

SCHOOL DISTRICT

OF

ALLENHURST

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

ALLENHURST BOARD OF EDUCATION

ALLENHURST, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY

**ALLENHURST BOARD OF EDUCATION
FINANCE DEPARTMENT**

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ALLENHURST SCHOOL DISTRICT

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ALLENHURST PUBLIC SCHOOLS

OFFICE OF THE SCHOOL BUSINESS ADMINISTRATOR

125 CORLIES AVE, ALLENHURST, NEW JERSEY 07711

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

September 18, 2018

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information generally present on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Title 2 U.S. C.F.R. Part 200 and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

I. REPORTING ENTITY AND ITS SERVICES:

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

The district provides a full range of education programs and services appropriate to grade levels K through 12. These include regular and special education for youngsters with disabilities.

The district maintains a sending-receiving relationship with the West Long Branch School District for grades K through 8 and Shore Regional High School for grades 9 through 12 and pays tuition for those students in attendance. Resident vocational students are sent to the Monmouth County Vocational Technical School District. Handicapped students whose individual education programs indicate the need for placement beyond these districts are sent to appropriate public or private schools where the needs of these students can best be met. The Shore Regional Child Study Team evaluates the students thought to be in need of special education services; as of the FY 2018 school year the district reported zero classified students.

II. ECONOMIC CONDITION AND OUTLOOK:

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

III. MAJOR INITIATIVES:

As a sending district to the West Long Branch School District and Shore Regional, the Allenhurst Board of Education continues to monitor the progress of enrolled students through articulation with the sending districts. Additionally, in 2008 the Allenhurst Board of Education entered into a shared services agreement with the Long Branch Board of Education for the purposes of sharing the School Business Administrator. This initiative has saved the Allenhurst public schools a substantial amount of money.

IV. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance

IV. INTERNAL ACCOUNTING CONTROLS (continued):

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

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

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

V. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

VI. ACCOUNTING SYSTEM AND REPORTS:

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

VII. DEBT ADMINISTRATION:

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

VIII. CASH MANAGEMENT:

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

IX. RISK MANAGEMENT:

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

X. OTHER INFORMATION:

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


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

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

XI. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



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

PEG/sdz

ALLENHURST SCHOOL DISTRICT**ROSTER OF OFFICIALS****JUNE 30, 2018**

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

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

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

ATTORNEY

McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, NJ 07701

OFFICIAL DEPOSITORY

Kearny Federal Savings
1903 Highway 35
Oakhurst, NJ 07755

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

7.

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Allenhurst School District, in the County of Monmouth, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

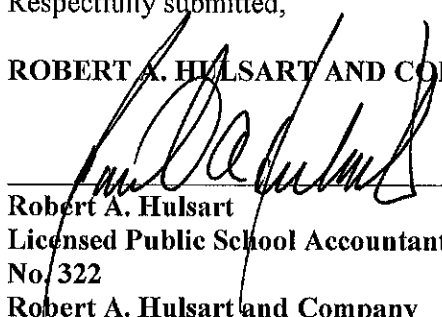
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 on our consideration of the Allenhurst's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allenhurst Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

September 18, 2018

REQUIRED SUPPLEMENTARY INFORMATION
PART I

ALLENHURST SCHOOL DISTRICT
BOROUGH OF ALLENHURST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The discussion and analysis of Allenhurst School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2017-2018 fiscal year are as follows:

- General revenues accounted for \$243,294 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$52,223.
- The School District had \$191,071 in expenses; \$0 of these expenses was offset by program specific charges for services, grants or contributions. General revenues of \$243,294 were adequate to provide for these programs.
- The General Fund had \$243,294 in revenues and \$198,604 in expenditures. The General Fund's balance increased \$44,690 over 2017.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2017-2018 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for the fiscal years ended 2018 and 2017.

Table 1
Net Position

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------------|----------------|
| <u>Assets</u> | | |
| Current and Other Assets | \$ 589,715 | 549,122 |
| Total Assets | <u>\$ 589,715</u> | <u>549,122</u> |
| <u>Liabilities</u> | | |
| Accounts Payable | <u>\$ 38,129</u> | <u>49,759</u> |
| <u>Net Position</u> | | |
| Capital Assets | \$ 16,325 | 7,598 |
| Restricted | 289,902 | 288,674 |
| Unrestricted | <u>245,359</u> | <u>203,091</u> |
| Total Net Position | <u>\$ 551,586</u> | <u>499,363</u> |

Table 2 shows the changes in net position for fiscal years ended 2018 and 2017.

