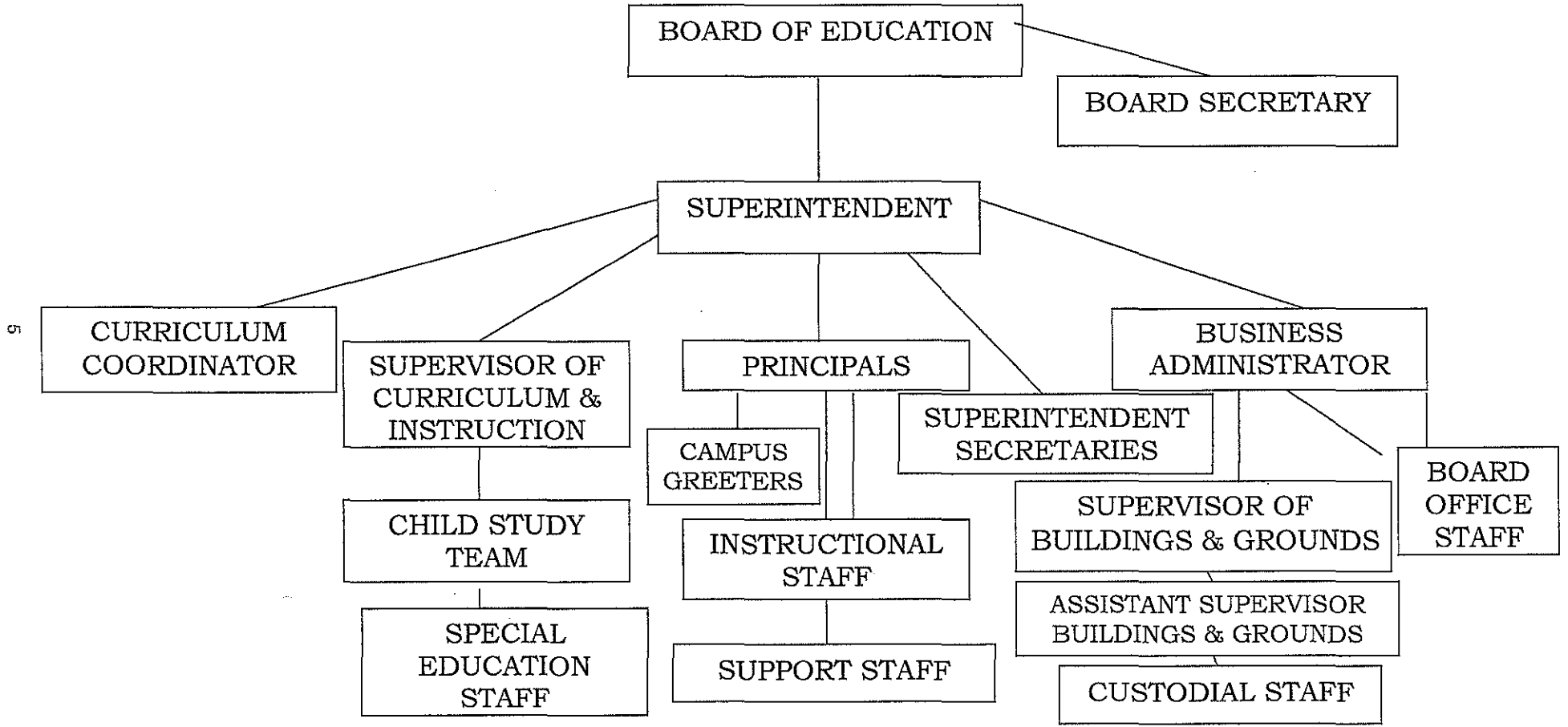
Maria L. Engeleit  
School Business Administrator



Michael Barcadepone, Ed.D.  
Superintendent

# BOROUGH OF ALLENDALE BOARD OF EDUCATION

## Organization Chart (Unit Control)



**ALLENDALE BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2018**

**Members of the Board of Education**

**Term Expires**

Todd Flilegel, President	2020
Natalie Capano, Vice President	2018
Gwendolen Keeble	2019
Dr. Andrew Prince	2018
Amy Gunderson	2019

**Other Officials**

Michael Barcadepone, Ed.D., Superintendent  
Maria Engeleit, Business Administrator/Board Secretary  
Maureen Alissa Mayer, Treasurer

**ALLENDALE BOARD OF EDUCATION**

**Consultants & Advisors**

**June 30, 2018**

**District Auditor**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, New Jersey 07410

**Attorney**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**Official Depositories**

Capital One Bank  
Ramsey Square Sh. Ctr  
1300 Rt. 17 North  
Ramsey, New Jersey

NJ ARM  
3625 Nottingham Way  
Hamilton, New Jersey 08690

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Allendale Board of Education  
Allendale, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Allendale Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

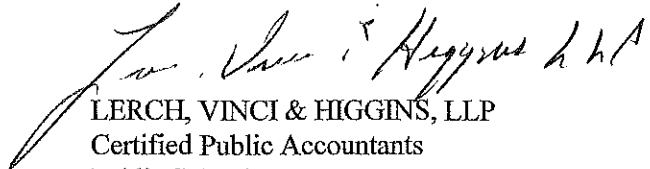
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allendale Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Allendale Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

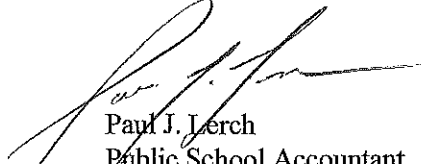
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2019 on our consideration of the Allendale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Allendale Board of Education's 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 Allendale Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS001118

Fair Lawn, New Jersey  
January 24, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

This discussion and analysis of the Allendale School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the 2017/2018 year are as follows:

- **District-Wide Statements** - General revenues accounted for \$15,605,859 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,688,099 or 30 percent of total revenues of \$22,293,958.
- **District-Wide Statements** - The School District had \$21,764,097 in expenses; only \$6,688,099 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,605,859 were adequate to provide for these programs.
- **Fund Financials** - As of the close of the current fiscal year, the Allendale Board of Education's governmental funds reported combined ending fund balances of \$10,350,038 a decrease of \$232,733 in comparison with the prior year.
- **Fund Financials** - At the end of June 30, 2018, unassigned fund balance (budgetary basis) for the General Fund was \$508,106, an increase of \$11,255.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Allendale Board of Education’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Allendale Board of Education, reporting the Allendale Board of Education’s operation in more detail than the district-wide statements.
  - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the Allendale Board of Education operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Allendale Board of Education’s financial statements, including the portion of the Allendale Board of Education’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Figure A-1 Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses Enterprise Funds.
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position, statement Of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, liability, deferred inflows/ outflows information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

**District-wide Statements**

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the Allendale Board of Education’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Allendale Board of Education’s assets, liabilities and deferred outflows/inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District’s property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**District-wide Statements (Continued)**

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

**Governmental Funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**Fund Financial Statements (Continued)**

**Proprietary Funds.** The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

**Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund Scholarship Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF EDUCATION AS A WHOLE**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net position for fiscal years 2018 and 2017. For 2018 and 2017 net position were \$16,721,146 and \$16,191,285, respectively.



**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF  
EDUCATION AS A WHOLE (Continued)**

Table A-1  
Statement of Net Position  
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restated)	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$ 10,488,398	\$ 10,880,967	\$ 42,513	\$ 49,855	\$ 10,530,911	\$ 10,930,822
Capital Assets	<u>14,201,845</u>	<u>13,693,011</u>	<u>84,033</u>	<u>92,337</u>	<u>14,285,878</u>	<u>13,785,348</u>
<b>Total Assets</b>	<u>24,690,243</u>	<u>24,573,978</u>	<u>126,546</u>	<u>142,192</u>	<u>24,816,789</u>	<u>24,716,170</u>
<b>Deferred Outflows of Resources</b>	<u>1,529,663</u>	<u>1,950,371</u>	-	-	<u>1,529,663</u>	<u>1,950,371</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>26,219,906</u>	<u>26,524,349</u>	<u>126,546</u>	<u>142,192</u>	<u>26,346,452</u>	<u>26,666,541</u>
<b>Liabilities</b>						
Current Liabilities	167,777	331,031	15,120	18,948	182,897	349,979
Noncurrent Liabilities	<u>8,191,788</u>	<u>9,737,840</u>	-	-	<u>8,191,788</u>	<u>9,737,840</u>
<b>Total Liabilities</b>	<u>8,359,565</u>	<u>10,068,871</u>	<u>15,120</u>	<u>18,948</u>	<u>8,374,685</u>	<u>10,087,819</u>
<b>Deferred Inflows of Resources</b>	<u>1,250,621</u>	<u>387,437</u>	-	-	<u>1,250,621</u>	<u>387,437</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>9,610,186</u>	<u>10,456,308</u>	<u>15,120</u>	<u>18,948</u>	<u>9,625,306</u>	<u>10,475,256</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	11,671,584	10,852,697	84,033	92,337	11,755,617	10,945,034
Restricted	6,546,832	6,894,885			6,546,832	6,894,885
Unrestricted	<u>(1,608,696)</u>	<u>(1,679,541)</u>	<u>27,393</u>	<u>30,907</u>	<u>(1,581,303)</u>	<u>(1,648,634)</u>
<b>Total Net Position</b>	<u>\$ 16,609,720</u>	<u>\$ 16,068,041</u>	<u>\$ 111,426</u>	<u>\$ 123,244</u>	<u>\$ 16,721,146</u>	<u>\$ 16,191,285</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Governmental activities.** Governmental activities increased the District's net position by \$541,679.

Table A-2 shows the changes in net position for fiscal years ended June 30, 2018 and 2017.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF  
EDUCATION AS A WHOLE (Continued)**

**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues		(Restated)				
Charges for Services	\$ 143,407	\$ 84,762	\$ 273,549	\$ 273,202	\$ 416,956	\$ 357,964
Operating Grants and Contributions	6,271,143	5,752,132			6,271,143	5,752,132
Capital Grants and Contributions		43,282			-	43,282
General Revenues						
Property Taxes, Levied for:						
General Purposes	15,181,155	14,956,803			15,181,155	14,956,803
Debt Service	307,339	847,316			307,339	847,316
Unrestricted State Aid	8,469	8,490			8,469	8,490
Interest	74,833	37,569	226	170	75,059	37,739
Miscellaneous	33,837	35,590	-	-	33,837	35,590
<b>Total Revenues/Transfers</b>	<u>22,020,183</u>	<u>21,765,944</u>	<u>273,775</u>	<u>273,372</u>	<u>22,293,958</u>	<u>22,039,316</u>
<b>Expenses</b>						
Instruction						
Regular	9,933,101	9,551,466			9,933,101	9,551,466
Special Education	2,012,577	1,937,877			2,012,577	1,937,877
Other Instruction	864,575	1,133,960			864,575	1,133,960
School Sponsored Activities and Ath.	181,563	185,297			181,563	185,297
Support Services						
Student and Instruction Related Serv.	3,012,238	2,712,597			3,012,238	2,712,597
Health Services	318,193	304,463			318,193	304,463
Attendance and Social Work	74,083	69,792			74,083	69,792
Educational Media/School Library	225,516	258,297			225,516	258,297
General Administrative Services	714,032	615,997			714,032	615,997
School Administrative Services	1,033,024	977,091			1,033,024	977,091
Plant Operations and Maintenance	2,228,370	2,121,323			2,228,370	2,121,323
Pupil Transportation	151,503	88,178			151,503	88,178
Central Services	637,377	603,783			637,377	603,783
Interest on Long-Term Debt	92,352	110,101			92,352	110,101
Food Services	-	-	285,593	275,881	285,593	275,881
<b>Total Expenses</b>	<u>21,478,504</u>	<u>20,670,222</u>	<u>285,593</u>	<u>275,881</u>	<u>21,764,097</u>	<u>20,946,103</u>
Change in Net Position	541,679	1,095,722	(11,818)	(2,509)	529,861	1,093,213
Net Position, Beginning of Year	<u>16,068,041</u>	<u>14,972,319</u>	<u>123,244</u>	<u>125,753</u>	<u>16,191,285</u>	<u>15,098,072</u>
Net Position, End of Year	<u>\$ 16,609,720</u>	<u>\$ 16,068,041</u>	<u>\$ 111,426</u>	<u>\$ 123,244</u>	<u>\$ 16,721,146</u>	<u>\$ 16,191,285</u>

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF EDUCATION AS A WHOLE (Continued)**

**Governmental activities.** The District's total governmental revenues were \$22,020,183. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$15,605,633 or 71% of total revenues. Funding from state and federal sources amounted to \$6,271,143 or 28%. Charges for services amounted to \$143,407 or 1% (see Table A-2).

The District's total governmental expenses were \$21,478,504 which are predominantly related to instruction and support services. Instruction totaled \$12,991,816 (60%), student support services totaled \$8,394,336 (39%) and interest on long-term debt total \$92,352 (1%) of total expenditures. (See Table A-2.)

Table A-2 Revenues by Source- Governmental Activities  
For Fiscal Year 2018

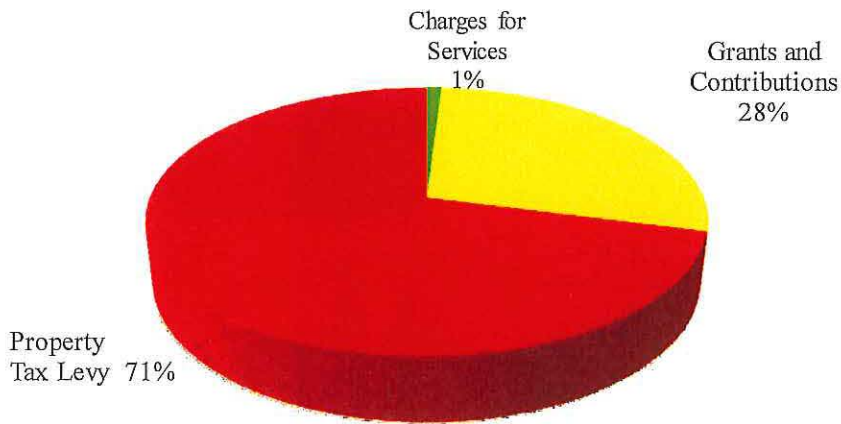
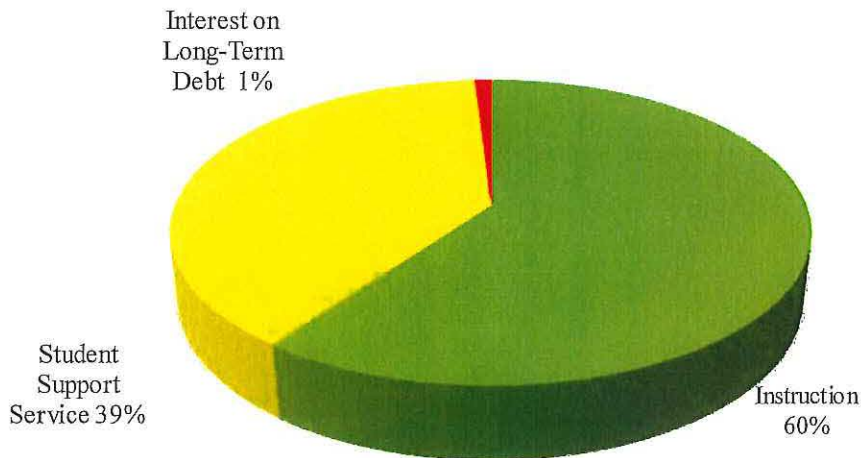


Table A-2 Expenditures by Type- Governmental Activities  
For Fiscal Year 2018



**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF  
EDUCATION AS A WHOLE (Continued)**

**Governmental activities. (Continued)**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost (Revenue) of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 9,933,101	\$ 9,551,466	\$ 7,144,193	\$ 6,861,698
Special Education	2,012,577	1,937,877	842,501	866,380
Other Instruction	864,575	1,133,960	616,642	822,777
School Sponsored Activities and Athletics	181,563	185,297	134,521	138,734
Support Services				
Student and Instruction Related Services	3,012,238	2,712,597	2,232,386	2,010,753
Health Services	318,193	304,463	231,385	224,338
Attendance and Social Work	74,083	69,792	52,688	50,519
Educational Media/School Library	225,516	258,297	163,901	189,154
General Administrative Services	714,032	615,997	564,691	495,766
School Administrative Services	1,033,024	977,091	737,875	709,089
Plant Operations and Maintenance	2,228,370	2,121,323	1,741,694	1,659,902
Pupil Transportation	151,503	88,178	146,636	83,344
Central Services	637,377	603,783	484,065	466,824
Interest on Long-Term Debt	92,352	110,101	(29,224)	(5,879)
 Total Governmental Activities	 <u>\$ 21,478,504</u>	 <u>\$ 20,670,222</u>	 <u>\$ 15,063,954</u>	 <u>\$ 14,573,399</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$285,593. These costs were funded by charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a decrease in net position of \$11,818.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$10,350,038. In 2016-2017 the fund balance was \$10,582,771.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund) presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,856,897 and expenditures were \$19,089,630. Total other financing sources amounted to \$444,815 and other financing uses were \$444,815.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2018 and 2017.

