

**ALPHA BOROUGH
SCHOOL DISTRICT**

**Alpha Borough School District
Board of Education
Alpha, Warren County
New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018**

Comprehensive Annual

Financial Report

of the

Alpha Borough School District

Board of Education

Alpha, New Jersey

For the Fiscal Year Ending June 30, 2018

Prepared by

Alpha Borough School District

Board of Education

Finance Department

OUTLINE OF CAFR

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

FINANCIAL SECTION

Independent Auditor's Report	7-9
Required Supplementary Information – Part I Management’s Discussion and Analysis	11-18
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	32-60
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	63-71
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	72
Notes to Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	73

OUTLINE OF CAFR

Required Supplementary Information – Part III	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3 Schedule of the District's Proportionate Share of the Net Pension Liability	74
L-2 Schedule of District Contributions	75
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	76
 Notes to Required Supplementary Information - Part III	 77
 Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	80
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Schedule of Project Revenues and Expenditures	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

OUTLINE OF CAFR

Other Supplementary Information		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	84
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	85
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	86
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	89
J-2	Changes in Net Position	90-91
J-3	Fund Balances - Governmental Funds	92
J-4	Changes in Fund Balances - Governmental Funds	93
J-5	General Fund Other Local Revenue by Source	94

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	95
J-7	Direct and Overlapping Property Tax Rates	96
J-8	Principal Property Taxpayers	97
J-9	Property Tax Levies and Collections	98

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	99
J-11	Ratios of General Bonded Debt Outstanding	100
J-12	Direct and Overlapping Governmental Activities Debt	101
J-13	Legal Debt Margin Information	102

Demographic and Economic Information

J-14	Demographic and Economic Statistics	103
J-15	Principal Employers	104

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	105
J-17	Operating Statistics	106
J-18	School Building Information	107
J-19	Schedule of Required Maintenance Expenditures by School Facility	108
J-20	Insurance Schedule	109

OUTLINE OF CAFR

SINGLE AUDIT SECTION		<u>Page</u>
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	111-112
K-2	Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's Circular 15-08	113-114
K-3	Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	115
K-5	Notes to the Schedules of Awards and Financial Assistance	116-117
K-6	Schedule of Findings and Questioned Costs	118-120
K-7	Summary Schedule of Prior Audit Findings	121

Introductory Section

Alpha Board of Education

817 North Boulevard

Alpha, NJ 08864

(908) 454-3388 Tel.

(908) 454-4685 Fax

Honorable President and
Members of the Board of Education
Alpha School District
County of Warren, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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.

REPORTING ENTITY AND ITS SERVICES: The Alpha School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The Alpha Board of Education and all its schools constitute the District's reporting entity.

The district provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The district

completed the 2017-18 fiscal year with an enrollment of 208 students. The following details the changes in the student enrollment over the last five years.

Fiscal Year	<u>Average Daily Enrollment</u>	
	Student Enrollment	Percentage Change
2017-18	208	7.7
2016-17	193	-3.5
2015-16	200	-9.91
2014-15	222	-2.63
2013-14	228	-12.6
2012-13	261	-3.69

TUITION PUPILS: Alpha School District sends our grade 9 to 12 students to Phillipsburg High School on a tuition basis. Approximately 83 students attended Phillipsburg High School while 14 students attended the Warren County Technical School District.

From the township, approximately 18 children attended non-public schools including Saints Phillip and James, Phillipsburg Christian Academy, Bethlehem Catholic, and St. Jane Frances de Chantal School. Currently the district sends approximately 9 children, ages three through twenty-one, for special educational instruction outside the Alpha School District as per the individual student's educational placement requirements.

PRESENT CONDITION AND OUTLOOK

Our enrollment has significantly declined in the last several years.

The Alpha School receives regular cleaning and maintenance of all building systems. Community groups and sports teams hold many activities and events on nights and weekends inside and outside of the building. Student activities and events at night cause heavy use of the facilities.

MAJOR INITIATIVES/PLANNING:

The Alpha School District has been focusing on improving instructional practices to address the Common Core State Standards and the new PARCC testing requirements. This year we are adopting the Workshop Model for Language Arts. This is a proven best-practice that allows teachers to individualize instruction. This requires investment in class libraries and training. We will continue to partner with Debbie Diller Associates and Frank Serafini, industry leaders, to train the staff. We are also supporting the Math curriculum with investments in coaching and manipulatives. Lastly, we are committed to expanding our technological capabilities and becoming one-to-one with Chromebooks as well as creating and supporting a maker space.

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

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.

ECONOMIC CONDITION: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

BUDGET INFORMATION SHEET - OVERALL COMMENTS:

The Alpha School District's 2017-18 School Budget encompassed the educational programs for students from grades kindergarten through twelfth grade in regular education, and preschool through age twenty-one in special education. In addition, the district's budget included the operational expenses for the township school.