Table 2
Changes in Net Position

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|------------------|----------------|
| <u>Revenues</u> | | |
| General Revenues: | | |
| Property Taxes | \$ 192,854 | 189,073 |
| Grants and Entitlements | 48,311 | 48,676 |
| Other | <u>2,129</u> | <u>2,894</u> |
| Total Revenues | <u>243,294</u> | <u>240,643</u> |
| <u>Program Expenses</u> | | |
| Support Services: | | |
| Tuition | 98,440 | 62,568 |
| General Administration | 20,481 | 21,472 |
| Central Services | 19,595 | 17,373 |
| Pupil Transportation | 52,055 | 58,496 |
| Business and Other Support Services | <u>500</u> | <u>500</u> |
| Total Expenses | <u>191,071</u> | <u>160,409</u> |
| Increase/(Decrease) in Net Position | <u>\$ 52,223</u> | <u>80,234</u> |

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 79% percent of revenues for governmental activities for the Allenhurst Public School District for fiscal year 2018. The District's total revenues were \$243,294 for the fiscal year ended June 30, 2018.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined net position balance of \$551,586. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

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

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

The General Fund increased during the fiscal year by \$44,690 to \$536,455. Of the \$536,455 fund balance, \$250,000 has been reserved for emergency purposes.

The fund balance used to fund the 2018-2019 fiscal budget is \$37,070.

Capital Assets

At June 30, 2018, the School District had capital assets of \$53,260. This is a school bus used to transport students

Debt Administration

At June 30, 2018, the School District had capital leases in the amount of \$36,935 outstanding.

Economic Factors and Next Year's Budget

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

ALLENHURST SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2018

| | <u>Governmental Activities</u> | <u>Total</u> |
|---|---|---------------------|
| <u>Assets</u> | | |
| Cash and Cash Equivalents - Restricted | \$ 289,902 | 289,902 |
| Cash and Cash Equivalents - Unrestricted | 245,300 | 245,300 |
| Receivables, Net | 1,253 | 1,253 |
| Capital Assets, Net | 53,260 | 53,260 |
| | <hr/> | <hr/> |
| Total Assets | \$ 589,715 | 589,715 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <u>Liabilities</u> | | |
| Accrued Interest | \$ 1,194 | 1,194 |
| Noncurrent Liabilities: | | |
| Due Within One Year | 11,796 | 11,796 |
| Due Beyond One Year | 25,139 | 25,139 |
| | <hr/> | <hr/> |
| Total Liabilities | \$ 38,129 | 38,129 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <u>Net Position</u> | | |
| Invested in Capital Assets, Net of Related Debt | \$ 16,325 | 16,325 |
| Restricted For: | | |
| Other Purposes | 289,902 | 289,902 |
| Unrestricted | 245,359 | 245,359 |
| | <hr/> | <hr/> |
| Total Net Position | \$ 551,586 | 551,586 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|------------------|-------------------------|--|--|-----------------------------|-----------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Functions/Programs | | | | | | |
| Governmental Activities: | | | | | | |
| Support Services: | | | | | | |
| Tuition | \$ 98,440 | - | - | (98,440) | | (98,440) |
| General Administrative Services | 20,481 | | | (20,481) | | (20,481) |
| Central Services | 19,595 | | | (19,595) | | (19,595) |
| Pupil Transportation | 52,055 | | | (52,055) | | (52,055) |
| Unallocated Benefits | 500 | | | (500) | | (500) |
| Total Government Activities | 191,071 | - | - | (191,071) | - | (191,071) |
| Total Primary Government | 191,071 | - | - | (191,071) | - | (191,071) |
| General Revenues: | | | | | | |
| Property Taxes, Levied for General Purpose, Net | | | | 192,854 | | 192,854 |
| Federal and State Aid Not Restricted | | | | 48,311 | | 48,311 |
| Miscellaneous | | | | 2,129 | | 2,129 |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | 243,294 | - | 243,294 |
| Change in Net Position | | | | 52,223 | - | 52,223 |
| Net Position - Beginning | | | | 499,363 | - | 499,363 |
| Net Position - Ending | | | | \$ 551,586 | - | 551,586 |

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|--|--------------------------------|--|
| <u>Assets</u> | | |
| Cash and Cash Equivalents - Restricted | \$ 289,902 | 289,902 |
| Cash and Cash Equivalents - Unrestricted | 245,300 | 245,300 |
| Accounts Receivable | 1,253 | 1,253 |
| | <hr/> | <hr/> |
| Total Assets | \$ 536,455 | 536,455 |
| | <hr/> | <hr/> |
| <u>Fund Balance</u> | | |
| Committed to: | | |
| Emergency Reserve | 250,000 | 250,000 |
| Assigned to: | | |
| Legally Restricted - Designated for Subsequent Years Expenditures | 37,070 | 37,070 |
| Excess Surplus | 2,832 | 2,832 |
| Unassigned: | | |
| General Fund | 246,553 | 246,553 |
| Total Fund Balances | <hr/> 536,455 <hr/> | <hr/> 536,455 <hr/> |
| Total Liabilities and Fund Balances | <hr/> \$ 536,455 <hr/> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$61,454 and the accumulated depreciation is \$8,194.