	<b>Fiscal Year Ended <u>June 30, 2018</u></b>	<b>Fiscal Year Ended <u>June 30, 2017</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources	\$ 15,745,452	\$ 15,963,148	\$ (217,696)	-1.4%
State Sources	2,811,932	2,434,391	377,541	15.5%
Federal Sources	<u>299,513</u>	<u>322,989</u>	<u>(23,476)</u>	-7.3%
 Total Revenues	 <u>\$ 18,856,897</u>	 <u>\$ 18,720,528</u>	 <u>\$ 136,369</u>	 0.7%

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)**

**The District's Funds (Continued)**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2018 and 2017.

	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 10,507,768	\$ 10,138,388	\$ 369,380	3.6%
Undistributed	6,956,127	6,362,339	593,788	9.3%
Capital Outlay	1,106,943	702,057	404,886	57.7%
Debt Service	<u>518,792</u>	<u>1,074,607</u>	<u>(555,815)</u>	-51.7%
 Total Expenditures	 <u>\$ 19,089,630</u>	 <u>\$ 18,277,391</u>	 <u>\$ 812,239</u>	 4.4%

The significant fluctuation between June 30, 2017 and June 30, 2018 expenditures is attributable to the increase in capital outlay expenditures and increase in instruction and undistributed costs.

**General and Special Revenue Fund**

**Budgetary Highlights**

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Property, liability, and medical insurances were renewed at higher rates. While adequately budgeted for, it should be noted that this represents a national trend in all major areas of the insurance industry.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**Capital Assets.** The Allendale Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2018 and 2017 amounts to \$14,285,878 and \$13,785,348 (net of accumulated depreciation), respectively. This investment in capital assets includes construction in progress, buildings and building improvements and machinery and equipment.

**Table A-4  
Capital Assets (net of depreciation)  
as of June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Construction in Progress	\$ 579,728				\$ 579,728	
Building & Bldg. Improvements	21,528,611	\$ 21,009,154			21,528,611	\$ 21,009,154
Furniture, Equipment & Vehicles	<u>1,643,544</u>	<u>1,644,962</u>	<u>\$ 203,980</u>	<u>\$ 197,735</u>	<u>1,847,524</u>	<u>1,842,697</u>
Total	23,751,883	22,654,116	203,980	197,735	23,955,863	22,851,851
Less: Accumulated Depreciation	<u>9,550,038</u>	<u>8,961,105</u>	<u>119,947</u>	<u>105,398</u>	<u>9,669,985</u>	<u>9,066,503</u>
Total	<u>\$ 14,201,845</u>	<u>\$ 13,693,011</u>	<u>\$ 84,033</u>	<u>\$ 92,337</u>	<u>\$ 14,285,878</u>	<u>\$ 13,785,348</u>

Additional information on Allendale Board of Education's capital assets can be found in Note 3 of this report.

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,191,788 and \$9,737,840, respectively, as stated in Table A-5.

**Long-Term Liabilities**

**Table A-5  
Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>
Serial Bonds (Including Original Issue Premium)	\$ 2,877,398	\$ 3,237,950
Capital Leases	18,691	55,047
Lease Purchase Agreements	50,817	100,786
Compensated Absences Payable	383,495	355,359
Net Pension Liability	<u>4,861,387</u>	<u>5,988,698</u>
Total	<u>\$ 8,191,788</u>	<u>\$ 9,737,840</u>

Additional information on Allendale Board of Education's long-term debt can be found in Note 3.

**ALLENDALE BOARD OF EDUCATION  
ALLENDALE, NEW JERSEY**

**FOR THE FUTURE**

Currently, the District is in superior financial condition. Everyone associated with the Allendale School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

These factors were considered in preparing the Allendale Public School District's budgets for the 2018-2019 fiscal year.

- Estimated Student Enrollment
- Sources of Revenue
- Costs of Negotiated Salaries and Benefits
- Cost of Fixed Charges
- Mandated Programs
- Requirements for Health and Safety Issues

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Allendale Public School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Maria Engeleit  
School Business Administrator/Board Secretary  
Allendale Board of Education  
100 Brookside Avenue  
Allendale, NJ 07404



## **BASIC FINANCIAL STATEMENTS**

**ALLENDALE BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,217,963	\$ 41,289	\$ 9,259,252
Receivables, Net	1,270,435		1,270,435
Inventory		1,224	1,224
Capital Assets, Not Being Depreciated	579,728		579,728
Capital Assets, Being Depreciated, Net	<u>13,622,117</u>	<u>84,033</u>	<u>13,706,150</u>
Total Assets	<u>24,690,243</u>	<u>126,546</u>	<u>24,816,789</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	98,828		98,828
Deferred Amounts on Net Pension Liability	<u>1,430,835</u>	<u>-</u>	<u>1,430,835</u>
Total Deferred Outflows of Resources	<u>1,529,663</u>	<u>-</u>	<u>1,529,663</u>
Total Assets and Deferred Outflows of Resources	<u>26,219,906</u>	<u>126,546</u>	<u>26,346,452</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	117,282	6,050	123,332
Unearned Revenue	21,078	9,070	30,148
Accrued Interest Payable	29,417		29,417
Noncurrent Liabilities			
Due Within One Year	399,673		399,673
Due Beyond One Year	<u>7,792,115</u>	<u>-</u>	<u>7,792,115</u>
Total Liabilities	<u>8,359,565</u>	<u>15,120</u>	<u>8,374,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,250,621</u>	<u>-</u>	<u>1,250,621</u>
Total Deferred Inflows of Resources	<u>1,250,621</u>	<u>-</u>	<u>1,250,621</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,610,186</u>	<u>15,120</u>	<u>9,625,306</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,671,584	84,033	11,755,617
Restricted for			
Capital Projects	5,580,892		5,580,892
Debt Service	4,104		4,104
Other Purposes	961,836		961,836
Unrestricted	<u>(1,608,696)</u>	<u>27,393</u>	<u>(1,581,303)</u>
Total Net Position	<u>\$ 16,609,720</u>	<u>\$ 111,426</u>	<u>\$ 16,721,146</u>

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

**ALLENDALE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 9,933,101	\$ 96,711	\$ 2,692,197		\$ (7,144,193)		\$ (7,144,193)
Special Education	2,012,577		1,170,076		(842,501)		(842,501)
Other Instruction	864,575		247,933		(616,642)		(616,642)
School Sponsored Activities and Athletics	181,563		47,042		(134,521)		(134,521)
Support Services							
Student and Instruction Related Services	3,012,238		779,852		(2,232,386)		(2,232,386)
Health Services	318,193		86,808		(231,385)		(231,385)
Attendance and Social Workers	74,083		21,395		(52,688)		(52,688)
Educational Media	225,516		61,615		(163,901)		(163,901)
General Administrative Services	714,032		149,341		(564,691)		(564,691)
School Administrative Services	1,033,024		295,149		(737,875)		(737,875)
Plant Operations and Maintenance	2,228,370	46,696	439,980		(1,741,694)		(1,741,694)
Pupil Transportation	151,503		4,867		(146,636)		(146,636)
Central Services	637,377		153,312		(484,065)		(484,065)
Interest on Debt	92,352	-	121,576	-	29,224	-	29,224
<b>Total Governmental Activities</b>	<b>21,478,504</b>	<b>143,407</b>	<b>6,271,143</b>	<b>-</b>	<b>(15,063,954)</b>	<b>-</b>	<b>(15,063,954)</b>
	0.60						
<b>Business-Type Activities</b>							
Food Service	285,593	273,549	-	-	-	\$ (12,044)	(12,044)
<b>Total Business-Type Activities</b>	<b>285,593</b>	<b>273,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,044)</b>	<b>(12,044)</b>
<b>Total Primary Government</b>	<b>\$ 21,764,097</b>	<b>\$ 416,956</b>	<b>\$ 6,271,143</b>	<b>\$ -</b>	<b>(15,063,954)</b>	<b>(12,044)</b>	<b>(15,075,998)</b>
<b>General Revenues</b>							
Property Taxes, Levied for General Purposes					15,181,155		15,181,155
Property Taxes Levied for Debt Service					307,339		307,339
Unrestricted State Aid					8,469		8,469
Interest Earned					74,833	226	75,059
Miscellaneous Income					33,837	-	33,837
<b>Total General Revenues</b>					<b>15,605,633</b>	<b>226</b>	<b>15,605,859</b>
Change in Net Position					541,679	(11,818)	529,861
Net Position, Beginning of Year (Restated)					16,068,041	123,244	16,191,285
Net Position, End of Year					<b>\$ 16,609,720</b>	<b>\$ 111,426</b>	<b>\$ 16,721,146</b>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

## FUND FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,957,843	\$ 9,850	\$ 246,166	\$ 4,104	\$ 9,217,963
Due from Other Funds	248,043				248,043
Other Accounts Receivable	14,436				14,436
Receivables from Other Governments	<u>1,239,796</u>	<u>14,326</u>	<u>-</u>	<u>-</u>	<u>1,254,122</u>
 Total Assets	 <u>\$ 10,460,118</u>	 <u>\$ 24,176</u>	 <u>\$ 246,166</u>	 <u>\$ 4,104</u>	 <u>\$ 10,734,564</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 52,368	\$ 3,098			\$ 55,466
Accrued Salaries and Wages	61,816				61,816
Due to Other Funds			\$ 246,166		246,166
Unearned Revenue	<u>-</u>	<u>21,078</u>	<u>-</u>	<u>-</u>	<u>21,078</u>
 Total Liabilities	 <u>114,184</u>	 <u>24,176</u>	 <u>246,166</u>	 <u>-</u>	 <u>384,526</u>
<b>Fund Balance</b>					
Restricted:					
Excess Surplus	1,501,441				1,501,441
Excess Surplus - Designated for Subsequent Year's Expenditures	1,590,298				1,590,298
Maintenance Reserve	836,836				836,836
Maintenance Reserve - Designated for Subsequent Year's Expenditures	125,000				125,000
Capital Reserve	4,860,892				4,860,892
Capital Reserve - Designated for Subsequent Year's Expenditures	720,000				720,000
Emergency Reserve	130,000				130,000
Debt Service				\$ 4,104	4,104
Committed:					
Year-end Encumbrances	177,600				177,600
Assigned:					
Year-end Encumbrances	108,642				108,642
Unassigned	<u>295,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,225</u>
 Total Fund Balances	 <u>10,345,934</u>	 <u>-</u>	 <u>-</u>	 <u>4,104</u>	 <u>10,350,038</u>
 Total Liabilities and Fund Balances	 <u>\$ 10,460,118</u>	 <u>\$ 24,176</u>	 <u>\$ 246,166</u>	 <u>\$ 4,104</u>	 <u>\$ 10,734,564</u>

**ALLENDALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

**EXHIBIT B-1**

**Total Fund Balances (Exhibit B-1)** **\$ 10,350,038**

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 \$23,751,883 and the accumulated depreciation is \$9,550,038.

14,201,845

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is:

(29,417)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

98,828

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.

Deferred Outflows of Resources  
Deferred Inflows of Resources

\$ 1,430,835  
(1,250,621)

180,214

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:

Serial Bonds	2,692,000
Add: Unamortized Premium	185,398
Capital Leases	18,691
Lease Purchase Agreements	50,817
Compensated Absences Payable	383,495
Net Pension Liability	<u>4,861,387</u>

(8,191,788)

**Net position of governmental activities (Exhibit A-1)**

**\$ 16,609,720**

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 15,181,155			\$ 307,339	\$ 15,488,494
Tuition Charges	96,711				96,711
Rentals	46,696				46,696
Interest Earned	71,858		\$ 2,975		74,833
Miscellaneous	33,837	\$ 4,881	-	-	38,718
Total - Local Sources	<u>15,430,257</u>	<u>4,881</u>	<u>2,975</u>	<u>307,339</u>	<u>15,745,452</u>
State Sources	2,690,356		-	121,576	2,811,932
Federal Sources	-	299,513	-	-	299,513
Total Revenues	<u>18,120,613</u>	<u>304,394</u>	<u>2,975</u>	<u>428,915</u>	<u>18,856,897</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	7,936,099	4,881			7,940,980
Special Education	1,468,040	272,002			1,740,042
Other Instruction	680,171				680,171
School Sponsored Activities and Athletics	146,575				146,575
Support Services					
Student and Instruction Related Services	2,431,755	27,511			2,459,266
Health Services	253,628				253,628
Attendance and Social Work	58,170				58,170
Educational Media/School Library	179,689				179,689
General Administrative Services	602,957				602,957
School Administrative Services	813,503				813,503
Plant Operations and Maintenance	1,914,062				1,914,062
Pupil Transportation	151,503				151,503
Central Services	523,349				523,349
Debt Service					
Principal	86,325			318,000	404,325
Interest and Other Charges	3,141			111,326	114,467
Capital Outlay	1,106,943	-	-	-	1,106,943
Total Expenditures	<u>18,355,910</u>	<u>304,394</u>	<u>-</u>	<u>429,326</u>	<u>19,089,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(235,297)</u>	<u>-</u>	<u>2,975</u>	<u>(411)</u>	<u>(232,733)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	441,840			2,975	444,815
Transfers Out	-	-	(444,815)	-	(444,815)
Total Other Financing Sources and Uses	<u>441,840</u>	<u>-</u>	<u>(444,815)</u>	<u>2,975</u>	<u>-</u>
Net Change in Fund Balances	206,543	-	(441,840)	2,564	(232,733)
Fund Balance, Beginning of Year	<u>10,139,391</u>	<u>-</u>	<u>441,840</u>	<u>1,540</u>	<u>10,582,771</u>
Fund Balance, End of Year	<u>\$ 10,345,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,104</u>	<u>\$ 10,350,038</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION  
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (232,733)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay expenses exceeds depreciation in the current period.

Capital Outlay	\$ 1,106,943	
Depreciation Expense	<u>(598,109)</u>	508,834

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase Compensated Absences	(28,136)	
Increase in Pension Expense	<u>(132,726)</u>	(160,862)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of debt principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on position.