The 2017-18 budget was developed to stay within the "Maximum Permitted Net Budget" as defined by the State of New Jersey Department of Education. The 2017-18 budget needed to support the educational and operational costs of delivering a thorough and efficient education was developed using the allowable spending growth limitation adjustments in the area of non-remote transportation.

The district Long Range Facility Plan primarily included building renovations at the Alpha School. To support this project, Alpha maintains an approved capital reserve account.

Revenues to support the 2017-18 budget were principally derived from local tax levy.

DEBT ADMINISTRATION: The district has no debt.

CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government 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. Cash, not immediately required for district payments, is invested in a Municipal Sweep account with PNC.

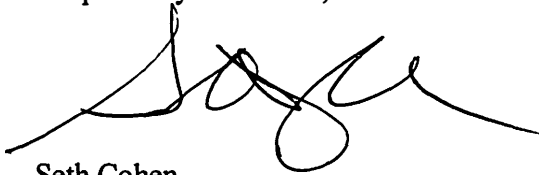
RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited

to general liability and hazard and theft insurance on property and contents. During 2017-18, the district participated in the School Alliance Insurance Fund. This is a joint insurance fund specializing in insurance for public education entities.

OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The Board selected the accounting firm of Ardito & Co. 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 OMB Uniform Guidance 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.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Alpha Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and diligent auditing services of the firm of Ardito & Co.