53,260

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

(36,935)

Accrued Interest

(1,194)

Net Position of governmental activities

\$ 551,586

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---|
| <u>Revenues</u> | | |
| Local Sources: | | |
| Local Tax Levy | \$ 192,854 | 192,854 |
| Miscellaneous | 2,129 | 2,129 |
| Total Local Sources | <u>194,983</u> | <u>194,983</u> |
| State Sources | 48,311 | 48,311 |
| Total Revenues | <u>243,294</u> | <u>243,294</u> |
| <u>Expenditures</u> | | |
| Support Services and Undistributed Costs: | | |
| Tuition | 98,440 | 98,440 |
| General Administrative Services | 20,481 | 20,481 |
| Central Services | 19,595 | 19,595 |
| Pupil Transportation | 59,588 | 59,588 |
| Unallocated Benefits | 500 | 500 |
| Total Expenditures | <u>198,604</u> | <u>198,604</u> |
| Net Change in Fund Balances | 44,690 | 44,690 |
| Fund Balance - July 1 | <u>491,765</u> | <u>491,765</u> |
| Fund Balance - June 30 | <u>\$ 536,455</u> | <u>536,455</u> |

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

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

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2018

| | |
|--|------------------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2) | \$ 44,690 |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because: | |
| Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | |
| Depreciation Expense | (4,097) |
| Payment of Capital Leases is an expenditure in the governmental funds, but the payments reduces the long-term liabilities in the statement of net assets and is not reported in the statement of activities | |
| | 11,130 |
| Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due. | |
| | <u>500</u> |
| Change in Net Position of Governmental Activities | <u>\$ 52,223</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
ALLENHURST SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Borough of Allenhurst School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Borough of Allenhurst School District had an approximate enrollment at June 30, 2018 of zero students.

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

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

B. Government-Wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

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

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

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

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2017-2018 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2018, fiscal year 2018 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Capital Assets and Depreciation (Continued)

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

| | <u>Balance July 1, 2017</u> | <u>Additions</u> | <u>Balance June 30, 2018</u> |
|---------------------------|---------------------------------|------------------|----------------------------------|
| Governmental Activities: | | | |
| Machinery & Equipment | \$ 61,454 | — | 61,454 |
| Totals at Historical Cost | <u>61,454</u> | — | <u>61,454</u> |
| Less: Accumulated | | | |
| Depreciation: | | | |
| Equipment | <u>(4,097)</u> | <u>(4,097)</u> | <u>(8,194)</u> |
| Total Accumulated | | | |
| Depreciation | <u>(4,097)</u> | <u>(4,097)</u> | <u>(8,194)</u> |
| Net Depreciable Assets | <u>57,357</u> | <u>(4,097)</u> | <u>53,260</u> |
| Governmental Activities: | | | |
| Capital Assets, Net | <u>\$ 57,357</u> | <u>(4,097)</u> | <u>53,260</u> |

K. Unearned Revenue

Unearned revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

M. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position (Continued)

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Deposits

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

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

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

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

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

Deposits (Continued)

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

Investments

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

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

As of June 30, 2018, the District's deposits and investments are summarized as follows:

| | |
|-------|-------------------|
| FDIC | \$ 250,000 |
| GUPDA | <u>294,917</u> |
| | <u>\$ 544,917</u> |

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

**Cash and Cash
Equivalents
\$ 535,202**

During the period ended June 30, 2018 the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2018 was \$535,202 and the bank balance was \$544,917. Of the bank balance, \$250,000 was covered by federal depository insurance and \$294,917 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

| | <u>Balance</u> <u>June 30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2018</u> | <u>Long-Term</u> <u>Portion</u> | <u>2018-19</u> <u>Payment</u> |
|---------------|--|------------------|------------------|--|------------------------------------|----------------------------------|
| Capital Lease | \$ 48,065 | 0 | 11,130 | 36,935 | 25,139 | 11,796 |

A. Capital Leases Payable:

The District has a lease for a school bus. These capital leases are for a term of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

| <u>Year Ended</u> <u>June 30</u> | <u>Amount</u> |
|---|------------------|
| 2019 | \$ 13,389 |
| 2020 | 13,388 |
| 2021 | <u>13,388</u> |
| | 40,165 |
| Less: Amount Representing Interest | <u>3,230</u> |
| Present Value of Net Minimum Lease Payments | <u>\$ 36,935</u> |

NOTE 4: Pension Plans

The District has a shared service agreement with the City of Long Branch Board of Education. The District has no employees and therefore has no pension obligations.