Principal Payments		
Bond Principal	318,000	
Capital Leases	36,356	
Lease Purchase Agreements	<u>49,969</u>	404,325

Governmental funds report the effect of premiums and there such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	42,552	
Amortization of Deferred Amounts on Refunding	<u>(23,855)</u>	18,697

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>3,418</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ 541,679**



**ALLENDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	<b>Business - Type            Activities -            Enterprise Fund  <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 41,289
Inventories	<u>1,224</u>
Total Current Assets	<u>42,513</u>
Capital Assets	
Machinery & Equipment	203,980
Less: Accumulated Depreciation	<u>(119,947)</u>
Total Capital Assets, Net	<u>84,033</u>
Total Assets	<u>126,546</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	6,050
Unearned Revenue	<u>9,070</u>
Total Current Liabilities	<u>15,120</u>
<b>NET POSITION</b>	
Investment in Capital Assets	84,033
Unrestricted	<u>27,393</u>
Total Net Position	<u>\$ 111,426</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business - Type Activities - Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 273,228
Special Functions	<u>321</u>
Total Operating Revenues	<u>273,549</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	115,837
Salaries	73,368
Employee Benefits	31,284
Purchased Services	25,499
General Supplies	23,096
Miscellaneous	1,960
Depreciation	<u>14,549</u>
Total Operating Expenses	<u>285,593</u>
Operating Loss	<u>(12,044)</u>
<b>NONOPERATING REVENUES</b>	
Interest and Investment Revenue	<u>226</u>
Total Nonoperating Revenues	<u>226</u>
Change in Net Position	(11,818)
Net Position, Beginning of Year	<u>123,244</u>
Net Position, End of Year	<u>\$ 111,426</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business - Type Activities - Enterprise Fund <u>Food Service</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 271,569
Cash Payments for Employees' Salaries and Benefits	(104,652)
Cash Payments to Suppliers for Goods and Services	<u>(166,286)</u>
Net Cash Provided by Operating Activities	<u>631</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Purchase of Capital Assets	<u>(6,245)</u>
Net Cash (Used for) Noncapital Financing Activities	<u>(6,245)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>226</u>
Net Cash Provided by Investing Activities	<u>226</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,388)
Cash and Cash Equivalents, Beginning of Year	<u>46,677</u>
Cash and Cash Equivalents, End of Year	<u>\$ 41,289</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Operating Loss	<u>\$ (12,044)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	14,549
Changes in Assets and Liabilities	
(Increase)/Decrease in Inventory	1,954
Increase/(Decrease) in Accounts Payable	(1,848)
Increase/(Decrease) in Unearned Revenue	<u>(1,980)</u>
Total Adjustments	<u>12,675</u>
Net Cash Provided by Operating Activities	<u>\$ 631</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ALLENDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2018**

	<b>Unemployment Compensation Trust</b>	<b>Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 93,862	\$ 178	\$ 91,872
Due from Other Funds	<u>58,804</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 152,666</u>	<u>\$ 178</u>	<u>\$ 91,872</u>
<b>LIABILITIES</b>			
Due to Other Funds			\$ 60,681
Due to Student Groups			20,700
Flex Spending			422
Due to State of New Jersey	2,643		2,844
Accrued Salaries and Wages			423
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>6,802</u>
Total Liabilities	<u>2,643</u>	<u>-</u>	<u>\$ 91,872</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 150,023</u>	<u>\$ 178</u>	

**ALLENDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Plan Member	\$ 13,611	-
Total Contributions	<u>13,611</u>	<u>-</u>
Investment Earnings		
Interest	533	-
Net Investment Earnings	<u>533</u>	<u>-</u>
Total Additions	<u>14,144</u>	<u>-</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	27,393	
Scholarships Awarded	<u>-</u>	<u>-</u>
Total Deductions	<u>27,393</u>	<u>-</u>
Change in Net Position	(13,249)	-
Net Position, Beginning of Year	<u>163,272</u>	\$ 178
Net Position, End of Year	<u>\$ 150,023</u>	<u>\$ 178</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Allendale Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Allendale Board of Education this includes general operations, food service, student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.



ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, rental fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	7-50
Furniture, Equipment and Vehicles	5-20

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

***8. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

*Maintenance Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2D).

ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On November 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,854,498. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$198,468 from the general fund on July 26, 2017, respectively.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Beginning Balance, July 1, 2017		\$ 5,489,669
Increases		
Interest Earnings	\$ 43,744	
Deposits Approved by Board Resolution	475,000	
Transfer of Unexpended Budgeted Transfer to Capital Projects Fund	19,370	
Transfer of Unexpended Project Balances from Capital Projects Fund	<u>260,509</u>	
		<u>798,623</u>
		6,288,292
Withdrawals		
Approved in District Budget	<u>707,400</u>	
		<u>707,400</u>
Ending Balance, June 30, 2018		<u>\$ 5,580,892</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$720,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Beginning Balance, July 1, 2017	\$ 961,836
Increases	
Deposits Approved by Board Resolution	125,000
	<u>1,086,836</u>
Withdrawals	
Approved in District Budget	125,000
	<u>125,000</u>
Ending Balance, June 30, 2018	<u>\$ 961,836</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$836,836. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

The District's 2018/2019 budget includes a withdrawal from the maintenance reserve account of \$125,000 to reduce the balance to the maximum permitted.

**D. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2018 is as follows:

Beginning Balance, July 1, 2017	\$ 130,000
Ending Balance, June 30, 2018	<u>\$ 130,000</u>

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Transfers to Capital Outlay**

During the 2017/2018 school year, the district transferred \$137,468 to the non-equipment capital outlay accounts. The transfer was made through the appropriation of fund balance to supplement a capital project previously approved by the voters.

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 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, 2018 is \$3,091,739. Of this amount, \$1,590,298 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,501,441 will be appropriated in the 2019/2020 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,579,437 and bank and brokerage firm balances of the Board's deposits amounted to \$5,971,015. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>5,971,015</u>

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

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 Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balance was not exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had the following investments:

	<b><u>Fair Value</u></b>
<b><u>Investment Type:</u></b>	
U.S. Government Securities	
New Jersey ARM (Cash Equivalent)	\$ <u>3,865,727</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2018, \$3,865,727 of the Board’s investments was exposed to custodial credit risk as follows:

	<b><u>Fair Value</u></b>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ <u>3,865,727</u>

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2018 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Property Taxes	\$ 1,239,796		\$ 1,239,796
Accounts	14,436		14,436
Intergovernmental Federal	-	\$ 14,326	14,326
Gross Receivables	1,254,232	14,326	1,268,558
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 1,254,232</u>	<u>\$ 14,326</u>	<u>\$ 1,268,558</u>

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	18,602
Grant Draw Downs Reserved for Encumbrances		<u>2,476</u>
 Total Unearned Revenue for Governmental Funds	\$	<u>21,078</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, <u>July 1, 2017</u> <b>(Restated)</b>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in Progress	-	\$ 579,728	-	\$ 579,728
Total capital assets not being depreciated	<u>-</u>	<u>579,728</u>	<u>-</u>	<u>579,728</u>
Capital assets, being depreciated:				
Buildings and Improvements	\$ 21,009,154	519,457		21,528,611
Machinery and Equipment	1,644,962	7,758	\$ (9,176)	<u>1,643,544</u>
Total capital assets being depreciated	<u>22,870,763</u>	<u>527,215</u>	<u>(9,176)</u>	<u>23,172,155</u>
Less accumulated depreciation for:				
Buildings and Improvements	(8,273,233)	(578,212)		(8,851,445)
Furniture, Equipment and Vehicles	(687,872)	(19,897)	9,176	<u>(698,593)</u>
Total accumulated depreciation	<u>(8,961,105)</u>	<u>(598,109)</u>	<u>9,176</u>	<u>(9,550,038)</u>
Total capital assets, being depreciated, net	<u>13,909,658</u>	<u>(70,894)</u>	<u>-</u>	<u>13,622,117</u>
Governmental activities capital assets, net	<u>\$ 13,909,658</u>	<u>\$ 508,834</u>	<u>\$ -</u>	<u>\$ 14,201,845</u>

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 197,735	\$ 6,245	-	\$ 203,980
Total capital assets being depreciated	<u>197,735</u>	<u>6,245</u>	<u>-</u>	<u>203,980</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(105,398)</u>	<u>(14,549)</u>	<u>-</u>	<u>(119,947)</u>
Total accumulated depreciation	<u>(105,398)</u>	<u>(14,549)</u>	<u>-</u>	<u>(119,947)</u>
Total capital assets, being depreciated, net	<u>92,337</u>	<u>(8,304)</u>	<u>-</u>	<u>84,033</u>
Business-type activities capital assets, net	<u>\$ 92,337</u>	<u>\$ (8,304)</u>	<u>\$ -</u>	<u>\$ 84,033</u>



**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental activities:**

Instruction

Regular	\$ 303,781
Special Education	41,559
Other Instruction	28,120
School-Sponsored/Activities and Athletics	<u>5,335</u>

Total Instruction	<u>378,795</u>
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Support Services

Student and Instruction Related Services	84,323
Health Services	9,846
Attendance and Social Work	2,427
Educational Media	6,988
General Administrative Services	16,938
School Administrative Services	33,475
Plant Operations and Maintenance	47,929
Central Services	<u>17,388</u>

Total Support Services	<u>219,314</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 598,109</u>
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**Business-type activities:**

Food Service Fund	<u>\$ 14,549</u>
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**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Hillside School Paving Improvement Project	\$ <u>177,600</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 246,166
General Fund	Payroll Agency Fund	1,877
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>58,804</u>
Total		<u>\$ 306,847</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

The District expects all interfund balances to be liquidated within one year.

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out: Capital Projects Fund	\$ <u>441,840</u>	\$ <u>2,975</u>	\$ <u>444,815</u>
	<u>\$ 441,840</u>	<u>\$ 2,975</u>	<u>\$ 444,815</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund, and the return of unspent financing sources to their originating fund.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Capital Leases and Lease Purchase Agreements**

The District is leasing copiers totaling \$172,166 under capital leases. The leases are for terms of 3 years. In addition, the District entered into a lease purchase agreement totaling \$201,600 for the purchase of chromebooks. The lease term is for 4 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ <u>172,166</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Fiscal <u>Year Ending June 30</u>	Governmental <u>Activities</u>		
	<u>Capital Leases</u>	<u>Lease-Purchase Agreements</u>	<u>Total</u>
2019	\$ 18,894	\$ 51,678	\$ 70,572
Total minimum lease payments	18,894	51,678	70,572
Less: amount representing interest	<u>(203)</u>	<u>(861)</u>	<u>(1,064)</u>
Present value of minimum lease payments	<u>\$ 18,691</u>	<u>\$ 50,817</u>	<u>\$ 69,508</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$586,000, 2012 Bonds, due in annual installments of \$64,000 to \$70,000 through March 1, 2022, interest at 2.358% to 3.109%	\$ 267,000
\$2,940,000, 2014 Refunding Bonds, due in annual installments of \$260,000 to \$350,000 through March 15, 2026, interest at 3.00% to 5.00%	<u>2,425,000</u>
	<u>\$ 2,692,000</u>

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 324,000	\$ 99,798	\$ 423,798
2020	336,000	87,889	423,889
2021	352,000	78,034	430,034
2022	365,000	64,651	429,651
2023	310,000	50,675	360,675
2024-2026	<u>1,005,000</u>	<u>71,400</u>	<u>1,076,400</u>
	<u>\$ 2,692,000</u>	<u>\$ 452,447</u>	<u>\$ 3,144,447</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 51,957,992
Less: Net Debt	<u>2,425,000</u>
Remaining Borrowing Power	<u>\$ 49,532,992</u>

ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Serial Bonds	\$ 3,010,000		\$ 318,000	\$ 2,692,000	\$ 324,000
Deferred Amounts					
Add: Original issue Premium	<u>227,950</u>	-	<u>42,552</u>	<u>185,398</u>	-
Total Bonds Payable	3,237,950	-	360,552	2,877,398	324,000
Capital Leases	55,047		36,356	18,691	18,691
Lease-Purchase Agreements	100,786		49,969	50,817	50,817
Compensated Absences Payable	355,359	\$ 40,701	12,565	383,495	6,165
Net Pension Liability	<u>5,988,698</u>	-	<u>1,127,311</u>	<u>4,861,387</u>	-
Governmental activity					
Long-term liabilities	<u>\$ 9,737,840</u>	<u>\$ 40,701</u>	<u>\$ 1,586,753</u>	<u>\$ 8,191,788</u>	<u>\$ 399,673</u>

For the governmental activities, the liabilities for compensated absences, capital leases, lease purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against property, liability, student activity, worker's compensation claims, and surety bond claims.

The relationship between the Board and the group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the group, to report claims on a timely basis, cooperate with the management of the group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the group. Members have a contractual obligation to fund any deficit of the group attributable to a membership year during which they were a member.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the group are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 13,611	\$ 27,393	\$ 150,023
2017		24,485	4,230	163,272
2016		27,541	16,181	142,560

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – 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. PERS is a cost sharing multiple employer defined benefit pension plan.

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

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – 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 certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

The following represent the membership tiers for TPAF:

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).



**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 193,465	\$ 989,716	\$ 5,229
2017	179,635	714,852	3,430
2016	168,854	509,352	4,091

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$4,819 and \$1,814, respectively for PERS and the State contributed \$1,075 and \$1,166, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$480,211 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$4,861,387 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .02088 percent, which was an increase of .00066 percent from its proportionate share measured as of June 30, 2016 of .02022 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$326,191 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 114,469	
Changes of Assumptions	979,402	\$ 975,811
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	33,103	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>303,861</u>	<u>274,810</u>
Total	<u>\$ 1,430,835</u>	<u>\$ 1,250,621</u>

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 88,584
2020	139,964
2021	130,473
2022	(93,566)
2023	<u>(85,241)</u>
	<u>\$ 180,214</u>

***Actuarial Assumptions***

The District’s total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,030,881</u>	<u>\$ 4,861,387</u>	<u>\$ 3,887,054</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability at June 30, 2017. A sensitivity analysis specific to the District’s net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,968,435 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$42,850,052. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .06355 percent, which was a decrease of .00007 percent from its proportionate share measured as of June 30, 2016 of .06362 percent.



**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S.Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

**Period of Projected Benefit**

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 50,907,206</u>	<u>\$ 42,850,052</u>	<u>\$ 36,212,534</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>366,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$639,236, \$595,634 and \$606,498, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,823,803. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$30,140,836. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .05619 percent, which was a decrease of .00005 percent from its proportionate share measured as of June 30, 2016 of .05624 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

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



**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 32,525,665
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,285,411
Interest on the Total OPEB Liability	955,797
Changes of Assumptions	(3,982,040)
Gross Benefit Payments	(668,617)
Contributions from the Member	24,620
<b>Net Changes</b>	<b>\$ (2,384,829)</b>
Balance, June 30, 2017 Measurement Date	\$ 30,140,836

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 35,779,347	\$ 30,140,836	\$ 25,668,316

**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 24,787,924	\$ 30,140,836	\$ 37,249,440

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Allendale Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**NOTE 5 RESTATEMENT**

The financial statements as of June 30, 2016 of the governmental activities have been adjusted to reflect an updated inventory of the District's capital assets. The effort of this restatement results in a net decrease of \$216,647 in governmental activities capital assets with a corresponding decrease in the net investment in capital assets component of net position at June 30, 2016.