Respectfully submitted,



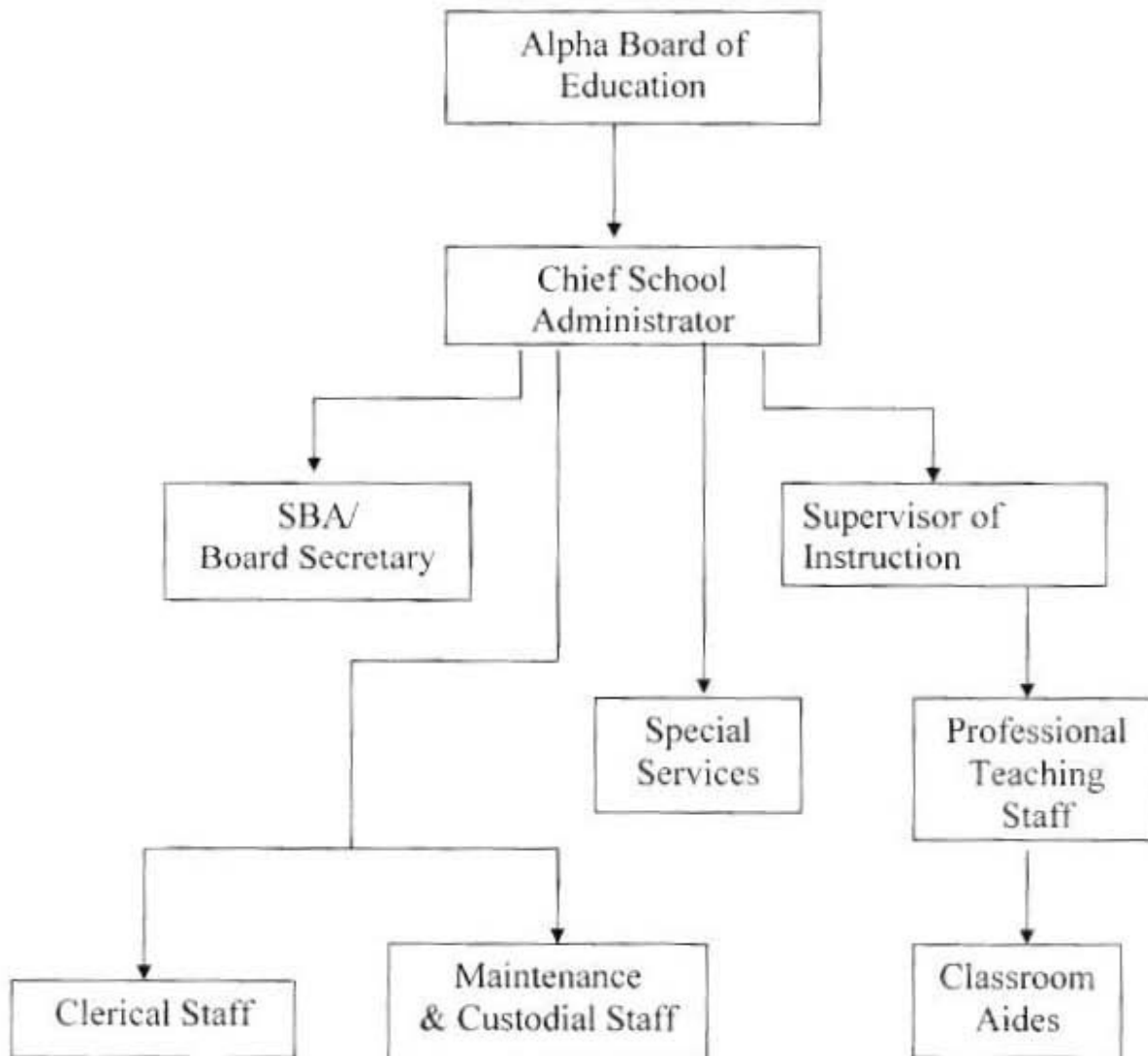
Seth Cohen
Superintendent



Tim Mantz
Board Secretary/Business Administrator

Alpha Board of Education

Organization Chart



**ALPHA BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2018

Members of the Board of Education

Term Expires

Jennifer Pettinelli, President	2018
Robert Melick, Vice President	2019
Travis Conway	2018
Carl Johnson	2018
Loretta Zrinski-Reed	2020
Patrick Smith	2019
Open Seat	2020

Other Officials

Seth Cohen, Chief School Administrator

Tim Mantz, Board Secretary/School Business Administrator

Lorraine Rossetti, Treasurer

**ALPHA BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Appruzzese, McDermott, Mastro, & Murphy
P.O. Box 112
Liberty Corner, NJ 07938

AUDIT FIRM

Ardito & Co., LLP
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825

ARCHITECT

USA Architects
1 South Third Street - 7th Floor
Easton, PA 18042

OFFICIAL DEPOSITORIES

PNC Bank
331 3rd Avenue
Alpha, NJ 08865

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Alpha Borough School District
County of Warren
Alpha, New Jersey 08865

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Alpha Borough School District Board of Education, 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.

Auditor's Responsibility

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

-Continued-

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, business-type activities, each major fund, and the aggregate remaining fund information of the Alpha Borough School District Board of Education, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and post employment benefit other than pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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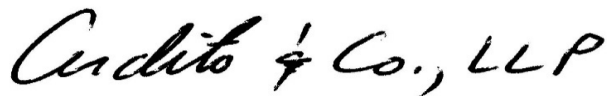
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 16, 2019, on our consideration of the Alpha Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
January 16, 2019



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The discussion and analysis of Alpha Borough 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; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ◆ In total, Net Position decreased \$127,404 which represents a 19.1% decrease from 2017.
- ◆ General revenues accounted for \$3,266,696 in revenue or 47.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,653,112 or 52.8% of total revenues of \$6,919,808.
- ◆ Total assets of governmental activities decreased by \$145,350, as cash and cash equivalents decreased by \$96,021, receivables decreased by \$15,050, and capital assets decreased by \$33,049.
- ◆ The School District had \$7,047,212 in expenses; only \$3,653,112 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,266,696 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,654,483 in revenues and \$5,747,105 in expenditures. The General Fund's surplus balance decreased \$92,622 over 2017, which compares favorably to the budgeted decrease of \$325,184.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alpha Borough 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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Alpha Borough School District, the General Fund is by far the most significant fund.

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

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 2018?" The Statement of Net Position and the Statement of Activities 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 those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial 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 is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. 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's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s Net Position for 2018 compared to 2017.

**Table 1
Net Position**

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 1,154,632	\$ 1,266,933
Capital Assets	<u>582,142</u>	<u>615,191</u>
Total Assets	<u>1,736,774</u>	<u>1,882,124</u>
 Deferred Outflows of Resources	 <u>314,880</u>	 <u>151,029</u>
 Liabilities		
Long-Term Liabilities	964,759	1,109,587
Other Liabilities	<u>315,193</u>	<u>326,944</u>
Total Liabilities	<u>1,279,952</u>	<u>1,436,531</u>
 Deferred Inflows of Resources	 <u>232,711</u>	 <u>112,658</u>
 Net Position		
Invested in Capital Assets, Net of Debt	582,142	615,191
Restricted	689,492	623,388
Unrestricted	<u>(732,643)</u>	<u>(572,184)</u>
Total Net Position	<u>\$ 538,991</u>	<u>\$ 666,395</u>

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

Total assets of governmental activities decreased by \$145,350, as cash and cash equivalents decreased by \$96,021, receivables decreased by \$15,050, and capital assets decreased by \$33,049.

The cash decrease was expected because surplus usage was anticipated to be greater, and the decrease in capital assets was due entirely to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2017.