NOTE 5: Risk Management

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

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

NOTE 6: Contingent Liabilities

The Board is not involved in any claims or lawsuits incidental to its operations as of June 30, 2018, and, as such, no known contingent liabilities.

NOTE 7: Fair Values of Financial Instruments

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

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

NOTE 8: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 C73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30th if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$2,832.

Excess Surplus Calculation

| | |
|--|-------------------|
| 2017-18 Total General Fund Expenditures Per the CAFR | <u>\$ 198,604</u> |
| Adjusted 2017-18 General Fund Expenditures | <u>\$ 198,604</u> |
| 2% of Adjusted 2017-18 General Fund Expenditures | <u>\$ 3,972</u> |
| Minimum Allowed | \$ 250,000 |
| Increased by: Allowable Adjustment | <u>1,253</u> |
| Maximum Unassigned Fund Balance | <u>\$ 251,253</u> |
| Total General Fund – Fund Balance @ 6-30-18 | \$ 541,155 |
| Decreased by: | |
| Designated for Subsequent Year's Expenditures | 37,070 |
| Other Reserves | <u>250,000</u> |
| Total Unassigned Fund Balance | <u>\$ 254,085</u> |
| Maximum Unassigned Fund Balance | <u>\$ 251,253</u> |
| Restricted Fund Balance – Excess Surplus | <u>\$ 2,832</u> |

NOTE 8: Calculation of Excess Surplus (Continued)**Recapitulation of Excess Surplus as of June 30, 2018**

| | |
|--|-----------------|
| Reserved Fund Balance – Excess Surplus | <u>\$ 2,832</u> |
|--|-----------------|

Detail of Reserves

| | |
|-------------------|-------------------|
| Emergency Reserve | <u>\$ 250,000</u> |
|-------------------|-------------------|

Detail of Allowable Adjustments

| | |
|-------------------------------|-----------------|
| Non-Public Transportation Aid | <u>\$ 1,253</u> |
|-------------------------------|-----------------|

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$541,155 General Fund fund balance at June 30, 2018, \$2,832 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$37,070 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$250,000 had been set up as an emergency reserve; \$251,253 is unreserved and undesignated.

NOTE 10: Economic Dependency

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 192,854 | - | 192,854 | 192,854 | - |
| Miscellaneous | 1,400 | | 1,400 | 2,129 | 729 |
| Total Local Sources | <u>194,254</u> | <u>-</u> | <u>194,254</u> | <u>194,983</u> | <u>729</u> |
| State Sources: | | | | | |
| Categorical Security Aid | 172 | | 172 | 172 | - |
| Adjustment Aid | 26,857 | - | 26,857 | 26,857 | - |
| Categorical Transportation Aid | 19,617 | - | 19,617 | 19,617 | - |
| Categorical Special Education Aid | 198 | | 198 | 198 | |
| PARCC Readiness Aid | 30 | | 30 | 30 | |
| Per Pupil Growth Aid | 30 | | 30 | 30 | |
| Professional Learning Community Aid | 60 | | 60 | 60 | |
| Non-Public Transportation Aid | | | - | 1,253 | 1,253 |
| Total State Sources | <u>46,964</u> | <u>-</u> | <u>46,964</u> | <u>48,217</u> | <u>1,253</u> |
| Total Revenues | <u>241,218</u> | <u>-</u> | <u>241,218</u> | <u>243,200</u> | <u>1,982</u> |
| Expenditures: | | | | | |
| Current Expense: | | | | | |
| Undistributed Expenditures-Instruction: | | | | | |
| Tuition to Other LEAs in State - Regular | 120,820 | (7,395) | 113,425 | 73,000 | 40,425 |
| Tuition to County Voc. School - Regular | 25,460 | - | 25,460 | 25,440 | 20 |
| Total Undistributed Expenditures-Instruction | <u>146,280</u> | <u>(7,395)</u> | <u>138,885</u> | <u>98,440</u> | <u>40,445</u> |

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| Undistributed Expenditures - Supp. Serv. - General Administration: | | | | | |
| Legal Services | 8,000 | 9,000 | 17,000 | 10,586 | 6,414 |
| Audit Fees | 2,900 | - | 2,900 | 2,900 | - |
| Communications/Telephone | 800 | 50 | 850 | 833 | 17 |
| Other Purchased Services (400-500 Series) | 6,336 | - | 6,336 | 5,875 | 461 |
| General Supplies | 300 | - | 300 | - | 300 |
| BOE Membership Dues and Fees | 100 | - | 100 | 90 | 10 |
| Miscellaneous Expenditures | 300 | - | 300 | 197 | 103 |
| Total Undistributed Expenditures - Supp. Serv. | | | | | |
| General Administration | <u>18,736</u> | <u>9,050</u> | <u>27,786</u> | <u>20,481</u> | <u>7,305</u> |
| Undistributed Expenditures - Supp. Serv. - Central Services: | | | | | |
| Purchased Professional Services | <u>29,008</u> | <u>-</u> | <u>29,008</u> | <u>19,007</u> | <u>10,001</u> |
| Total Undistributed Expenditures - Supp. Serv. - Central Services | <u>29,008</u> | <u>-</u> | <u>29,008</u> | <u>19,007</u> | <u>10,001</u> |
| Undistributed Expenditures - Custodial Services | | | | | |
| Insurance | 743 | | 743 | 588 | 155 |
| Total Undistributed Expenditures - Custodial Services | <u>743</u> | <u>-</u> | <u>743</u> | <u>588</u> | <u>155</u> |