In the District-wide financial statements, the above restatement increases to the net position of governmental activities at June 30, 2016 from \$16,284,688 as originally reported to \$16,068,041.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 15,181,155		\$ 15,181,155	\$ 15,181,155	
Tuition from Individuals	52,000		52,000	96,711	\$ 44,711
Rentals	42,980		42,980	46,696	3,716
Interest Earned on Current Expense Emergency Reserve	110		110		(110)
Interest Earned on Maintenance Reserve	665		665		(665)
Interest Earned on Capital Reserve	6,000		6,000	43,744	37,744
Interest				28,114	28,114
Miscellaneous	43,000	-	43,000	33,837	(9,163)
<b>Total Local Sources</b>	<b>15,325,910</b>	<b>-</b>	<b>15,325,910</b>	<b>15,430,257</b>	<b>104,347</b>
State Sources					
Special Education Aid	300,801	\$ 35,734	336,535	336,535	
Transportation Aid	4,875		4,875	4,875	
Security Aid	14,669		14,669	14,669	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	8,485		8,485	8,485	
Per Pupil Growth Aid	8,485		8,485	8,485	
Professional Learning Community Aid	8,880		8,880	8,880	
Host District Support Aid	451		451	451	
Extraordinary Aid				183,193	183,193
Lead Testing for Schools Aid				2,748	2,748
On-behalf TPAF Payments - (Non-Budget)					
Pension Contribution				966,267	966,267
NCGI Premium				23,449	23,449
Post Retirement Medical Benefits				639,236	639,236
Long-Term Disability Insurance Premium				1,075	1,075
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	480,211	480,211
<b>Total State Sources</b>	<b>346,647</b>	<b>35,734</b>	<b>382,381</b>	<b>2,678,560</b>	<b>2,296,179</b>
<b>Total Revenues</b>	<b>15,672,557</b>	<b>35,734</b>	<b>15,708,291</b>	<b>18,108,817</b>	<b>2,400,526</b>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	299,100	8,750	307,850	304,357	3,493
Grades 1-5	2,394,689	15,284	2,409,973	2,312,661	97,312
Grades 6-8	2,360,324	(127,795)	2,232,529	2,105,941	126,588
Regular Programs - Home Instruction					
Salaries of Teachers	8,000	-	8,000	-	8,000
Purchased Professional-Educational Services	3,850	-	3,850	1,910	1,940
Regular Programs - Undistributed Instruction					
Purchased Technical Services	124,968	-	124,968	105,176	19,792
Other Purchased Services	312,192	(3,325)	308,867	260,465	48,402
General Supplies	342,188	119,010	461,198	285,605	175,593
Textbooks	35,000	(11,300)	23,700	168	23,532
Other Objects	6,479	-	6,479	3,462	3,017
<b>Total Regular Programs</b>	<b>5,886,790</b>	<b>624</b>	<b>5,887,414</b>	<b>5,379,745</b>	<b>507,669</b>
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	583,462	10,000	593,462	588,897	4,565
General Supplies	3,800	-	3,800	2,177	1,623
Textbooks	200	-	200	-	200
<b>Total Resource Room/Resource Center</b>	<b>587,462</b>	<b>10,000</b>	<b>597,462</b>	<b>591,074</b>	<b>6,388</b>

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 56,020	\$ 1,215	\$ 57,235	\$ 57,235	-
General Supplies	3,200	-	3,200	1,089	\$ 2,111
Total Preschool Disabilities - Part-Time	59,220	1,215	60,435	58,324	2,111
Total Special Education	646,682	11,215	657,897	649,398	8,499
Basic Skills/Remedial					
Salaries of Teachers	348,214	49,250	397,464	396,785	679
General Supplies	3,720	-	3,720	2,207	1,513
Total Basic Skills/Remedial	351,934	49,250	401,184	398,992	2,192
Bilingual Education					
Salaries of Teachers	39,073	1,330	40,403	40,403	-
General Supplies	500	10	510	119	391
Total Bilingual Education	39,573	1,340	40,913	40,522	391
School Sponsored Co/Extra Cocurricular Activities					
Salaries	49,830	(500)	49,330	32,425	16,905
Supplies and Materials	7,275	500	7,775	7,420	355
Total School Sponsored Co/Extra Cocurricular Activities	57,105	-	57,105	39,845	17,260
School Sponsored Athletics					
Salaries	52,280	-	52,280	50,525	1,755
Purchased Services	7,682	-	7,682	7,401	281
Supplies and Materials	17,645	-	17,645	3,852	13,793
Total School Sponsored Athletics	77,607	-	77,607	61,778	15,829
Total Instruction	7,059,691	62,429	7,122,120	6,570,280	551,840
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State - Special	76,000	7,000	83,000	64,270	18,730
Tuition to CSSD & Regional Day Schools	196,800	(103,000)	93,800	77,481	16,319
Tuition to Priv. Sch. for the Disabled Within the State	447,596	(44,000)	403,596	326,739	76,857
Total Undistributed Expenditures - Instruction	720,396	(140,000)	580,396	468,490	111,906
Attendance & Social Work					
Salaries	37,836	-	37,836	37,726	110
Total Attendance & Social Work	37,836	-	37,836	37,726	110

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Health Services					
Salaries	\$ 153,650	\$ 750	\$ 154,400	\$ 153,072	\$ 1,328
Salaries of Social Services Coordinator	10,000	(10,000)			-
Purchased Professional and Technical Svcs.	-	10,000	10,000	7,037	2,963
Other Purchased Services	260	500	760	170	590
Supplies and Materials	10,452	2,698	13,150	10,396	2,754
Other Objects	150	-	150	-	150
Total Health Services	<u>174,512</u>	<u>3,948</u>	<u>178,460</u>	<u>170,675</u>	<u>7,785</u>
Speech, OT, PT & Related Services					
Salaries	207,755	-	207,755	176,130	31,625
Purchased Professional Educational Services	128,000	13,000	141,000	79,494	61,506
Supplies and Materials	2,400	-	2,400	1,942	458
Total Speech, OT, PT & Related Services	<u>338,155</u>	<u>13,000</u>	<u>351,155</u>	<u>257,566</u>	<u>93,589</u>
Other Support Serv. Students - Extra Serv.					
Salaries	468,950	3,000	471,950	407,408	64,542
Purchased Professional Educational Services	4,000	128,000	132,000	121,066	10,934
Supplies and Materials	4,000	(2,000)	2,000	-	2,000
Total Other Support Serv. Students - Extra Serv.	<u>476,950</u>	<u>129,000</u>	<u>605,950</u>	<u>528,474</u>	<u>77,476</u>
Guidance					
Salaries of Other Professional Staff	156,460	4,500	160,960	160,675	285
Purchased Professional-Educational Services	3,600	-	3,600	3,506	94
Other Purchased Prof. and Tech. Services	3,500	2,500	6,000	1,419	4,581
Supplies and Materials	3,400	-	3,400	309	3,091
Total Guidance	<u>166,960</u>	<u>7,000</u>	<u>173,960</u>	<u>165,909</u>	<u>8,051</u>
Child Study Teams					
Salaries of Other Professional Staff	284,980	(59,850)	225,130	223,119	2,011
Salaries of Secretarial and Clerical Assistants	49,029	1,650	50,679	50,676	3
Purchased Professional - Educational Services	53,000	88,500	141,500	79,922	61,578
Other Purchased Professional and Technical Services	8,800	-	8,800	3,750	5,050
Other Purchased Services	5,035	500	5,535	5,519	16
Supplies and Materials	12,000	(625)	11,375	4,867	6,508
Other Objects	1,300	(150)	1,150	289	861
Total Child Study Teams	<u>414,144</u>	<u>30,025</u>	<u>444,169</u>	<u>368,142</u>	<u>76,027</u>
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	126,523	500	127,023	126,783	240
Salaries of Other Professional Staff	132,343	(500)	131,843	120,953	10,890
Salaries of Secretarial and Clerical Assistants	22,451	-	22,451	22,375	76
Purchased Professional - Educational Services	90,600	(2,500)	88,100	82,907	5,193
Other Purchased Services	13,400	6,000	19,400	14,872	4,528
Supplies and Materials		3,000	3,000	899	2,101
Other Objects	4,720	(2,000)	2,720	238	2,482
Total Improvement of Inst. Serv.	<u>390,037</u>	<u>4,500</u>	<u>394,537</u>	<u>369,027</u>	<u>25,510</u>

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Educational Media Services/School Library					
Salaries	\$ 147,410	\$ 500	\$ 147,910	\$ 108,648	\$ 39,262
Purchased Professional and Technical Services	5,000	(1,500)	3,500	-	3,500
Other Purchased Services	15,708	3,650	19,358	6,415	12,943
Supplies and Materials	12,022	-	12,022	5,747	6,275
Other Objects	500	-	500	-	500
	<u>180,640</u>	<u>2,650</u>	<u>183,290</u>	<u>120,810</u>	<u>62,480</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	20,300	5,450	25,750	22,877	2,873
Other Purchased Services	3,500	-	3,500	1,718	1,782
Supplies and Materials	300	-	300	163	137
	<u>24,100</u>	<u>5,450</u>	<u>29,550</u>	<u>24,758</u>	<u>4,792</u>
Support Services General Administration					
Salaries	267,012	-	267,012	263,336	3,676
Legal Services	71,325	(7,000)	64,325	48,982	15,343
Audit Fees	30,000	25,750	55,750	26,823	28,927
Architectural/Engineering Services	20,000	2,915	22,915	5,302	17,613
Other Purchased Professional Services	22,150	-	22,150	14,283	7,867
Communications/Telephone	40,100	2,250	42,350	25,580	16,770
BOE Other Purchased Services	2,600	-	2,600	2,009	591
Miscellaneous Purchased Services	24,364	325	24,689	22,981	1,708
General Supplies	4,000	-	4,000	1,099	2,901
Miscellaneous Expenditures	4,800	-	4,800	3,776	1,024
BOE Membership Dues and Fees	12,605	7,000	19,605	16,313	3,292
	<u>498,956</u>	<u>31,240</u>	<u>530,196</u>	<u>430,484</u>	<u>99,712</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	323,738	-	323,738	323,738	-
Salaries of Secretarial and Clerical Assistants	200,112	-	200,112	196,707	3,405
Other Purchased Services	4,000	(200)	3,800	2,177	1,623
Supplies and Materials	9,780	(200)	9,580	3,302	6,278
Other Objects	7,615	400	8,015	5,540	2,475
	<u>545,245</u>	<u>-</u>	<u>545,245</u>	<u>531,464</u>	<u>13,781</u>
Support Services Central Services					
Salaries	299,022	-	299,022	270,338	28,684
Miscellaneous Purchased services	26,800	-	26,800	22,845	3,955
Supplies and Materials	6,000	2,500	8,500	7,929	571
Miscellaneous Expenditures	4,300	-	4,300	2,040	2,260
	<u>336,122</u>	<u>2,500</u>	<u>338,622</u>	<u>303,152</u>	<u>35,470</u>
Admin. Info. Technology					
Purchased Technical Services	73,000	(3,000)	70,000	68,104	1,896
Supplies and Materials	8,000	(1,000)	7,000	5,591	1,409
Other Objects	750	-	750	-	750
	<u>81,750</u>	<u>(4,000)</u>	<u>77,750</u>	<u>73,695</u>	<u>4,055</u>



**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Custodial Services					
Salaries	\$ 435,870	-	\$ 435,870	\$ 395,497	\$ 40,373
Salaries of Non-Instructional Aides	149,420	\$ (38,000)	111,420	95,372	16,048
Purchased Professional and Technical Services	6,000	(1,000)	5,000	2,366	2,634
Cleaning, Repair and Maintenance Services	60,000	(10,000)	50,000	40,818	9,182
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	2,300	-	2,300	635	1,665
Other Purchased Property Services	36,300	1,000	37,300	30,590	6,710
Insurance	81,632	(1,800)	79,832	79,247	585
Miscellaneous Purchased Services	12,500	15,834	28,334	26,356	1,978
General Supplies	43,000	8,770	51,770	44,620	7,150
Energy (Natural Gas)	125,000	(24,500)	100,500	67,083	33,417
Energy (Electricity)	165,000	(6,000)	159,000	148,546	10,454
Other Objects	800	-	800	674	126
<b>Total Custodial Services</b>	<b>1,117,822</b>	<b>(55,696)</b>	<b>1,062,126</b>	<b>931,804</b>	<b>130,322</b>
Required Maintenance for School Facilities					
Salaries	210,432	-	210,432	199,632	10,800
Cleaning, Repair and Maintenance Services	230,000	983	230,983	150,806	80,177
General Supplies	39,000	(2,000)	37,000	12,150	24,850
<b>Total Required Maintenance for School Fac.</b>	<b>479,432</b>	<b>(1,017)</b>	<b>478,415</b>	<b>362,588</b>	<b>115,827</b>
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	63,760	60,000	123,760	117,996	5,764
Cleaning, Repair and Maintenance Services	500	4,500	5,000	4,424	576
General Supplies	4,800	-	4,800	951	3,849
<b>Total Care and Upkeep of Grounds</b>	<b>69,060</b>	<b>64,500</b>	<b>133,560</b>	<b>123,371</b>	<b>10,189</b>
Security					
Salaries	52,500	3,000	55,500	54,665	835
Purchased Professional and Technical Services	6,600	26,600	33,200	29,119	4,081
Cleaning, Repair and Maintenance Services	8,000	(5,000)	3,000	-	3,000
General Supplies	5,800	-	5,800	2,333	3,467
<b>Total Security</b>	<b>72,900</b>	<b>24,600</b>	<b>97,500</b>	<b>86,117</b>	<b>11,383</b>
Student Transportation Services					
Contracted Services (Other Than Between Home and School) - Vendors	26,000	(12,000)	14,000	12,783	1,217
Contracted Services - (Spl. Ed. Students) - Vendors	8,000	(8,000)	-	-	-
Contracted Services - (Spl. Ed. Students) - Joint Agreements	122,855	17,000	139,855	138,720	1,135
<b>Total Student Transportation Services</b>	<b>156,855</b>	<b>(3,000)</b>	<b>153,855</b>	<b>151,503</b>	<b>2,352</b>
Unallocated Benefits - Employee Benefits					
Group Insurance	3,000	-	3,000	-	3,000
Social Security Contributions	189,000	-	189,000	162,515	26,485
Other Retirement Contributions - PERS	192,000	7,000	199,000	198,284	716
Other Retirement Contributions - Regular	6,500	-	6,500	5,229	1,271
Unemployment Compensation	10,000	-	10,000	-	10,000
Workmen's Compensation	85,500	(7,000)	78,500	59,987	18,513
Health Benefits	2,769,649	85,000	2,854,649	2,442,971	411,678
Tuition Reimbursement	70,900	-	70,900	55,310	15,590
Other Employee Benefits	174,150	(149,500)	24,650	22,610	2,040
Unused Sick Payment to Terminated/Retired Staff	-	64,500	64,500	37,450	27,050
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>3,500,699</b>	<b>-</b>	<b>3,500,699</b>	<b>2,984,356</b>	<b>516,343</b>