Table 2
Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 35,755	\$ 34,351
Operating Grants and Contributions	3,617,357	3,351,854
General Revenues:		
Property Taxes	3,261,165	3,166,849
Other	<u>5,531</u>	<u>2,794</u>
Total Revenues	<u>6,919,808</u>	<u>6,555,848</u>
Program Expenses		
Instruction	3,133,018	2,984,782
Support Services:		
Pupils and Instructional Staff	2,204,478	2,269,320
General Administration, School Administration, Business	606,609	577,934
Operations and Maintenance of Facilities	755,121	451,237
Pupil Transportation	259,916	265,746
Business-Type Activities	<u>88,070</u>	<u>68,951</u>
Total Expenses	<u>7,047,212</u>	<u>6,617,970</u>
Increase in Net Position	<u>\$ (127,404)</u>	<u>\$ (62,122)</u>

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

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 47.1% percent of revenues for governmental activities for the Alpha Borough School District for the fiscal year 2018.

Instruction comprises 44.5% of district expenses. Support services expenses make up 54.3% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	3,133,018	1,444,918	\$2,984,782	\$1,409,672
Support Services:				
Pupils and Instructional Staff	2,204,478	1,118,471	2,269,320	1,152,918
General Admin., School Admin., Business	606,609	307,771	577,934	297,547
Operation and Maintenance of Facilities	755,121	383,121	451,237	232,318
Pupil Transportation	259,916	131,872	265,746	136,818
Business-Type Activities	<u>88,070</u>	<u>7,947</u>	<u>68,951</u>	<u>2,492</u>
Total Expenses	<u>\$ 7,047,212</u>	<u>\$ 3,394,100</u>	<u>\$ 6,617,970</u>	<u>\$ 3,231,765</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 46.1% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 50.7%. The community, as a whole, is the primary support for the Alpha Borough School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,799,141 and expenditures of \$5,891,763. The General Fund's surplus balance decreased \$92,622 over 2017, which compares favorably to the budgeted decrease of \$325,184.

General Fund Budgeting Highlights

The School District'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.

During the course of the fiscal 2018 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$5,178,655, \$4,382 over original budgeted estimates of \$5,174,273. This difference was due primarily to miscellaneous non-budgeted revenue.

General fund revenues fell short of expenditures by \$90,866. Again this deficit compares to a budgeted deficit of \$325,184, which was due to the budgeted use of prior year's excess surplus in the 2017-2018 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction and tuition expenditures.

Overall general fund balance (budget basis) was \$1,006,086, and amounts ear-marked and reserved for future purposes were \$756,086, creating a surplus in unreserved fund balance of \$250,000. Management believes the district can maintain unreserved fund balances at or near the statutory maximum 2% level of \$250,000.

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Capital Assets

At the end of the fiscal year 2018, the School District had \$582,142 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2018</u>	<u>2017</u>
Land	\$ 291,300	\$ 291,300
Land Improvements	3,563	5,938
Buildings and Improvements	270,252	292,544
Machinery and Equipment	<u>17,027</u>	<u>25,409</u>
Totals	<u>\$ 582,142</u>	<u>\$ 615,191</u>

Overall capital assets decreased \$33,049 from fiscal year 2017 to fiscal year 2018. The decrease in capital assets was due to depreciation expense for the year.

No major capital improvements were purchased during fiscal year 2018.

Debt Administration

At June 30, 2018, the School District had \$108,291 as outstanding long term debt. Of this amount, \$108,291 is for compensated absences.

At June 30, 2018, the School District's overall legal debt margin was \$6,235,801 and the unvoted debt margin was the same.

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

For the Future

The Alpha Borough School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes.

In conclusion, the Alpha Borough 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 Tim Mantz, School Business Administrator/Board Secretary at Alpha Borough School District, 817 North Blvd., Alpha, NJ 08865.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2018

	GOVERNMENTAL BUSINESS-TYPE		
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,010,342	\$ 16,595	\$ 1,026,937
Receivables, Net		1,220	1,220
Interfund Receivable			
Inventory		2,680	2,680
Restricted Assets:			
Capital Reserve Account - Cash	2,677		2,677
Emergency Reserve Account - Cash	121,118		121,118
Capital Assets, Net (Note 5):	582,142		582,142
Total Assets	<u>1,716,279</u>	<u>20,495</u>	<u>1,736,774</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows			<u>314,880</u>
LIABILITIES			
Unearned Revenue	313,710	1,483	315,193
Net Pension Liability (Note 7)	856,488		856,488
Noncurrent Liabilities (Note 6):			
Due Within One Year			
Due Beyond One Year	108,271		108,271
Total Liabilities	<u>1,278,469</u>	<u>1,483</u>	<u>1,279,952</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows			<u>232,711</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	582,142		582,142
Restricted for:			
Capital Reserve Account	2,677		2,677
Emergency Reserve Account	121,118		121,118
Other Purposes	565,697		565,697
Unrestricted	(751,655)	19,012	(732,643)
Total Net Position	<u>\$ 519,979</u>	<u>\$ 19,012</u>	<u>\$ 538,991</u>