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|---------|--------------------------------|
| Undistributed Expenditures - Student Transportation Serv: | | | | | |
| Other Purchased Prof./Tech. Services | 18,730 | - | 18,730 | 18,730 | - |
| Cleaning, Repair and Maintenance Services | 2,000 | - | 2,000 | 975 | 1,025 |
| Lease Purchase of Vehicle | 13,389 | - | 13,389 | 13,389 | - |
| Contr. Serv. (Bet. Home & Sch.)-Joint Agreement | 21,160 | 2,345 | 23,505 | 14,341 | 9,164 |
| Contr. Serv. (Reg. Students)-ESCs & CTSAAs | 17,680 | - | 17,680 | 9,399 | 8,281 |
| Contr. Serv. - Aid in Lieu - Non-Public Schools | 884 | - | 884 | - | 884 |
| Misc. Purchased Services - Transportation | 3,740 | - | 3,740 | 2,231 | 1,509 |
| Transportation Supplies | 2,500 | - | 2,500 | 473 | 2,027 |
| Other Objects | 1,500 | - | 1,500 | 50 | 1,450 |
| Total Undistributed Expenditures - Student Transportation Services | 81,583 | 2,345 | 83,928 | 59,588 | 24,340 |
| Undistributed Expenditures - Support Services - Workmen's Compensation | 500 | | 500 | 500 | - |
| Total Undistributed Expenditures - Business and Other Support Services | 500 | - | 500 | 500 | - |
| Total Undistributed Expenditures | 276,850 | 4,000 | 280,850 | 198,604 | 82,246 |
| Total Expenditures | 276,850 | 4,000 | 280,850 | 198,604 | 82,246 |

ALLENHURST SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 4

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (35,632) | (4,000) | (39,632) | 44,596 | 84,228 |
| Fund Balance July 1 | <u>496,559</u> | | <u>496,559</u> | <u>496,559</u> | |
| Fund Balance June 30 | <u>\$ 460,927</u> | <u>(4,000)</u> | <u>456,927</u> | <u>541,155</u> | <u>84,228</u> |

Recapitulation:

| | |
|---|----------------|
| Emergency Reserve | \$ 250,000 |
| Assigned Fund Balance - Designated for Subsequent Year's Expenditures | 37,070 |
| Restricted Fund Balance - Excess Surplus | 2,832 |
| Unassigned Fund Balance | <u>251,253</u> |
| | <u>541,155</u> |

Reconciliation to Governmental Funds Statements (GAAP):

| | |
|---|----------------|
| Final State Aid Payments not Recognized on GAAP Basis | <u>(4,700)</u> |
|---|----------------|

Fund Balance Per Governmental Funds (GAAP)

| | |
|--|-------------------|
| | <u>\$ 536,455</u> |
|--|-------------------|

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ALLENHURST SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULENOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>General Fund</u> |
|---|-------------------------|
| <u>Sources/Inflows of Resources</u> | |
| Actual Amounts (Budgetary Basis) "Revenue" from Budgetary Comparison Schedule | \$ 243,200 |
| State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 4,794 |
| State Aid Payment Recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year | <u>(4,700)</u> |
| Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 243,294</u> |
| <u>Uses/Outflows of Resources</u> | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | <u>\$ 198,604</u> |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 198,604</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

N/A

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

N/A

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

N/A

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

ALLENHURST SCHOOL DISTRICT

Exhibit I-2

GENERAL LONG-TERM DEBT ACCOUNT GROUP

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2018

| <u>Series</u> | <u>Interest Payable</u> | <u>Amount of Original Issue</u> | <u>Issued Current Year</u> | <u>Retired Current Year</u> | <u>Amount Outstanding June 30, 2018</u> |
|---------------|-------------------------|---------------------------------|----------------------------|-----------------------------|---|
| School Bus | 4.23% | \$ 61,454 | \$ 48,065 | 11,130 | 36,935 |
| | | | \$ 48,065 | 11,130 | 36,935 |

STATISTICAL SECTION

(Unaudited)