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
On-behalf TPAF Payments - (Non-Budget)					
Pension Contribution				\$ 966,267	\$ (966,267)
NCGI Premium				23,449	(23,449)
Post Retirement Medical Benefits				639,236	(639,236)
Long-Term Disability Insurance Premium				1,075	(1,075)
Reimbursed TPAF Social Security Payments	-	-	-	480,211	(480,211)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Undistributed Expenditures	\$ 9,782,571	\$ 114,700	\$ 9,897,271	10,600,349	(703,078)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures - Current Expenditures	16,842,262	177,129	17,019,391	17,170,629	(151,238)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>CAPITAL OUTLAY</b>					
Undistributed Expenditures					
Instruction					
Equipment	148,000	(20,000)	128,000	112,033	15,967
Required Maintenance for School Facility - Equipment	7,000	1,000	8,000	7,758	242
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Equipment	155,000	(19,000)	136,000	119,791	16,209
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services	43,000	71,000	114,000	104,354	9,646
Other Purchased Professional and Technical Services	-	4,585	4,585	4,585	-
Construction Services	300,000	774,498	1,074,498	896,625	177,873
Other Objects	88	-	88	87	1
Assessment for Debt Service on SDA Funding	23,293	-	23,293	23,293	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Facilities Acquisition and Constr. Serv.	366,381	850,083	1,216,464	1,028,944	187,520
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Increase in Maintenance Reserve	665	-	665	-	665
Increase in Current Expense Emergency Reserve	110	-	110	-	110
Increase in Capital Reserve	6,000	-	6,000	-	6,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Capital Outlay	528,156	831,083	1,359,239	1,148,735	210,504
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Transfer of Funds to Charter School	18,273	18,300	36,573	36,546	27
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	17,388,691	1,026,512	18,415,203	18,355,910	59,293
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,716,134)	(990,778)	(2,706,912)	(247,093)	2,459,819
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other Financing Sources (Uses)					
Transfer from Capital Reserve to Capital Projects	(707,400)	688,030	(19,370)	-	19,370
Transfer In - Capital Projects Fund	-	-	-	441,840	441,840
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	(707,400)	688,030	(19,370)	441,840	461,210
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(2,423,534)	(302,748)	(2,726,282)	194,747	2,921,029
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance, Beginning of Year	10,364,068	-	10,364,068	10,364,068	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance, End of Year	\$ 7,940,534	\$ (302,748)	\$ 7,637,786	\$ 10,558,815	\$ 2,921,029
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Restricted :		
Excess Surplus	\$	1,501,441
Excess Surplus - Designated for Subsequent Year's Expenditures		1,590,298
Maintenance Reserve		836,836
Maintenance Reserve - Designated for Subsequent Year's Expenditures		125,000
Capital Reserve		4,860,892
Capital Reserve - Designated for Subsequent Year's Expenditures		720,000
Emergency Reserve		130,000
Committed		
Year-end Encumbrances		177,600
Assigned		
Year-end Encumbrances		108,642
Unassigned		<u>508,106</u>
		<u>\$ 10,558,815</u>
		10,558,815
Reconciliation to Governmental Funds Statements (GAAP):		
Less: Extraordinary Aid Payment Not Recognized on GAAP Basis		183,193
State Aid Payment Not Recognized on GAAP Basis		<u>29,688</u>
		<u>212,881</u>
Fund Balance Per Governmental Funds (GAAP)		<u>\$ 10,345,934</u>

**ALLENDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 9,300	\$ 9,300	\$ 4,881	\$ (4,419)
Federal	\$ 171,630	130,656	302,286	293,555	(8,731)
Total Revenues	171,630	139,956	311,586	298,436	(13,150)
<b>EXPENDITURES</b>					
Instruction					
Salaries	14,000	-	14,000	13,675	325
Other Purchased Services		2,399	2,399	2,399	-
Tuition	144,556	39,920	184,476	184,150	326
General Supplies	4,068	76,309	80,377	70,937	9,440
Total Instruction	162,624	118,628	281,252	271,161	10,091
Support Services					
Salaries		769	769	700	69
Purchased Professional and Technical Services	9,006	19,308	28,314	25,987	2,327
Other Purchased Services		1,100	1,100	588	512
General Supplies	-	151	151	-	151
Total Support Services	9,006	21,328	30,334	27,275	3,059
Total Expenditures	171,630	139,956	311,586	298,436	13,150
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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

**ALLENDALE BOARD OF EDUCATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 18,108,817	C-2	\$ 298,436
<b>Difference- Budget to GAAP</b>			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances June 30, 2017			8,434
Encumbrances June 30, 2018			(2,476)
State Aid payment and Extraordinary aid (2016/2017) recognized for GAAP purposes, not recognized for budgetary statements.	224,677		
State Aid Payment and Extraordinary aid (2017/20178 recognized for budgetary purposes, not recognized for GAAP statements	<u>(212,881)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>18,120,613</u>	B-2	\$ <u>304,394</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 18,355,910	C-2	\$ 298,436
<b>Difference - Budget to GAAP:</b>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances June 30, 2017			8,434
Encumbrances June 30, 2018	<u>-</u>		<u>(2,476)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>18,355,910</u>	B-2	\$ <u>304,394</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02088%	0.02022%	0.01964%	0.01842%	0.02221%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,861,387	\$ 5,988,698	\$ 4,408,856	\$ 3,448,550	\$ 4,245,563
District's Covered-Employee Payroll	\$ 1,459,154	\$ 1,423,066	\$ 1,324,720	\$ 1,282,525	\$ 1,328,508
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	333.16%	420.83%	332.81%	268.89%	319.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.



**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 193,465	\$ 179,635	\$ 168,854	\$ 151,844	\$ 167,379
Contributions in Relation to the Contractually Required Contribution	<u>193,465</u>	<u>179,635</u>	<u>168,854</u>	<u>151,844</u>	<u>167,379</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$1,459,154	\$1,423,066	\$1,324,720	\$ 1,282,525	\$ 1,328,508
Contributions as a Percentage of Covered-Employee Payroll	13.26%	12.62%	12.75%	11.84%	12.60%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Four Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 42,850,052</u>	<u>\$ 50,046,103</u>	<u>\$ 39,856,506</u>	<u>\$ 32,251,468</u>	<u>\$ 29,492,809</u>
Total	<u>\$ 42,850,052</u>	<u>\$ 50,046,103</u>	<u>\$ 39,856,506</u>	<u>\$ 32,251,468</u>	<u>\$ 29,492,809</u>
District's Covered-Employee Payroll	\$ 7,027,642	\$ 6,654,718	\$ 6,404,960	\$ 6,380,317	\$ 6,028,199
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,285,411
Interest on Total OPEB Liability	955,797
Changes of Assumptions	(3,982,040)
Gross Benefit Payments	(668,617)
Contribution from the Member	24,620
<b>Net Change in Total OPEB Liability</b>	(2,384,829)
<b>Total OPEB Liability - Beginning</b>	32,525,665
<b>Total OPEB Liability - Ending</b>	\$ 30,140,836
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	30,140,836
Total OPEB Liability - Ending	\$ 30,140,836
District's Covered-Employee Payroll	\$ 8,486,796
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**ALLENDALE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**ALLENDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>I.D.E.A. Part B</b>								
	<u>Basic</u>	<u>Preschool</u>	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>Local</u>	<u>Total</u>	
<b>REVENUES</b>									
Intergovernmental									
Local							\$ 4,881	\$ 4,881	
Federal	\$ 168,471	\$ 15,679	\$ 31,006	\$ 11,112	\$ 58,287	\$ 9,000	-	293,555	
<b>Total Revenues</b>	<u>\$ 168,471</u>	<u>\$ 15,679</u>	<u>\$ 31,006</u>	<u>\$ 11,112</u>	<u>\$ 58,287</u>	<u>\$ 9,000</u>	<u>\$ 4,881</u>	<u>\$ 298,436</u>	
<b>EXPENDITURES</b>									
Instruction									
Salaries			\$ 13,675					\$ 13,675	
Other Purchased Services							\$ 2,399	2,399	
Tuition	\$ 168,471	\$ 15,679						184,150	
General Supplies	-	-	16,743	-	\$ 51,712	-	2,482	70,937	
<b>Total Instruction</b>	<u>168,471</u>	<u>15,679</u>	<u>30,418</u>	<u>-</u>	<u>51,712</u>	<u>-</u>	<u>4,881</u>	<u>271,161</u>	
Support Services									
Salaries					700			700	
Purchased Professional and Technical Services				\$ 11,112	5,875	\$ 9,000		25,987	
Other Purchased Services	-	-	588	-	-	-	-	588	
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>588</u>	<u>11,112</u>	<u>6,575</u>	<u>9,000</u>	<u>-</u>	<u>27,275</u>	
<b>Total Expenditures</b>	<u>\$ 168,471</u>	<u>\$ 15,679</u>	<u>\$ 31,006</u>	<u>\$ 11,112</u>	<u>\$ 58,287</u>	<u>\$ 9,000</u>	<u>\$ 4,881</u>	<u>\$ 298,436</u>	



**ALLENDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Hillside - Replace Unit Ventilators w/New HVAC Classroom- 15/16	\$ 442,800	\$ 321,122		\$ 121,678	
Hillside - Replace Unit Ventilators w/New AC Classroom- 15/16	442,800	173,000		269,800	
Hillside - HVAC Rooftop Units 1-3- 16/17	360,000	178,669		181,331	
Brookside - Library Media Center Upgrades- 16/17	<u>150,295</u>	<u>146,530</u>	<u>-</u>	<u>3,765</u>	<u>-</u>
	<u>\$ 1,395,895</u>	<u>\$ 819,321</u>	<u>\$ -</u>	<u>\$ 576,574</u>	<u>\$ -</u>
			Grants Receivable	\$ 134,734	
			Capital Reserve	260,509	
			Capital Outlay	<u>181,331</u>	
				<u>\$ 576,574</u>	

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Revenues and Other Financing Sources**

Revenues	
Interest	\$ <u>2,975</u>
 Total Revenues and Other Financing Sources	 <u>2,975</u>

**Expenditures and Other Financing Uses**

Other Financing Uses	
Transfer to General Fund - Capital Reserve	260,509
Transfer to General Fund - Capital Outlay	181,331
Prior Year SDA Receivable Cancelled	134,734
Transfer Out to Debt Service Fund	<u>2,975</u>
 Total Expenditures and Other Financing Uses	 <u>579,549</u>

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(576,574)
 Fund Balance- Beginning of Year - Budgetary Basis	 <u>576,574</u>
 Fund Balance- End of Year - Budgetary Basis	 <u>\$ -</u>

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HILLSIDE REPLACE UNIT VENTILATORS WITH NEW HVAC IN CLASSROOMS 12-13, 23, 26-32  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year/ (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 177,120	\$ (37,710)	\$ 139,410	\$ 177,120
Transfer from Capital Reserve Local Contribution	<u>265,680</u>	<u>-</u>	<u>265,680</u>	<u>265,680</u>
 Total Revenues and Other Financing Sources	 <u>442,800</u>	 <u>(37,710)</u>	 <u>405,090</u>	 <u>442,800</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	321,122		321,122	442,800
Transfer to General Fund	<u>-</u>	<u>83,968</u>	<u>83,968</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>321,122</u>	 <u>83,968</u>	 <u>405,090</u>	 <u>442,800</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 121,678</u>	 <u>\$ (121,678)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional project information:**

SDA Project Number	SDA #0040-010-14-G1CI
Grant Number	G5-4814
Grant Date	July 1, 2015
Original Authorized Cost	\$ 442,800
Revised Authorized Cost	\$ 442,800

Percentage Completion	100.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HILLSIDE REPLACE UNIT VENTILATORS WITH NEW AC IN CLASSROOMS 14-16, 20-22  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year/ (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SDA Grant	\$ 177,120	\$ (97,024)	\$ 80,096	\$ 177,120
Transfer from Capital Reserve Local Contribution	265,680	-	265,680	265,680
	<u>442,800</u>	<u>(97,024)</u>	<u>345,776</u>	<u>442,800</u>
<b>Total Revenues and Other Financing Sources</b>				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	173,000		173,000	442,800
Transfer to General Fund	-	172,776	172,776	-
	<u>173,000</u>	<u>172,776</u>	<u>345,776</u>	<u>442,800</u>
<b>Total Expenditures and Other Financing Uses</b>				
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 269,800</u>	<u>\$ (269,800)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

SDA Project Number	SDA #0040-010-14-G1CH
Grant Number	G5-4813
Grant Date	July 1, 2015
Original Authorized Cost	\$ 442,800
Revised Authorized Cost	\$ 442,800

Percentage Completion	100.00%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HILLSIDE HVAC ROOFTOP UNITS 1-3  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year/ (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Outlay - Local Contribution	\$ 360,000	-	\$ 360,000	\$ 360,000
Total Revenues and Other Financing Sources	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>360,000</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Service	17,179		17,179	60,000
Construction Services	161,490		161,490	300,000
Transfer to General Fund	-	\$ 181,331	181,331	-
Total Expenditures and Other Financing Uses	<u>178,669</u>	<u>181,331</u>	<u>360,000</u>	<u>360,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 181,331</u>	<u>\$ (181,331)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

SDA Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Original Authorized Cost	\$ 360,000
Revised Authorized Cost	\$ 360,000
Percentage Completion	100.00%
Original Target Completion Date	June 2017
Revised Target Completion Date	June 2017

**ALLENDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BROOKSIDE LIBRARY MEDIA CENTER UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year/ (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve Local Contribution	\$ 150,295	-	\$ 150,295	\$ 150,295
Total Revenues and Other Financing Sources	<u>150,295</u>	<u>-</u>	<u>150,295</u>	<u>150,295</u>
<b>Expenditures and Other Financing Uses</b>				
Architectural/Engineering Service	10,984		10,984	10,950
Construction Services	127,802		127,802	131,550
Equipment	7,744		7,744	7,795
Transfer to General Fund	-	\$ 3,765	3,765	-
Total Expenditures and Other Financing Uses	<u>146,530</u>	<u>3,765</u>	<u>150,295</u>	<u>150,295</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,765</u>	<u>\$ (3,765)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
SDA Project Number	N/A			
Grant Number	N/A			
Grant Date	N/A			
Original Authorized Cost	\$ 150,295			
Revised Authorized Cost	\$ 150,295			
Percentage Completion	100.00%			
Original Target Completion Date	June 2017			
Revised Target Completion Date	June 2017			



**ENTERPRISE FUND**

**EXHIBIT G-1**

**ALLENDALE BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

**FINANCIAL STATEMENT IS PRESENTED ON B-4**

**EXHIBIT G-2**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**FINANCIAL STATEMENT IS PRESENTED ON B-5**

**EXHIBIT G-3**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**FINANCIAL STATEMENT IS PRESENTED ON B-6**

## **FIDUCIARY FUNDS**

**ALLENDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 20,700	\$ 71,172	\$ 91,872
Total Assets	<u>\$ 20,700</u>	<u>\$ 71,172</u>	<u>\$ 91,872</u>
<b>LIABILITIES</b>			
Due to Other Funds		\$ 60,681	\$ 60,681
Due to State of New Jersey		2,844	2,844
Flex Spending		422	422
Due to Student Groups	\$ 20,700		20,700
Accrued Salaries and Wages		423	423
Payroll Deductions and Withholdings	<u>-</u>	<u>6,802</u>	<u>6,802</u>
Total Liabilities	<u>\$ 20,700</u>	<u>\$ 71,172</u>	<u>\$ 91,872</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ALLENDALE BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
<b>ELEMENTARY AND MIDDLE SCHOOLS</b>				
Student Council	\$ 3,007	\$ 3,504	\$ 2,605	\$ 3,906
Brookside School	13,186	123,862	126,559	10,489
Hillside School	<u>3,482</u>	<u>20,004</u>	<u>17,181</u>	<u>6,305</u>
 Total All Schools	 <u>\$ 19,675</u>	 <u>\$ 147,370</u>	 <u>\$ 146,345</u>	 <u>\$ 20,700</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 12,304	\$ 4,653,576	\$ 4,659,078	\$ 6,802
Accrued Salaries and Wages	423	5,584,748	5,584,748	423
Flexible Spending	422	32,748	32,748	422
Due to State of New Jersey	2,873	2,844	2,873	2,844
Due to Other Funds	<u>46,299</u>	<u>14,382</u>	<u>-</u>	<u>60,681</u>
 Total	 <u>\$ 62,321</u>	 <u>\$ 10,288,298</u>	 <u>\$ 10,279,447</u>	 <u>\$ 71,172</u>