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 2,152,728		\$ 1,205,173		\$ (947,555)	\$ (947,555)
Special Education	774,593		381,593		(393,000)	(393,000)
Other Special Instruction	205,697		101,334		(104,363)	(104,363)
Support Services:						
Tuition	1,649,816		812,760		(837,056)	(837,056)
Student & Instruction Related Services	554,662		273,247		(281,415)	(281,415)
School Administrative Services	82,124		40,457		(41,667)	(41,667)
General and Business Admin. Services	524,485		258,381		(266,104)	(266,104)
Plant Operations and Maintenance	755,121		372,000		(383,121)	(383,121)
Pupil Transportation	259,916		128,044		(131,872)	(131,872)
Total Governmental Activities	6,959,142	-	3,572,989		(3,386,153)	(3,386,153)
Business-Type Activities:						
Food Service	88,070	\$ 35,755	44,368			\$ (7,947)
Total Business-Type Activities	88,070	35,755	44,368	-	-	(7,947)
Total Primary Government	\$ 7,047,212	\$ 35,755	\$ 3,617,357		\$ (3,386,153)	\$ (7,947)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 3,261,165		\$ 3,261,165
Investment Earnings				5,512	19	5,531
Miscellaneous Income				-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,266,677	19	3,266,696
Change in Net Position				(119,476)	(7,928)	(127,404)
Net Position—Beginning (As Restated)				639,455	26,940	666,395
Net Position—Ending				\$ 519,979	\$ 19,012	\$ 538,991

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

FUND FINANCIAL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,130,902	\$ 3,235	\$ 1,134,137
Receivables from Other Governments	-	-	-
TOTAL ASSETS	\$ 1,130,902	\$ 3,235	\$ 1,134,137
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable	\$ -		\$ -
Unearned Revenue	310,475	\$ 3,235	313,710
Total Liabilities	310,475	3,235	313,710
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	2,677		2,677
Emergency Reserve	121,118		121,118
Excess Surplus - Designated for Subseq. Year's Expenditures	175,026		175,026
Excess Surplus	389,142		389,142
<u>Assigned to:</u>			
Year-End Encumbrances	66,594		66,594
Designated for Subsequent Year's Expenditures	1,529		1,529
<u>Unassigned:</u>			
General Fund - Undesignated	64,341		64,341
Total Fund Balances	820,427	-	820,427
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,130,902	\$ 3,235	\$ 1,134,137

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 \$1,586,976 and the accumulated depreciation is \$1,004,834 (see Note 5).	\$ 582,142
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	314,880
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(232,711)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(856,488)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(108,271)
Net Position of governmental activities	\$ 519,979

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 3,261,165		\$ 3,261,165
Interest on Capital Reserve	355		355
Miscellaneous	5,157		5,157
Total - Local Sources	<u>3,266,677</u>		<u>3,266,677</u>
State Sources	2,387,806		2,387,806
Federal Sources		\$ 144,658	144,658
Total Revenues	<u>5,654,483</u>	<u>144,658</u>	<u>5,799,141</u>
EXPENDITURES			
Current:			
Regular Instruction	1,322,617	125,452	1,448,069
Special Education Instruction	520,191		520,191
Other Special Instruction	138,139		138,139
Support services and undistributed costs:			
Tuition	1,649,816		1,649,816
Student and Instruction Related Services	369,519		369,519
School Administrative Services	54,161		54,161
Other Administrative Services	349,913		349,913
Plant Operations and Maintenance	304,653		304,653
Pupil Transportation	259,916		259,916
Unallocated Benefits	599,221		599,221
Capital Outlay	178,959	19,206	198,165
Total Expenditures	<u>5,747,105</u>	<u>144,658</u>	<u>5,891,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(92,622)</u>	-	<u>(92,622)</u>
Net Change in Fund Balances	(92,622)	-	(92,622)
Fund Balance—July 1	913,049	-	913,049
Fund Balance—June 30	<u>\$ 820,427</u>	<u>-</u>	<u>\$ 820,427</u>

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (92,622)

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	\$ (33,049)	
	Capital Outlays	<u> -</u>	(33,049)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(18,647)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

24,842

Change in Net Position of Governmental Activities

\$ (119,476)