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

J-1

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of | | | | | | | | | | |
| Related Debt | \$ 16,325 | 7,598 | 35,954 | 41,947 | 47,940 | 53,933 | 59,926 | 65,919 | 71,912 | 77,905 |
| Restricted | 289,902 | 288,674 | 253,405 | 265,369 | 323,369 | 352,508 | 353,399 | 355,101 | 378,484 | 436,701 |
| Unrestricted | 245,359 | 203,091 | 165,724 | 111,019 | (2,691) | 18,610 | 58,468 | 76,712 | 100,465 | 120,869 |
| Total Governmental Activities | \$ 551,586 | 499,363 | 455,083 | 418,335 | 368,618 | 425,051 | 471,793 | 497,732 | 550,861 | 635,475 |

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

J-2

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Expenses: | | | | | | | | | | |
| Governmental Activities | \$ 191,071 | 160,409 | 218,234 | 205,456 | 145,576 | 135,245 | 117,842 | 136,629 | 164,005 | 151,163 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities | - | - | - | - | - | - | - | 8,642 | - | - |
| Net (Expense): | (191,071) | (160,409) | (218,234) | (205,456) | (145,576) | (135,245) | (117,842) | (127,987) | (164,005) | (151,163) |
| General Revenues and Other Changes | | | | | | | | | | |
| in Net Position: | | | | | | | | | | |
| Governmental Activities | 243,294 | 240,643 | 254,982 | 255,173 | 89,143 | 88,503 | 91,543 | 74,858 | 79,391 | 92,434 |
| Change in Net Position: | \$ 52,223 | 80,234 | 36,748 | 49,717 | (56,433) | (46,742) | (26,299) | (53,129) | (84,614) | (58,729) |
| Governmental Activities | | | | | | | | | | |

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

J-3

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 289,902 | 288,674 | 253,405 | 265,369 | 323,369 | 352,508 | 353,399 | 355,101 | 378,484 | 436,701 |
| Unreserved | 246,553 | 207,885 | 165,724 | 111,019 | (2,691) | 18,610 | 58,468 | 76,712 | 100,465 | 120,869 |
| Total General Fund | \$ 536,455 | 496,559 | 419,129 | 376,388 | 320,678 | 371,118 | 411,867 | 431,813 | 478,949 | 557,570 |

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

J-4

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| Revenues: | | | | | | | | | | |
| Local Tax Levy | \$ 192,854 | 189,073 | 189,073 | 189,073 | 38,307 | 37,556 | 36,820 | 24,065 | 24,065 | 24,065 |
| Other Local Revenue | 2,129 | 2,894 | 16,645 | 16,263 | 1,538 | 1,710 | 2,273 | 12,116 | 13,395 | 8,773 |
| State & Federal Revenue | 48,311 | 48,691 | 49,264 | 49,837 | 49,298 | 49,237 | 52,450 | 47,319 | 41,931 | 59,596 |
| Total Revenues | 243,294 | 240,658 | 254,982 | 255,173 | 89,143 | 88,503 | 91,543 | 83,500 | 79,391 | 92,434 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Special | - | - | - | - | - | - | - | - | - | - |
| Total Instruction | - | - | - | - | - | - | - | - | - | - |
| Undistributed: | | | | | | | | | | |
| Instruction | 98,440 | 62,568 | 104,540 | 96,900 | 59,100 | 49,700 | 39,268 | 46,636 | 39,265 | 45,216 |
| General Administration | 20,481 | 21,472 | 20,256 | 9,730 | 7,740 | 7,829 | 10,194 | 10,935 | 14,551 | 19,589 |
| Central Services | 19,595 | 17,373 | 16,805 | 16,252 | 15,819 | 15,399 | 14,789 | 15,349 | 27,764 | 16,588 |
| Operations and Maintenance | - | - | - | 620 | 620 | 500 | 500 | 500 | 500 | - |
| Student Transportation | 59,588 | 66,094 | 70,140 | 75,461 | 55,804 | 55,324 | 44,277 | 56,716 | 75,432 | 61,593 |
| Business and Other Support Services | 500 | 500 | 500 | 500 | 500 | 500 | 2,461 | 500 | 500 | 1,615 |
| Reimbursed TPAF Social Security Contr. | | | | | | | | | | 569 |
| Total Undistributed | 198,604 | 168,007 | 212,241 | 199,463 | 139,583 | 129,252 | 111,489 | 130,636 | 158,012 | 145,170 |
| Capital Outlay | | | | | | | | | | |
| Total General Fund Expenditures | 198,604 | 168,007 | 212,241 | 199,463 | 139,583 | 129,252 | 111,489 | 130,636 | 158,012 | 145,170 |
| Special Revenue: | | | | | | | | | | |
| State | | | | | | | | | | |
| Total Special Revenue Fund | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Fund Expenditures | 198,604 | 168,007 | 212,241 | 199,463 | 139,583 | 129,252 | 111,489 | 130,636 | 158,012 | 145,170 |
| Net Change in Fund Balance | \$ 44,690 | 72,651 | 42,741 | 55,710 | (50,440) | (40,749) | (19,946) | (47,136) | (78,621) | (52,736) |