## **LONG-TERM DEBT**

**ALLENDALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Governmental Loan Revenue Bond Series 2012 ERIP Refunding - Through Bergen County Improvement Authority	5/17/2012	\$ 586,000	3/1/2019	\$ 64,000	2.358%	\$ .330,000		\$ 63,000	\$ 267,000
			3/1/2020	66,000	2.659%				
			3/1/2021	67,000	2.959%				
			3/1/2022	70,000	3.109%				
Refunding Bonds	11/20/2014	2,940,000	3/15/2019	260,000	4.000%	2,680,000	-	255,000	2,425,000
			3/15/2020	270,000	3.000%				
			3/15/2021	285,000	4.000%				
			3/15/2022	295,000	4.000%				
			3/15/2023	310,000	5.000%				
			3/15/2024	320,000	3.500%				
			3/15/2025	335,000	3.500%				
			3/15/2026	350,000	3.500%				
						<u>\$ 3,010,000</u>	<u>\$ -</u>	<u>\$ 318,000</u>	<u>\$ 2,692,000</u>

**ALLENDALE BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>REVENUES</b>	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Property Tax Levy	\$ 307,339		\$ 307,339	\$ 307,339	
State Sources	121,576	-	121,576	121,576	-
 Total Revenues	<u>428,915</u>	<u>-</u>	<u>428,915</u>	<u>428,915</u>	<u>-</u>
 <b>EXPENDITURES</b>					
Regular Debt Service					
Interest	111,326		111,326	111,326	
Principal	318,000	-	318,000	318,000	-
 Total Expenditures	<u>429,326</u>	<u>-</u>	<u>429,326</u>	<u>429,326</u>	<u>-</u>
 Other Financing Sources					
Transfers In	-	-	-	2,975	\$ 2,975
 Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,975</u>	<u>2,975</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(411)	-	(411)	2,564	2,975
 Fund Balance, Beginning of Year	<u>1,540</u>	<u>-</u>	<u>1,540</u>	<u>1,540</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ 4,104</u>	<u>\$ 2,975</u>
 <u>Recapitulation of Fund Balance</u>					
Restricted for Debt Service					
Designated for Subsequent Year's Budget				\$ 1,129	
Unassigned				<u>2,975</u>	
 Total Fund Balance Restricted for Debt Service				<u>\$ 4,104</u>	



**ALLENDALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
Capital Leases						
Copiers -2014	\$ 172,166	3.72%	\$ 55,047	-	\$ 36,356	\$ 18,691
			<u>\$ 55,047</u>	<u>\$ -</u>	<u>\$ 36,356</u>	<u>\$ 18,691</u>
Lease Purchase Agreements						
Chromebooks - 2016	\$ 201,600	1.69%	\$ 100,786	-	\$ 49,969	\$ 50,817
			<u>\$ 100,786</u>	<u>\$ -</u>	<u>\$ 49,969</u>	<u>\$ 50,817</u>

## STATISTICAL SECTION

This part of the Allendale Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**ALLENDALE BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Restated)	2018
Governmental activities										
Net Investment in capital assets	\$ 3,404,197	\$ 3,876,300	\$ 4,271,315	\$ 5,412,367	\$ 5,694,027	\$ 6,716,882	\$ 8,493,592	\$ 9,947,263	\$ 10,852,697	\$ 11,671,584
Restricted	1,503,639	3,101,631	3,580,419	3,960,019	4,651,906	5,232,234	5,542,225	6,381,497	6,894,885	6,546,832
Unrestricted	549,700	309,805	1,043,037	1,681,270	3,095,584	(815,805)	(743,034)	(1,356,441)	(1,679,541)	(1,608,696)
<b>Total governmental activities net position</b>	<b>\$ 5,457,536</b>	<b>\$ 7,287,736</b>	<b>\$ 8,894,771</b>	<b>\$ 11,053,656</b>	<b>\$ 13,441,517</b>	<b>\$ 11,133,311</b>	<b>\$ 13,292,783</b>	<b>\$ 14,972,319</b>	<b>\$ 16,068,041</b>	<b>\$ 16,609,720</b>
Business-type activities										
Net Investment in capital assets	\$ 18,106	\$ 27,049	\$ 61,560	\$ 60,099	\$ 56,120	\$ 49,252	\$ 64,699	\$ 103,186	\$ 92,337	\$ 84,033
Unrestricted	94,185	64,779	40,048	58,085	69,673	84,298	69,703	22,567	30,907	27,393
<b>Total business-type activities net position</b>	<b>\$ 112,291</b>	<b>\$ 91,828</b>	<b>\$ 101,608</b>	<b>\$ 118,184</b>	<b>\$ 125,793</b>	<b>\$ 133,550</b>	<b>\$ 134,402</b>	<b>\$ 125,753</b>	<b>\$ 123,244</b>	<b>\$ 111,426</b>
District-wide										
Net Investment in capital assets	\$ 3,422,303	\$ 3,903,349	\$ 4,332,875	\$ 5,472,466	\$ 5,750,147	\$ 6,766,134	\$ 8,558,291	\$ 10,050,449	\$ 10,945,034	\$ 11,755,617
Restricted	1,503,639	3,101,631	3,580,419	3,960,019	4,651,906	5,232,234	5,542,225	6,381,497	6,894,885	6,546,832
Unrestricted	643,885	374,584	1,083,085	1,739,355	3,165,257	(731,507)	(673,331)	(1,333,874)	(1,648,634)	(1,581,303)
<b>Total district net position</b>	<b>\$ 5,569,827</b>	<b>\$ 7,379,564</b>	<b>\$ 8,996,379</b>	<b>\$ 11,171,840</b>	<b>\$ 13,567,310</b>	<b>\$ 11,266,861</b>	<b>\$ 13,427,185</b>	<b>\$ 15,098,072</b>	<b>\$ 16,191,285</b>	<b>\$ 16,721,146</b>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**ALLENDALE BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 6,154,437	\$ 6,291,655	\$ 6,035,330	\$ 6,248,750	\$ 6,374,529	\$ 6,697,974	\$ 7,579,645	\$ 8,569,910	\$ 9,334,819	\$ 9,933,101
Special education	1,804,129	1,426,920	1,323,709	1,403,216	1,245,102	1,325,138	1,601,344	1,774,856	1,937,877	2,012,577
Other instruction	474,987	370,459	441,108	441,775	643,361	689,298	671,348	847,767	1,133,960	864,575
School Sponsored Activities and Athletics	112,555	114,148	121,850	122,605	111,277	109,920	111,345	123,093	185,297	181,563
Support Services:										
Student & instruction related services	1,977,978	2,062,727	2,003,115	2,240,613	2,137,146	2,140,008	2,643,740	2,517,569	2,712,597	3,012,238
Health services	171,609	191,585	193,471	191,806	201,189	210,102	240,815	263,511	304,463	318,193
Attendance and Social Work		30,401	30,553	40,558	45,151	44,904	50,513	55,838	69,792	74,083
Educational Media/School Library	175,559	197,452	195,724	200,517	204,261	198,205	222,299	243,893	258,297	225,516
School Administrative services	621,985	669,644	651,853	794,064	816,826	730,028	785,652	876,963	977,091	1,033,024
General administration	562,486	503,373	524,697	578,080	521,372	458,844	532,841	609,592	615,997	714,032
Central Services	462,015	413,062	378,393	388,694	427,634	414,848	486,636	573,199	603,783	637,377
Plant operations and maintenance	1,620,050	1,565,254	1,668,631	1,670,103	1,582,336	1,828,602	1,905,856	1,946,138	2,121,323	2,228,370
Pupil transportation	221,040	177,097	88,786	91,546	123,385	101,794	149,971	174,322	88,178	151,503
Interest on long-term debt	386,273	329,704	295,439	273,249	249,684	226,238	167,720	138,797	110,101	92,352
<b>Total governmental activities expenses</b>	<b>14,745,103</b>	<b>14,343,481</b>	<b>13,952,659</b>	<b>14,685,576</b>	<b>14,683,253</b>	<b>15,175,903</b>	<b>17,149,725</b>	<b>18,715,448</b>	<b>20,453,575</b>	<b>21,478,504</b>
Business-type activities:										
Food service	181,155	233,552	220,264	250,187	242,061	249,442	239,376	269,954	275,881	285,593
Summer Music	39,980	49,881	38,002	25,388	38,291	18,384				
<b>Total business-type activities expense</b>	<b>221,135</b>	<b>283,433</b>	<b>258,266</b>	<b>275,575</b>	<b>280,352</b>	<b>267,826</b>	<b>239,376</b>	<b>269,954</b>	<b>275,881</b>	<b>285,593</b>
<b>Total district expenses</b>	<b>\$ 14,966,238</b>	<b>\$ 14,626,914</b>	<b>\$ 14,210,925</b>	<b>\$ 14,961,151</b>	<b>\$ 14,963,605</b>	<b>\$ 15,443,729</b>	<b>\$ 17,389,101</b>	<b>\$ 18,985,402</b>	<b>\$ 20,729,456</b>	<b>\$ 21,764,097</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Regular		\$ 58,350	\$ 79,036	\$ 75,859	\$ 82,898	\$ 89,332	\$ 41,933	\$ 74,063	\$ 64,647	\$ 96,711
Special education	\$ 141,775	64,631								
Plant Operation and Maintenance							59,322	20,115	46,696	
Operating grants and contributions	1,576,156	2,162,180	1,490,297	2,090,133	2,287,444	1,945,734	3,564,160	4,345,967	5,752,132	6,271,143
Capital grants and contributions	-	-	-	-	-	-	427,748	293,052	43,282	-
<b>Total governmental activities program revenues</b>	<b>1,717,931</b>	<b>2,285,161</b>	<b>1,569,333</b>	<b>2,165,992</b>	<b>2,370,342</b>	<b>2,035,066</b>	<b>4,033,841</b>	<b>4,772,404</b>	<b>5,880,176</b>	<b>6,414,550</b>

**ALLENDALE BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues (Continued)</b>										
Business-type activities:										
Charges for services										
Food service	\$ 180,928	\$ 187,178	\$ 199,110	\$ 239,594	\$ 222,333	\$ 253,035	\$ 239,876	\$ 267,542	\$ 273,202	\$ 273,549
Summer Music	40,031	48,740	40,875	27,488	36,588	22,006				
Operating grants and contributions	26,595	26,456	27,539	24,815	28,713	94				
<b>Total business type activities program revenues</b>	<b>247,554</b>	<b>262,374</b>	<b>267,524</b>	<b>291,897</b>	<b>287,634</b>	<b>275,135</b>	<b>239,876</b>	<b>267,542</b>	<b>273,202</b>	<b>273,549</b>
<b>Total district program revenues</b>	<b>\$ 1,965,485</b>	<b>\$ 2,547,535</b>	<b>\$ 1,836,857</b>	<b>\$ 2,457,889</b>	<b>\$ 2,657,976</b>	<b>\$ 2,310,201</b>	<b>\$ 4,273,717</b>	<b>\$ 5,039,946</b>	<b>\$ 6,153,378</b>	<b>\$ 6,688,099</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (13,027,172)	\$ (12,058,320)	\$ (12,383,326)	\$ (12,519,584)	\$ (12,312,911)	\$ (13,140,837)	\$ (13,115,884)	\$ (13,943,044)	\$ (14,573,399)	\$ (15,063,954)
Business-type activities	26,419	(21,059)	9,258	16,322	7,282	7,309	500	(2,412)	(2,679)	(12,044)
<b>Total district-wide net expense</b>	<b>\$ (13,000,753)</b>	<b>\$ (12,079,379)</b>	<b>\$ (12,374,068)</b>	<b>\$ (12,503,262)</b>	<b>\$ (12,305,629)</b>	<b>\$ (13,133,528)</b>	<b>\$ (13,115,384)</b>	<b>\$ (13,945,456)</b>	<b>\$ (14,576,078)</b>	<b>\$ (15,075,998)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 12,490,766	\$ 12,770,397	\$ 13,281,213	\$ 13,546,837	\$ 13,817,774	\$ 14,094,129	\$ 14,376,012	\$ 14,663,532	\$ 14,956,803	\$ 15,181,155
Taxes levied for debt service	896,664	888,093	518,968	848,696	891,449	890,133	784,912	887,669	847,316	307,339
State aid - unrestricted	4,618						15,673	8,489	8,490	8,469
State aid - restricted for debt service	145,368	144,668	124,008	123,222						
Investment earnings	46,067	31,872	35,066	16,398	20,546	21,439	17,344	23,006	37,569	74,833
Miscellaneous income	14,808	53,490	31,106	143,316	68,217	72,493	81,415	33,472	35,590	33,837
Transfers	-	-	-	-	-	-	-	6,412	-	-
<b>Total governmental activities</b>	<b>13,598,291</b>	<b>13,888,520</b>	<b>13,990,361</b>	<b>14,678,469</b>	<b>14,797,986</b>	<b>15,078,194</b>	<b>15,275,356</b>	<b>15,622,580</b>	<b>15,885,768</b>	<b>15,605,633</b>
Business-type activities:										
Interest earnings	1,023	596	522	254	327	448	352	175	170	226
Transfers	-	-	-	-	-	-	-	(6,412)	-	-
<b>Total business-type activities</b>	<b>1,023</b>	<b>596</b>	<b>522</b>	<b>254</b>	<b>327</b>	<b>448</b>	<b>352</b>	<b>(6,237)</b>	<b>170</b>	<b>226</b>
<b>Total district-wide</b>	<b>\$ 13,599,314</b>	<b>\$ 13,889,116</b>	<b>\$ 13,990,883</b>	<b>\$ 14,678,723</b>	<b>\$ 14,798,313</b>	<b>\$ 15,078,642</b>	<b>\$ 15,275,708</b>	<b>\$ 15,616,343</b>	<b>\$ 15,885,938</b>	<b>\$ 15,605,859</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 571,119	\$ 1,830,200	\$ 1,607,035	\$ 2,158,885	\$ 2,485,075	\$ 1,937,357	\$ 2,159,472	\$ 1,679,536	\$ 1,312,369	\$ 541,679
Business-type activities	27,442	(20,463)	9,780	16,576	7,609	7,757	852	(8,649)	(2,509)	(11,818)
<b>Total district</b>	<b>\$ 598,561</b>	<b>\$ 1,809,737</b>	<b>\$ 1,616,815</b>	<b>\$ 2,175,461</b>	<b>\$ 2,492,684</b>	<b>\$ 1,945,114</b>	<b>\$ 2,160,324</b>	<b>\$ 1,670,887</b>	<b>\$ 1,309,860</b>	<b>\$ 529,861</b>

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Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