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 16,595	\$ 16,595
Accounts Receivable	1,220	1,220
Inventories	2,680	2,680
Total Current Assets	<u>20,495</u>	<u>20,495</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	46,812	46,812
Less Accumulated Depreciation	(46,812)	(46,812)
Total Noncurrent Assets	<u> </u>	<u> </u>
Total Assets	<u>20,495</u>	<u>20,495</u>
LIABILITIES		
Current liabilities:		
Deferred Revenue	1,483	1,483
Total Current Liabilities	<u>1,483</u>	<u>1,483</u>
Total Liabilities	<u>1,483</u>	<u>1,483</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt		
Unrestricted	19,012	19,012
Total Net Position	<u>\$ 19,012</u>	<u>\$ 19,012</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 24,680	\$ 24,680
Daily Sales - Non-Reimb. Programs	11,075	11,075
Miscellaneous Income	19	19
Total Operating Revenues	35,774	35,774
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	29,385	29,385
Cost of Sales - Non-reimbursable Programs	730	730
Salaries	42,222	42,222
Employee Benefits	5,600	5,600
Other Purchased Professional Services	7,449	7,449
Miscellaneous	2,684	2,684
Depreciation		
Total Operating Expenses	88,070	88,070
Operating Income (Loss)	(52,296)	(52,296)
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	929	929
Federal Sources:		
National School Lunch Program	33,229	33,229
National Breakfast Lunch Program	3,440	3,440
Food Distribution Program	6,770	6,770
Total Nonoperating Revenues (Expenses)	44,368	44,368
Income (Loss)	(7,928)	(7,928)
Change in Net Position	(7,928)	(7,928)
Total Net Position—Beginning	26,940	26,940
Total Net Position—Ending	\$ 19,012	\$ 19,012

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 35,774	\$ 35,774
Payments to Employees	(42,222)	(42,222)
Payments for Employee Benefits	(5,600)	(5,600)
Payments to Suppliers	(32,552)	(32,552)
Net Cash Provided by (used for) Operating Activities	(44,600)	(44,600)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	931	931
Federal Sources	36,570	36,570
Operating Transfers from Other Funds	8,371	8,371
Net Cash Provided by (used for) Non-Capital Financing Activities	45,872	45,872
Net Increase (Decrease) in Cash and Cash Equivalents	1,272	1,272
Balances—Beginning of Year	15,323	15,323
Balances—End of Year	\$ 16,595	\$ 16,595
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (52,296)	\$ (52,296)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization		
Federal Commodities	6,770	6,770
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	1,230	1,230
Increase (Decrease) in Accounts Payable	(304)	(304)
Total Adjustments	7,696	7,696
Net Cash Provided by (used for) Operating Activities	\$ (44,600)	\$ (44,600)

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 93,533
Total Assets	<u>93,533</u>
LIABILITIES	
Payroll Deductions and Withholding	58,408
Payable to Student Groups	35,125
Total Liabilities	<u>\$ 93,533</u>
NET POSITION	

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

Notes to Financial Statements

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Alpha Borough 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years was phased in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2017.

A. Reporting Entity:

The Alpha Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Alpha Borough School District had an approximate enrollment at June 30, 2018, of 211 students.

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

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

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

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2018, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$1,148,055	\$93,533	\$1,241,588
Checking Accounts-Capital Reserve	2,677		2,677
	<u>\$1,150,732</u>	<u>\$93,533</u>	<u>\$1,244,265</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,244,265 and the bank balance was \$1,358,778. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,108,778 was covered by collateral pool.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3: RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants and aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	-	\$27
Federal Aid	-	1,193
Gross Receivable	-	\$1,220
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	-	1,220

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	<u>\$2,680</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
Land	\$ 291,300			\$ 291,300
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	47,500			47,500
Buildings and Building Improvements	1,183,876			1,183,876
Machinery and Equipment	64,300			64,300
Total at Historical Cost	<u>1,586,976</u>	-	-	<u>1,586,976</u>
Less Accumulated Depreciation for:				
Land Improvements	(41,562)	\$ (2,375)		(43,937)
Building and Improvements	(891,332)	(22,292)		(913,624)
Equipment	(38,891)	(8,382)		(47,273)
Total Accumulated Depreciation	<u>(971,785)</u>	<u>(33,049)</u>		<u>(1,004,834)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>615,191</u>	<u>(33,049)</u>	-	<u>582,142</u>
Government Activity Capital Assets, Net	<u>\$ 615,191</u>	<u>\$ (33,049)</u>	<u>\$ -</u>	<u>\$ 582,142</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 22,474
Support - Students	2,974
General Administration	1,652
School Administration	991
Business Administration	662
Plant and Operations	<u>4,296</u>
Total	<u>\$ 33,049</u>

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2018, are as follows:

	Balance <u>7/1/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/18</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$133,133		(\$24,842)	\$108,291	-
Total	\$133,133		(\$24,842)	\$108,291	-

Compensated absences have been liquidated in the General Fund.

As of June 30, 2018, the District had no authorized but not issued bonds.