Source: District Records

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

J-5

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Interest on</u> <u>Investments</u> | <u>Transportation</u> | <u>Tuition</u> | <u>Miscellaneous</u> | <u>Totals</u> |
|---|--|-----------------------|----------------|----------------------|---------------|
| 2009 | \$ 5,967 | | 2,781 | 25 | 8,773 |
| 2010 | 6,363 | | 5,070 | 1,962 | 13,395 |
| 2011 | 3,474 | | 8,642 | | 12,116 |
| 2012 | 2,212 | | | 61 | 2,273 |
| 2013 | 1,710 | | | | 1,710 |
| 2014 | 1,461 | | | 77 | 1,538 |
| 2015 | 1,363 | 14,900 | | | 16,263 |
| 2016 | 1,645 | 15,000 | | | 16,645 |
| 2017 | 1,894 | - | | 1,000 | 2,894 |
| 2018 | 2,129 | - | | - | 2,129 |

Source: District Records.

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

J-6

| <u>Year Ended</u> <u>December 31,</u> | <u>Net Assessed</u> <u>Valuations</u> | <u>Estimated</u> <u>Full Cash</u> <u>Valuations</u> | <u>Percentage of</u> <u>Net Assessed to</u> <u>Estimated Full</u> <u>Cash Valuations</u> |
|--|--|--|---|
| 2008 | \$ 587,644,603 | 559,501,669 | 105.03% |
| 2009 | 586,306,091 | 548,718,850 | 106.85% |
| 2010 | 587,876,291 | 592,736,732 | 99.18% |
| 2011 | 585,310,403 | 661,966,074 | 88.42% |
| 2012 | 599,655,561 | 615,726,010 | 97.39% |
| 2013 | 579,549,173 | 515,017,482 | 112.53% |
| 2014 | 454,972,286 | 504,012,724 | 90.27% |
| 2015 | 447,664,342 | 504,637,969 | 88.71% |
| 2016 | 501,316,284 | 584,966,492 | 85.70% |
| 2017 | 543,443,852 | 566,500,419 | 95.93% |

Source: Monmouth County.

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

J-7

| <u>Assessment Year</u> | <u>Allenhurst School District</u> | <u>Municipal</u> | <u>Monmouth County</u> | <u>Total</u> |
|----------------------------|---|------------------|----------------------------|--------------|
| 2008 | \$ 0.010 | 0.330 | 0.240 | 0.580 |
| 2009 | 0.004 | 0.347 | 0.242 | 0.593 |
| 2010 | 0.010 | 0.370 | 0.270 | 0.650 |
| 2011 | 0.005 | 0.379 | 0.318 | 0.702 |
| 2012 | 0.006 | 0.381 | 0.298 | 0.685 |
| 2013 | 0.007 | 0.390 | 0.270 | 0.667 |
| 2014 | 0.009 | 0.503 | 0.338 | 0.850 |
| 2015 | 0.059 | 0.516 | 0.347 | 0.922 |
| 2016 | 0.038 | 0.461 | 0.333 | 0.832 |
| 2017 | 0.035 | 0.441 | 0.302 | 0.778 |

Source: Municipal Tax Assessor.

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED DECEMBER 31, 2017
UNAUDITED

J-8

| <u>Taxpayer</u> | <u>Assessed Valuation 2017</u> | <u>As a % of District's Net Assessed Valuation</u> |
|-------------------------|--|--|
| Individual Taxpayer #1 | \$ 5,371,900 | 1.07% |
| Individual Taxpayer #2 | 5,174,700 | 1.03% |
| Individual Taxpayer #3 | 4,985,100 | 0.99% |
| Individual Taxpayer #4 | 4,968,300 | 0.99% |
| Individual Taxpayer #5 | 4,864,800 | 0.97% |
| Individual Taxpayer #6 | 4,829,400 | 0.96% |
| Individual Taxpayer #7 | 4,724,700 | 0.94% |
| Individual Taxpayer #8 | 4,696,700 | 0.94% |
| Individual Taxpayer #9 | 4,599,800 | 0.92% |
| Individual Taxpayer #10 | 4,591,000 | 0.92% |
| | <u>\$ 48,806,400</u> | <u>9.74%</u> |

Source: Municipal Tax Assessor.