**ALLENDALE BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,815,709	\$ 3,357,772								
Unreserved	757,295	581,476								
Restricted			\$4,425,361	\$5,509,482	\$6,726,760	\$8,035,664	\$8,604,950	\$ 8,793,730	\$ 9,762,937	\$ 9,764,467
Committed			290,376	145,214	617,665	40,537	72,806	5,728		177,600
Assigned			472,147	518,681	873,144	254,916	327,649	60,685	104,280	108,642
Unassigned	-	-	250,000	248,675	234,466	267,479	260,409	283,406	272,174	295,225
<b>Total general fund</b>	<b><u>\$2,573,004</u></b>	<b><u>\$ 3,939,248</u></b>	<b><u>\$5,437,884</u></b>	<b><u>\$6,422,052</u></b>	<b><u>\$8,452,035</u></b>	<b><u>\$8,598,596</u></b>	<b><u>\$9,265,814</u></b>	<b><u>\$ 9,143,549</u></b>	<b><u>\$10,139,391</u></b>	<b><u>\$10,345,934</u></b>
All Other Governmental Funds										
Reserved	\$ 245,927									
Unreserved	464,526	\$ 632,311								
Restricted	-	-	\$ 272,944	\$ 111,740	\$ 106,289	\$ 839,655	\$ 469,616	\$ 996,085	\$ 443,380	\$ 4,104
<b>Total All Other Governmental Funds</b>	<b><u>\$ 710,453</u></b>	<b><u>\$ 632,311</u></b>	<b><u>\$ 272,944</u></b>	<b><u>\$ 111,740</u></b>	<b><u>\$ 106,289</u></b>	<b><u>\$ 839,655</u></b>	<b><u>\$ 469,616</u></b>	<b><u>\$ 996,085</u></b>	<b><u>\$ 443,380</u></b>	<b><u>\$ 4,104</u></b>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**ALLENDALE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 13,387,430	\$ 13,658,490	\$ 13,800,181	\$ 14,395,533	\$ 14,709,223	\$ 14,984,262	\$ 15,160,924	\$ 15,551,201	\$ 15,804,119	\$ 15,488,494
Tuition charges	141,775	122,981	79,036	75,859	82,898	89,332	41,933	74,063	64,647	96,711
Rentals								59,322	20,115	46,696
Interest earnings	46,067	31,872	35,066	16,398	20,546	21,439	17,344	23,006	37,569	74,833
Miscellaneous	38,600	59,027	31,665	143,316	70,178	74,100	83,290	34,786	36,698	38,718
State sources	1,466,693	1,997,345	1,341,068	1,850,623	2,064,988	1,709,342	2,380,778	2,477,329	2,434,391	2,811,932
Federal sources	235,657	303,966	272,678	362,732	220,495	234,782	228,111	261,104	322,989	299,513
<b>Total revenue</b>	<b>15,316,222</b>	<b>16,173,681</b>	<b>15,559,694</b>	<b>16,844,461</b>	<b>17,168,328</b>	<b>17,113,257</b>	<b>17,912,380</b>	<b>18,480,811</b>	<b>18,720,528</b>	<b>18,856,897</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	5,923,356	6,051,482	5,829,303	6,029,179	6,016,247	6,400,678	6,677,794	7,362,855	7,430,780	7,940,980
Special education instruction	1,763,739	1,416,349	1,316,295	1,374,594	1,192,575	1,287,902	1,476,705	1,616,671	1,672,170	1,740,042
Other instruction	455,532	355,228	428,375	425,430	604,161	656,138	581,447	715,636	887,082	680,171
School sponsored activities and athletics	108,913	110,215	118,512	118,992	104,880	105,057	97,790	105,902	148,356	146,575
<b>Support Services:</b>										
Student & inst. related services	1,913,930	1,997,002	1,947,200	2,170,553	2,026,530	2,052,579	2,310,018	2,171,504	2,178,046	2,459,266
Health services	164,721	182,553	185,658	184,952	189,919	201,058	211,825	224,368	240,895	253,628
Attendance and Social Work		30,401	30,667	39,028	42,209	42,719	43,920	47,097	54,502	58,170
Educational Media/School Library	168,976	190,188	189,514	194,020	192,846	189,416	195,696	209,150	203,442	179,689
General administration	547,459	488,858	503,131	551,212	500,403	444,439	497,418	542,610	520,610	602,957
School administrative services	597,059	642,421	628,578	765,190	768,538	696,320	684,287	742,649	764,469	813,503
Central services	444,558	399,903	367,227	375,486	403,355	396,036	431,777	502,489	495,126	523,349
Plant operations and maintenance	1,587,864	1,530,743	1,639,030	1,639,452	1,525,271	1,781,527	1,759,060	1,753,262	1,817,071	1,914,062
Pupil transportation	221,040	177,097	88,786	91,546	123,385	101,794	149,971	174,322	88,178	151,503
Capital outlay	684,051	280,379	145,559	1,059,153	443,160	1,016,033	1,465,132	1,013,393	702,057	1,106,943
<b>Debt service:</b>										
Principal	644,000	660,000	717,000	719,000	769,000	810,814	863,522	936,431	936,166	404,325
Interest and other charges	398,032	372,760	285,590	283,710	241,317	222,989	176,607	166,280	138,441	114,467
Cost of Issuance			72,574	18,412			76,543			
Advance Refunding Escrow	-	-	163,098	26,588						
<b>Total expenditures</b>	<b>15,623,230</b>	<b>14,885,579</b>	<b>14,656,097</b>	<b>16,066,497</b>	<b>15,143,796</b>	<b>16,405,499</b>	<b>17,699,512</b>	<b>18,284,619</b>	<b>18,277,391</b>	<b>19,089,630</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(307,008)</b>	<b>1,288,102</b>	<b>903,597</b>	<b>777,964</b>	<b>2,024,532</b>	<b>707,758</b>	<b>212,868</b>	<b>196,192</b>	<b>443,137</b>	<b>(232,733)</b>

**ALLENDALE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing sources (uses)</b>										
Proceeds from Bond			\$ 2,690,000	\$ 586,000			\$ 2,940,000			
Premium on Refunding Bonds			145,672				335,283			
Payment to Refunded Bond Escrow Agent			(2,600,000)	(541,000)			(3,190,972)			
Cost of Issuance from Bond										
Lease Purchase Proceeds						\$ 172,166		\$ 201,600		
Transfers in	\$ 6,479	\$ 105,941	247	104,366	\$ 110,951	733,437	629,039	1,048,478	\$ 325,626	\$ 444,815
Transfers out	(6,479)	(105,941)	(247)	(104,366)	(110,951)	(733,437)	(629,039)	(1,042,066)	(325,626)	(444,815)
<b>Total other financing sources (uses)</b>	-	-	235,672	45,000	-	172,166	84,311	208,012	-	-
<b>Net change in fund balances</b>	<u>\$ (307,008)</u>	<u>\$ 1,288,102</u>	<u>\$ 1,139,269</u>	<u>\$ 822,964</u>	<u>\$ 2,024,532</u>	<u>\$ 879,924</u>	<u>\$ 297,179</u>	<u>\$ 404,204</u>	<u>\$ 443,137</u>	<u>\$ (232,733)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	6.98%	7.07%	6.91%	6.68%	6.87%	6.72%	6.41%	6.38%	6.11%	2.88%

\* Noncapital expenditures are total expenditures less capital outlay.



**ALLENDALE BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

	<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>	<u>2018</u>
GENERAL FUND										
Interest on Investments	\$ 31,983	\$ 29,435	\$ 33,561	\$ 15,791	\$ 19,729	\$ 20,742	\$ 16,715	\$ 16,545	\$ 19,844	
Prior Year's Refunds				38,987	2,479					\$ 7,084
Rentals				25,725	32,068	38,507	49,626			
Insurance				28,354	8,942	22,864				
E-Rate Reimbursements								29,249	23,570	24,936
Miscellaneous	<u>14,808</u>	<u>53,490</u>	<u>31,106</u>	<u>50,250</u>	<u>24,728</u>	<u>11,122</u>	<u>31,789</u>	<u>4,223</u>	<u>12,020</u>	<u>1,817</u>
Total Miscellaneous	<u>46,791</u>	<u>82,925</u>	<u>64,667</u>	<u>159,107</u>	<u>87,946</u>	<u>93,235</u>	<u>98,130</u>	<u>50,017</u>	<u>55,434</u>	<u>33,837</u>
Tuition	141,775	122,981	79,036	75,859	82,898	89,332	41,933	74,063	64,647	96,711
Rentals								59,322	20,115	46,696
Interest Earned on Capital Reserve Funds	<u>7,605</u>	<u>1,646</u>	<u>1,258</u>	<u>607</u>	<u>755</u>	<u>655</u>	<u>590</u>	<u>6,050</u>	<u>16,596</u>	<u>71,858</u>
Total General Fund	<u>149,380</u>	<u>124,627</u>	<u>80,294</u>	<u>76,466</u>	<u>83,653</u>	<u>89,987</u>	<u>42,523</u>	<u>139,435</u>	<u>101,358</u>	<u>215,265</u>
Total Other Local Revenue	<u>\$ 196,171</u>	<u>\$ 207,552</u>	<u>\$ 144,961</u>	<u>\$ 235,573</u>	<u>\$ 171,599</u>	<u>\$ 183,222</u>	<u>\$ 140,653</u>	<u>\$ 189,452</u>	<u>\$ 156,792</u>	<u>\$ 249,102</u>

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Source: District's records.

**ALLENDALE BOARD OF EDUCATION**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 23,113,900	\$1,128,523,700	\$ 951,900	\$ 656,200	\$ 66,594,200	\$ 83,003,300	-	\$ 1,302,843,200	-	\$ 1,302,843,200	\$ 1,741,285,954	\$ 1.666
2010	22,862,000	1,136,586,200	951,900	16,200	66,594,200	83,003,300	-	1,310,013,800	-	1,310,013,800	1,831,322,056	1.677
2011	21,708,300	1,138,141,600	951,900	16,200	67,787,000	83,736,300	-	1,312,341,300	-	1,312,341,300	1,811,515,735	1.704
2012	26,672,000	1,333,766,900	954,800	6,600	82,518,900	90,783,000	-	1,534,702,200	-	1,534,702,200	1,757,516,449	1.485
2013	24,941,500	1,335,080,100	954,800	6,600	82,518,900	90,783,000	-	1,534,284,900	-	1,534,284,900	1,666,131,533	1.519
2014	19,866,500	1,345,055,500	954,800	6,600	82,518,900	90,783,000	-	1,539,185,300	-	1,539,185,300	1,655,667,792	1.539
2015	8,901,700	1,459,382,600	982,900	6,800	93,741,200	100,784,000	-	1,663,799,200	\$100,000	1,663,899,200	1,682,120,046	1.441
2016	9,175,800	1,465,156,100	982,900	6,800	93,741,200	99,262,000	-	1,668,324,800	100,000	1,668,424,800	1,701,093,830	1.480
2017	10,303,600	1,474,938,700	968,200	6,800	93,411,200	99,262,000	-	1,678,890,500	100,000	1,678,990,500	1,755,071,494	1.453
2018	13,968,900	1,481,806,700	968,200	6,800	93,411,200	99,762,000	-	1,689,923,800	100,000	1,690,023,800	1,775,331,133	1.465

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**ALLENDALE BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>School District</u>	*	<u>Library</u>	<u>Municipality</u>	<u>County</u>
2009	\$ 2.62	\$ 1.67			\$ 0.67	\$ 0.29
2010	2.642	1.677			0.686	0.279
2011	2.672	1.704			0.686	0.282
2012	2.311	1.485	\$ 0.037		0.556	0.233
2013	2.357	1.519	0.036		0.552	0.250
2014	2.383	1.539	0.035		0.552	0.257
2015	2.245	1.441	0.034		0.522	0.248
2016	2.291	1.480	0.033		0.527	0.251
2017	2.288	1.453	0.035		0.537	0.263
2018	2.297	1.465	0.035		0.535	0.262

\* The School District rate includes both the local district as well as the regional school district.

Source: Tax Duplicate, Borough of Allendale

**ALLENDALE BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Allendale Plaza	\$ 22,108,000	1.31%	\$ 12,028,600	0.93%
Giancarlo Holdings and Services LLC	20,160,000	1.19%		
LPR Allendale	15,448,000	0.91%		
Allendale Property LLC	10,448,000	0.62%		
Allendale Corporate Center LLC	9,056,000	0.54%		
Allendale Corporate Center LLC	6,590,000	0.39%		
Allendale Property LLC	5,987,000	0.35%		
Allendale Corporate Center LLC	5,890,000	0.35%		
Allendale Corporate Center LLC	4,952,000	0.29%		
Allendale Property LLC	4,380,000	0.26%		
Allendale Nursing Home			15,296,900	1.18%
Riggs & Co.			12,500,000	0.96%
Allendale Associates			11,082,100	0.86%
Allendale Associates			7,750,000	0.60%
Black Mill Work Co. Inc.			6,849,500	0.53%
Pearl Investor			6,657,500	0.51%
Allendale Associates			6,579,800	0.51%
Allendale Associates			4,772,700	0.37%
Allendale Associates			4,414,200	0.34%
	<u>\$ 105,019,000</u>	<u>6.21%</u>	<u>\$ 87,931,300</u>	<u>6.77%</u>

Source: Municipal Tax Assessor

**ALLENDALE BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 13,387,430	\$ 13,387,430	100.00%	N/A
2010	13,658,490	13,658,490	100.00%	N/A
2011	13,800,181	13,800,181	100.00%	N/A
2012	14,395,533	14,395,533	100.00%	N/A
2013	14,709,223	14,709,223	100.00%	N/A
2014	14,984,262	14,984,262	100.00%	N/A
2015	15,160,924	15,160,924	100.00%	N/A
2016	15,551,201	15,551,201	100.00%	N/A
2017	15,804,119	15,804,119	100.00%	N/A
2018	15,488,494	14,248,698	92.00%	\$ 1,239,796

Source: District Records

**ALLENDALE BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Lease Purchase Agreements	Grant Anticipation Notes (BANs)			
2009	\$ 9,146,000	N/A	N/A	N/A	\$ 424,576	\$ 9,570,576	6,609	\$ 1,448
2010	8,486,000	N/A	N/A	N/A		8,486,000	6,519	1,302
2011	7,859,000	N/A	N/A	N/A		7,859,000	6,601	1,191
2012	7,185,000	N/A	N/A	N/A		7,185,000	6,659	1,079
2013	6,416,000	N/A	N/A	N/A		6,416,000	6,738	952
2014	5,621,000	N/A	\$ 156,352	N/A		5,777,352	6,782	852
2015	4,713,000	N/A	123,830	N/A		4,836,830	6,820	709
2016	3,862,000	N/A	90,077	\$ 149,922		4,101,999	6,876	597
2017	3,010,000	N/A	55,047	100,786		3,165,833	6,906	458
2018	2,692,000	N/A	18,691	50,817		2,761,508	6,906 *	400

Source: District records

\*Estimate

**ALLENDALE BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 9,146,000	-	\$ 9,146,000	0.70%	\$ 1,384
2010	8,486,000	-	8,486,000	0.65%	1,302
2011	7,859,000	-	7,859,000	0.60%	1,191
2012	7,185,000	-	7,185,000	0.47%	1,079
2013	6,416,000	-	6,416,000	0.42%	952
2014	5,621,000	-	5,621,000	0.37%	829
2015	4,713,000	-	4,713,000	0.28%	691
2016	3,862,000	-	3,862,000	0.23%	562
2017	3,010,000	-	3,010,000	0.18%	436
2018	2,692,000	-	2,692,000	0.16%	390 *

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

\* Estimate

**ALLENDALE BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2017  
(Unaudited)**

	<u>Total Net Debt</u>
Municipal Debt: (1)	
Borough of Allendale School District (As of June 30, 2018)	\$ 2,425,000
Northern Highlands Regional School District	2,976,286
Borough of Allendale	<u>27,800,790</u>
	<u>33,202,076</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen (2)	12,895,794
Northwest Utilities Authority (3)	<u>2,105,454</u>
Total Direct and Overlapping Debt	<u>\$ 48,203,324</u>

(1)- Based on 2017 equalized valuations

(2) Based on Usage

Sources:

(1) Borough of Allendale 2017 Annual Debt Statement

(2) County of Bergen 2017 Audit

(3) NBCUA 2017 Audit



ALLENDALE BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN YEARS

Legal Debt Margin Calculation for Calendar Year 2017

	Equalized valuation basis
2017	\$ 1,760,581,481
2016	1,740,921,215
2015	<u>1,694,296,538</u>
	<u>\$ 5,195,799,234</u>
Average equalized valuation of taxable property	\$ 1,731,933,078
Debt limit (3 % of average equalization value)	51,957,992
Total Net Debt Applicable to Limit	<u>2,425,000</u>
Legal debt margin	<u>\$ 49,532,992</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>
Debt limit	\$ 55,101,210	\$ 55,384,745	\$ 54,345,472	\$ 52,725,493	\$ 51,210,955	\$ 50,309,282	\$ 49,981,992	\$ 50,281,403	\$ 51,208,878	\$ 51,957,992
Total net debt applicable to limit	<u>9,146,000</u>	<u>8,486,000</u>	<u>7,227,000</u>	<u>6,552,000</u>	<u>6,685,000</u>	<u>5,621,000</u>	<u>4,713,000</u>	<u>3,862,000</u>	<u>3,010,000</u>	<u>2,425,000</u>
Legal debt margin	<u>\$ 45,955,210</u>	<u>\$ 46,898,745</u>	<u>\$ 47,118,472</u>	<u>\$ 46,173,493</u>	<u>\$ 44,525,955</u>	<u>\$ 44,688,282</u>	<u>\$ 45,268,992</u>	<u>\$ 46,419,403</u>	<u>\$ 48,198,878</u>	<u>\$ 49,532,992</u>
Total net debt applicable to the limit as a percentage of debt limit	16.60%	15.32%	13.30%	12.43%	13.05%	11.17%	9.43%	7.68%	5.88%	4.67%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
 Department of Treasury, Division of Taxation

Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.