NOTE 7: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$11,487,049 as measured on June 30, 2017 and \$13,253,182 measured on June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$795,765 and revenue of \$795,765 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2016 and June 30, 2017.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$17,440,003,201	\$14,251,854,934
Collective deferred inflows of resources	\$195,027,919	\$11,807,233,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$78,666,367,052	\$67,423,605,859
State's portion of the net pension liability that was associated with the district	\$13,253,182	\$11,487,049
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.016847%	0.017037%

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

Inflation:	2.25%	
Salary Increases:		
Through 2021		Varies based on experience
Thereafter		Varies based on experience
Investment Rate of Return:	7.00%	

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigat	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2017, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.25%)</u>	<u>(4.25%)</u>	<u>(5.25%)</u>
State's Collective Net Pension Liability	\$ 80,394,331,171	\$ 67,670,209,171	\$ 57,188,022,171

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2017 was \$23,056,161,829.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2018	\$740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
Total	<u>\$2,360,639,596</u>

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$3,028,689,581
Interest on total ension liability	3,304,988,177
Member contributions	(790,788,033)
Administrative expens	11,923,787
Expected investment return net of investment expenses	(1,606,947,478)
Pension expense related to specific liabilities of individual employers	(357,659)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	53,331,240
Recognition of assumption changes or inputs	723,829,969
Recognition of investment gains/losses	<u>(36,820,154)</u>
Total pension expense	<u>\$4,687,849,430</u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2018, the District reported a liability of \$856,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 valuation was determined by an experience study for the period July 1, 2011 to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the District's proportion was 0.00368% which was an increase of 0.00038% from its proportion measured as of June 30, 2016.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$57,851. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 20,167	-
Changes of assumptions	172,553	\$ 171,920
Net difference between projected and actual earnings on pension plan investments	5,832	
Changes in proportion and differences between District contributions and proportionate share of contributions	81,919	60,791
District contributions subsequent to the measurement date	34,409	
Total	\$ 314,880	\$ 232,711

\$34,409 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2018	\$36,158
2019	54,563
2020	33,063
2021	(43,973)
2022	<u>(32,051)</u>
Total	<u>\$47,760</u>

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
District's portion of net pension liability	\$976,474	\$856,488
District's proportion %	0.00329699%	0.00367932%

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigat	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.0% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.0%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 1,062,531	\$856,488	\$ 684,828

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$37,410
Interest on total ension liability	67,886
Member contributions	(17,795)
Administrative expens	466
Expected investment return net of investment expenses	(48,470)
Pension expense related to specific liabilities of individual employers	(526)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	5,948
Recognition of assumption changes or inputs	13,861
Recognition of investment gains/losses	<u>(929)</u>
Total pension expense	<u>\$57,851</u>

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/2018	\$34,409	100%
6/30/2017	\$29,290	100%
6/30/2016	\$28,717	100%

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension/ PMR Cost</u>	<u>Percentage of APC Contributed</u>
6/30/2018	\$368,747	100%
6/30/2017	\$351,474	100%
6/30/2016	\$295,499	100%

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2018, the State of New Jersey did contribute \$368,747 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$108,837 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 8: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
Salary Increases Through 2026:	1.55-4.55% TPAF	2.15-4.18% PERS	Based on years of service
Salary Increases Thereafter:	2.00-5.45% TPAF	3.15-5.15% PERS	Based on years of service
Discount rate (2017)	3.58%		
Discount rate (2016)	2.85%		
Healthcare cost trend rates (PPO Plans)	5.9% decreasing to 5.0% after nine years		
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%		
Healthcare cost trend rates (HMO Plans)	5.9% decreasing to 5.0% after nine years		
Healthcare cost trend rates (Prescription Drug Benefits)	10.5% decreasing to 5.0% after eight years		
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%		

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Healthcare cost trend rates (Medicare Advantage) 4.50%

Retirees' share of benefit related Costs Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 -June 30, 2013, and July 1, 2011 -June 30, 2014 for TPAF , PFRS and PERS , respectively .

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2016	\$57,831,784,184
<u>Changes for the year:</u>	
Service Cost	2,391,878,884
Interest	1,699,441,736
Benefit Payments	(1,242,412,566)
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(\$7,086,599,129)
Net changes	<u>(\$4,191,942,326)</u>
The State's Total OPEB Liability Balance at 6/30/2017	<u>\$53,639,841,858</u>
 The State's total OPEB liability attributable to the District:	 \$162,854,047

There were no changes of benefit terms.

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

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

		June 30, 2017		
		At 1% Decrease <u>2.58%</u>	At Discount Rate <u>3.58%</u>	At 1% Increase <u>4.58%</u>
Total OPEB Liability (School Retirees)		\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
		June 30, 2016		
		At 1% Decrease <u>1.85%</u>	At Discount Rate <u>2.85%</u>	At 1% Increase <u>3.85%</u>
Total OPEB Liability (School Retirees)		\$69,283,705,084	\$57,831,784,184	\$48,817,654,566

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

		June 30, 2017		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$44,113,584,560	\$53,639,841,858	\$66,290,599,457
		June 30, 2016		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the board of education recognized OPEB expense of \$613,507 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in proportion	\$99,843,255	(\$99,843,255)
Changes of assumptions or other inputs	_____	(\$6,343,769,032)
Total	<u>\$99,843,255</u>	<u>(\$6,443,612,287)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2018	(\$742,830,097)
2019	(\$742,830,097)
2020	(\$742,830,097)
2021	(\$742,830,097)
2022	(\$742,830,097)
Thereafter	<u>(\$2,629,618,547)</u>
	<u>(\$6,343,769,032)</u>

NOTE 9: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable
Lincoln Financial Group

NOTE 10: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10: COMPENSATED ABSENCES-(Continued)

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The balance at June 30, 2018 is \$108,271.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

NOTE 11: 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.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State of New Jersey. Any claim for unemployment are paid for by the State of New Jersey.