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

J-9

| <u>Year Ended December 31,</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Tax Levy Collected</u> |
|------------------------------------|---------------------------|------------------------------------|--|
| 2008 | \$ 3,411,503 | 3,393,052 | 99.46% |
| 2009 | 3,486,233 | 3,446,458 | 98.86% |
| 2010 | 3,828,298 | 3,786,643 | 98.91% |
| 2011 | 4,110,937 | 4,055,347 | 98.65% |
| 2012 | 4,009,910 | 3,977,299 | 99.19% |
| 2013 | 3,873,319 | 3,780,541 | 97.60% |
| 2014 | 3,867,264 | 3,848,831 | 99.52% |
| 2015 | 4,133,606 | 4,102,707 | 99.25% |
| 2016 | 4,188,004 | 4,118,962 | 98.35% |
| 2017 | 4,237,210 | 4,219,821 | 99.59% |

Source: Municipal Tax Collector.

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

J-10

| <u>Fiscal Year Ending</u> | <u>Capital Leases</u> | <u>Total Debt</u> |
|-------------------------------|---------------------------|-----------------------|
| 2017 | \$ 48,065 | 48,065 |
| 2018 | 36,935 | 36,935 |

Not Applicable - 2016 thru 2009

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

J-11

| <u>Fiscal Year Ending</u> | <u>Total Debt</u> | <u>Population</u> | <u>Net Bonded Debt Per Capita</u> |
|-------------------------------|-----------------------|-------------------|---|
| 2017 | \$ 48,065 | 488 | \$ 98.49 |
| 2018 | 36,935 | 489 | 75.53 |

Not Applicable - 2016 thru 2009

ALLENHURST SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017
UNAUDITED

J-12

| | | |
|---|------------------|---------------------|
| Net Direct Debt of School District as of December 31, 2017 | | \$ 48,065 |
| Net Overlapping Debt of School District: | | |
| Borough of Allenhurst (100%) | 4,965,350 | |
| County of Monmouth - Borough's Share (.5%) | <u>2,285,953</u> | |
| | | <u>7,251,303</u> |
| Total Direct and Overlapping Bonded Debt as of December 31, 2017 | | <u>\$ 7,251,303</u> |

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

ALLENHURST BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

| <u>Year Ended December 31,</u> | <u>Allenhurst Unemployment Rate</u> | <u>Allenhurst Personal Income (a)</u> | <u>Monmouth County Per Capita Income</u> | <u>Population</u> |
|---|--|--|---|--------------------------|
| 2008 | 3.2% | 42,451,668 | 60,732 | 699 |
| 2009 | 7.2% | 40,193,202 | 57,666 | 697 |
| 2010 | 5.4% | 28,581,300 | 57,740 | 495 |
| 2011 | 5.4% | 30,090,555 | 60,789 | 495 |
| 2012 | 5.7% | 31,197,375 | 63,025 | 495 |
| 2013 | 7.6% | 31,471,258 | 63,707 | 494 |
| 2014 | 4.4% | 32,874,226 | 66,682 | 493 |
| 2015 | 4.0% | 34,151,271 | 69,839 | 489 |
| 2016 | 2.0% | 34,763,656 | 71,237 | 488 |
| 2017 | 2.7% | Unavailable | Unavailable | 489 |

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

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

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

J-15

2018

DATA NOT AVAILABLE

2009

DATA NOT AVAILABLE

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

Source: District Personnel Records

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

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

J-17

Not Applicable - Allenhurst is a non-operating District

ALLENHURST BOARD OF EDUCATION
BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

J-18

Not Applicable - Allenhurst does not own a building

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

J-19

Not Applicable - Allenhurst does not own a building

ALLENHURST SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

J-20

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

Source: District Records.

REPORT ON INTERNAL CONTROL

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

56.

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

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allenhurst Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Allenhurst Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

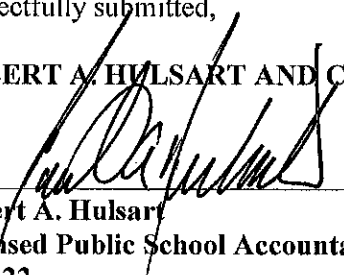
As part of obtaining reasonable assurance about whether the Allenhurst Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements,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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

September 18, 2018

SCHEDULE OF FINANCIAL ASSISTANCE

ALLENHURST SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Not Applicable - No Federal Awards

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

ALLENHURST SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2018****NOTE 1: General**

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$94 for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented below:

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

| | <u>General Fund</u> |
|---|--|
| <u>State Assistance</u> | |
| Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance | \$ 48,217 |
| The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33) | <u>94</u> |
| Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | <u>\$ 48,311</u> |

NOTE 4: Relationship to Federal and State Financial Reports

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

ALLENHURST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I - Summary of Auditor's Results

Financial Statement Section

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

Description

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

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

_____ Yes x None Reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

ALLENHURST SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018***Part II - Schedule of Financial Statement Findings***

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

There are none.

ALLENHURST SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2018***Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs***

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

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

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

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 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*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.