**ALLENDALE BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2008	4.50%	\$ 68,124	6,578
2009	5.60%	65,097	6,609
2010	5.80%	66,080	6,519
2011	5.70%	69,044	6,601
2012	8.10%	71,953	6,659
2013	7.10%	71,449	6,738
2014	5.40%	73,293	6,782
2015	4.30%	76,388	6,820
2016	3.90%	77,187	6,876
2017	3.50%	77,187 *	6,906

Source: United States Bureau of Census - Population Division NJ Department of Labor,  
Bureau of Labor Force Statistics

\* Estimate

ALLENDALE BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

	2018		2009	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**ALLENDALE BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	71	71	72	71	71	70	70	70	71	72
Special education	14	14	14	14	14	11	5	9	9	8
Other special education	14	15	15	15	15	13	13	14	14	13
Support Services:										
Student & instruction related services	5	5	5	5	5	5	10	12	12	12
General administration	6	6	6	6	6	6	6	6	6	6
School administrative services	2	2	2	2	2	2	6	6	6	6
Other administrative services	1	1	1	1	1	2	8	8	6	6
Plant operations and maintenance	9	8	8	8	8	9	9	9	9	9
Total	<u>122</u>	<u>122</u>	<u>123</u>	<u>122</u>	<u>122</u>	<u>118</u>	<u>127</u>	<u>134</u>	<u>133</u>	<u>132</u>

Source: District Personnel Records

**ALLENDALE BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Pupil/Teacher Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2009	954	\$ 13,897,147	14,567	1.89%	99	9.2:1	11:01	954	932	-3.73%	97.69%
2010	944	13,572,440	14,378	-1.30%	99	11:9	11:06	961	923	0.73%	96.05%
2011	957	13,272,276	13,869	-3.54%	99	12:02	11:02	967	934	0.62%	96.59%
2012	925	13,959,634	15,091	8.82%	90	10:01	11:01	925	897	-4.34%	96.97%
2013	913	13,690,319	14,995	-0.64%	90	15:01	13:01	913	896	-1.30%	98.14%
2014	905	14,355,663	15,863	5.79%	82	13:01	11:01	905	888	-0.88%	98.12%
2015	907	15,117,708	16,668	5.08%	79	13:01	11:01	907	874	0.22%	96.36%
2016	904	16,168,515	17,886	7.31%	80	13:01	11:01	903	874	-0.44%	96.79%
2017	909	16,500,727	18,153	1.49%	80	13:01	11:01	905	879	0.22%	97.13%
2018	911	17,463,895	19,170	5.60%	80	13:01	11:01	919	886	1.55%	96.41%

Sources: District records

Note: a Enrollment based on annual October district count.  
b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.  
c Cost per pupil represents operating expenditures divided by enrollment.

**ALLENDALE BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	326	322	322	391	354	379	357	356	356	356
<b><u>Middle School</u></b>										
Square Feet	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	628	623	623	534	559	526	550	548	553	553

127 Number of Schools at June 30, 2018  
 Elementary = 1  
 Middle School = 1

Source: District Records

ALLENDALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)

		<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>	<u>2018</u>
School Facilities	Project #										
Brookside Avenue Elem.	N/A	\$ 246,981	\$ 140,831	\$ 194,614	\$ 271,227	\$ 247,961	\$ 229,355	\$ 274,488	\$ 255,327	\$ 269,650	\$ 241,248
Hillside Avenue Elem.	N/A	<u>101,051</u>	<u>87,807</u>	<u>123,275</u>	<u>185,227</u>	<u>160,856</u>	<u>107,744</u>	<u>138,058</u>	<u>125,758</u>	<u>135,625</u>	<u>121,340</u>
Grand Total		<u>\$ 348,032</u>	<u>\$ 228,638</u>	<u>\$ 317,889</u>	<u>\$ 456,454</u>	<u>\$ 408,817</u>	<u>\$ 337,099</u>	<u>\$ 412,546</u>	<u>\$ 381,085</u>	<u>\$ 405,275</u>	<u>\$ 362,588</u>

Source: School District Financial Statements

**ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2018  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building and Contents,	\$ 33,757,231	\$ 1,000
Comprehensive General Liability	5,000,000	
General Automobile Liability	5,000,000	1,000
Employee Benefits Liability	5,000,000	1,000
Excess Board of Education Liability	1,000,000	
	excess of \$4,000,000	
Athletic Equipment	500,000	1,000
Cameras	500,000	1,000
Data Processing Equipment	1,000,000	1,000
Musical Instruments	500,000	1,000
Valuable Papers and Records	100,000	1,000
Contractors Equipment	250,000	1,000
Miscellaneous Property	250,000	1,000
Flood/Earthquake	10,000,000	
	/\$25,000,000	25,000
Fine Arts	100,000	1,000
Extra Expense	250,000	
Crime Coverage, Employee Dishonesty	500,000	500
Crime - Inside/Outside	25,000	
	/\$25,000	500
Excess Property	5,000,000	
Environmental Site Specific Liability	1,000,000	
	/\$3,000,000	15,000
Boiler and Machinery	1,000,000	1,000
Excess Liability	50,000,000	
	excess of \$10,000,000	
Board of Education - Wrongful Acts	1,000,000	2,500
Workers Compensation	Statutory	
Surety Bonds		
Treasurer of School Moneys	210,000	N/A
School Board Secretary	100,000	N/A



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Allendale Board of Education  
Allendale, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Allendale Board of Education's basic financial statements and have issued our report thereon dated January 24, 2019.

**Internal Control Over Financial Reporting**

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

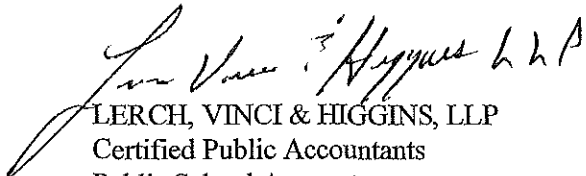
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

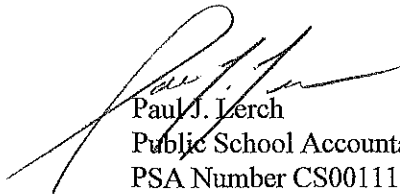
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Allendale Board of Education’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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Allendale Board of Education’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 Allendale Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS001118

Fair Lawn, New Jersey  
January 24, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Allendale Board of Education  
Allendale, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Allendale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Allendale Board of Education's major state programs for the fiscal year ended June 30, 2018. The Allendale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Allendale Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Allendale Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

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

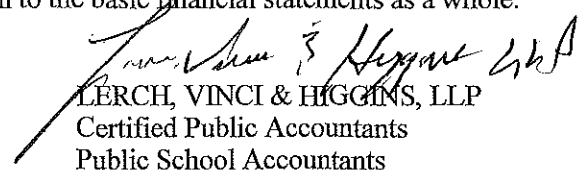
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

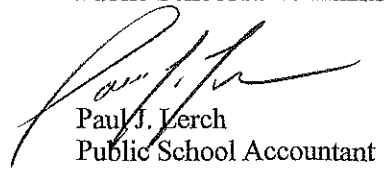
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS001118

Fair Lawn, New Jersey  
January 24, 2019

**ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2017			Carryover		Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2018			MEMO GAAP Receivable		
						Accounts Receivable	Unearned Revenue	Due to Grantor	Accounts Receivable	Deferred Revenue				Accounts Receivable	Unearned Revenue	Due to Grantor			
<b>U.S. Department of Education</b>																			
<b>Passed-Through State Dept. of Education</b>																			
<i>Special Revenue Fund</i>																			
IDEA Part B, Basic Regular	84.027	H027A170100	IDEA0040-18	7/1/17-6/30/18	\$ 168,797						\$ 168,471	\$ 168,471		\$ (326)	\$ 326	*			
I.D.E.I.A. Part B, Basic Regular	84.027	H027A160100	IDEA0040-17	7/1/16-6/30/17	170,066	\$ (21,041)					21,041					*			
IDEA Part B, Preschool	84.173	H173A170114	IDEA0040-18	7/1/17-6/30/18	7,825				\$ (7,854)	\$ 7,854	15,679	15,679				*			
I.D.E.I.A. Part B, Preschool	84.173	H173A160114	IDEA0040-17	7/1/16-6/30/17	7,854	(7,854)	\$ 7,854		7,854	(7,854)						*			
<b>Total Special Education Cluster (IDEA)</b>												<b>184,150</b>							*
Title I, Part A	84.010	S010A170030	NCLB0040-18	7/1/17-6/30/18	22,384				(9,946)	9,946	22,484	31,006		(9,846)	1,324	* \$ (8,522)			
Title I, Part A	84.010	S010A160030	NCLB0040-17	7/1/16-6/30/17	22,285	(17,955)	9,946		9,946	(9,946)	8,009					*			
Title II, Part A	84.367A	S367A170029	NCLB0040-18	7/1/17-6/30/18	10,541				(571)	571	11,112	11,112				*			
Title II, Part A	84.367A	S367A160029	NCLB0040-17	7/1/16-6/30/17	11,257	(4,819)	571		571	(571)	4,248					*			
Title III, Part A	84.365	S365A170030	NCLB0040-18	7/1/17-6/30/18	38,474				(25,894)	25,894	52,483	58,287		(11,885)	6,081	* (5,804)			
Title III, Part A	84.365	S365A160030	NCLB0040-17	7/1/16-6/30/17	80,743	(119,657)	22,379		25,894	(25,894)	93,763		\$ 3,515			*			
Title IV, Part A	84.424	S424A170031	NCLB0040-18	7/1/17-6/30/18	10,000						9,000	9,000		(1,000)	1,000	*			
<b>Total U.S. Department of Education</b>						<b>(171,326)</b>	<b>40,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,290</b>	<b>293,555</b>	<b>3,515</b>	<b>(23,057)</b>	<b>8,731</b>	<b>-</b>	* <b>(14,326)</b>		
<b>Total Federal Awards</b>						<b>\$ (171,326)</b>	<b>\$ 40,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 406,290</b>	<b>\$ 293,555</b>	<b>\$ 3,515</b>	<b>\$ (23,057)</b>	<b>\$ 8,731</b>	<b>\$ -</b>	* <b>\$ (14,326)</b>		

Note: This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

ALLENDALE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			MEMO	
				(Accounts Receivable)/Deferred Revenue	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
<b>State Department of Education</b>													
<b>General Fund</b>													
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 336,535			\$ 310,406	\$ 336,535		\$ (26,129)			*	\$ 336,535
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	300,801	\$ (22,772)		22,772						*	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	14,669			13,530	14,669		(1,139)			*	14,669
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	14,669	(1,111)		1,111						*	
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1			1	1					*	1
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	8,485			7,826	8,485		(659)			*	8,485
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,485	(642)		642						*	-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	8,485			7,826	8,485		(659)			*	8,485
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,485	(642)		642						*	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	8,880			8,191	8,880		(689)			*	8,880
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,880	(672)		672						*	
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	451			416	451		(35)			*	451
Total State Aid-Public Cluster							377,506		(35)			*	377,506
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	4,875			4,497	4,875		(378)			*	4,875
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	4,875	(370)		370						*	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	183,193				183,193		(183,193)			*	183,193
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	198,468	(198,468)		198,468						*	
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	2,748			2,748	2,748					*	2,748
TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	966,267			966,267	966,267					*	966,267
TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	23,449			23,449	23,449					*	23,449
TPAF Post Retirement Medical Contributions	18-495-034-5094-001	7/1/17-6/30/18	639,236			639,236	639,236					*	639,236
TPAF Long-Term Disability Insurance Contributions	18-495-034-5094-004	7/1/17-6/30/18	1,075			1,075	1,075					*	1,075
Reimbursed TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	480,211	-		480,211	480,211		-			*	480,211
<b>Total General Fund</b>				<b>(224,677)</b>	<b>-</b>	<b>2,690,356</b>	<b>2,678,560</b>	<b>-</b>	<b>(212,881)</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>2,678,560</b>
<b>Debt Service Fund</b>													
Debt Service Aid Type II	18-495-034-5120-017	7/1/17-6/30/18	121,576	-	-	121,576	121,576	-	-	-	-	*	121,576
Total State Financial Assistance Subject to Single Audit Determination				<b>\$ (224,677)</b>	<b>\$ -</b>	<b>\$ 2,811,932</b>	<b>2,800,136</b>	<b>\$ -</b>	<b>\$ (212,881)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>*</b>	<b>\$ 2,800,136</b>
<b>State Financial Assistance</b>													
<b>Not Subject to Major Program Determination</b>													
<b>General Fund</b>													
TPAF Pension Benefit Contributions							(966,267)						
TPAF Pension - NCGI Premium							(23,449)						
TPAF Post Retirement Medical Contributions							(639,236)						
TPAF Long-Term Disability Insurance Contributions							(1,075)						
							(1,630,027)						
Total State Financial Assistance Subject to Major Program Determination							<b>\$ 1,170,109</b>						

See Accompanying Notes to the Schedule of Expenditure of Federal Awards and State Financial Assistance.



**ALLENDALE BOARD OF EDUCATION  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Allendale Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using the budgetary basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$11,796 for the general fund and an increase of \$5,958 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,690,356	\$ 2,690,356
Special Revenue Fund	\$ 299,513		299,513
Debt Service Fund	-	121,576	121,576
	<u>299,513</u>	<u>2,811,932</u>	<u>3,111,445</u>
Total Financial Assistance	\$ 299,513	\$ 2,811,932	\$ 3,111,445

**ALLENDALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$480,211 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$989,716, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$639,236 and TPAF Long-Term Disability Insurance in the amount of \$1,075 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  none reported

Federal Awards Section - Not Applicable

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Internal Control over major programs:

1) Material weakness(es) identified: \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant Deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Dollar threshold used to distinguish between Type A and Type B programs: \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

State Awards Section

Type of auditors' report on compliance for major programs: Unmodified

Internal Control over compliance:

1) Material weakness(es) identified?                    yes       X       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                    yes       X       none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08?                    yes       X       none reported

Dollar threshold used to distinguish Type A and Type B programs: \$   750,000  

Auditee qualified as low-risk auditee?       X       yes                    no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

ALLENDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 3 – Schedule of Federal and State Award 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.

**ALLENDALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

THERE WERE NONE.