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.

Joint Insurance Fund - The District participates in the School Alliance Insurance Fund (SAIF) comprised of state-wide boards of education. It was formed July 1, 1996 under the provisions of NJSA 18A:18B-1 et. seq. The group offers its member districts worker's compensation and employer's liability, automobile and equipment liability, general liability and property damage, school board legal liability, and boiler and machinery coverage.

The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements, as no deficiencies occurred as of June 30, 2018 for the joint insurance pool. The coverage in this program is shown on exhibit J-20.

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$820,427 General Fund fund balance at June 30, 2018, \$564,168 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$175,026 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$2,677 is reserved in the Capital Reserve Account; \$121,118 is reserved in the Emergency Reserve Account; \$66,594 is reserved for encumbrances; \$1,529 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; and \$64,341 is unreserved and undesignated.

NOTE 14: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$389,142.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was initially established in a prior year by the Alpha Borough School District Board of Education by inclusion of \$1, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 2,322
Interest Earnings	355
	<hr/>
Ending Balance, June 30, 2018	<u>\$ 2,677</u>

ALPHA BOROUGH
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the School District Board of Education in fiscal year 2017, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance July 1, 2017	\$ 120,856
Interest earnings	<u>262</u>
Ending balance June 30, 2018	<u>\$ 121,118</u>

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

There are no interfund receivables or payables as of June 30, 2018.

NOTE 18: TAX ABATEMENTS

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

NOTE 19: UNEARNED REVENUE

The Borough of Alpha is the collection agent for the school district and turns over the levy to the school on a monthly basis. The \$310,475 in unearned revenue is a pre-payment of the subsequent year's school levy.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
 Fiscal Year Ended June 30, 2018

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,261,165		\$ 3,261,165	\$ 3,261,165	
Interest on Capital Reserve	30		30	355	\$ 325
Miscellaneous	1,100		1,100	5,157	4,057
Total - Local Sources	<u>3,262,295</u>		<u>3,262,295</u>	<u>3,266,677</u>	<u>4,382</u>
State Sources:					
Equalization Aid	1,676,814		1,676,814	1,676,814	
Transportation Aid	16,483		16,483	16,483	
Special Education Aid	199,203		199,203	199,203	
Security Aid	10,077		10,077	10,077	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	3,270		3,270	3,270	
Per Pupil Growth Aid	3,270		3,270	3,270	
Professional Learning Comm Aid	2,860		2,860	2,860	
TPAF Pension (On-Behalf - Non-Budgeted)				223,934	223,934
TPAF Post Retirement Medical (PRM) (On-Behalf - Non-Budgeted)				144,634	144,634
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				179	179
TPAF Social Security (Reimbursed - Non-Budgeted)				108,837	108,837
Total State Sources	<u>1,911,978</u>		<u>1,911,978</u>	<u>2,389,562</u>	<u>477,584</u>
TOTAL REVENUES	<u>5,174,273</u>		<u>5,174,273</u>	<u>5,656,239</u>	<u>481,966</u>

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
 Fiscal Year Ended June 30, 2018

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	75,335	(1,453)	73,882	73,882	
Grades 1-5 - Salaries of Teachers	527,310	53,475	580,785	524,216	56,569
Grades 6-8 - Salaries of Teachers	429,299	(7,625)	421,674	421,674	
Regular Programs - Undistributed Instruction					
Purchased Technical Services	38,500		38,500	29,585	8,915
Other Purchased Services (400-500 series)	40,960	1,400	42,360	39,443	2,917
General Supplies	51,464	12,618	64,082	41,488	22,594
Other Objects	650		650	520	130
Employee Benefits	231,173	(30,782)	200,391	151,320	49,071
Tuition Reimbursement	10,000	30,489	40,489	40,489	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,404,691	58,122	1,462,813	1,322,617	140,196
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	301,234	(2,480)	298,754	296,175	2,579
Other Salaries for Instruction	104,726	(31,966)	72,760	61,731	11,029
General Supplies	1,500	224	1,724	1,251	473
Employee Benefits	161,034		161,034	161,034	
Total Resource Room/Resource Center	568,494	(34,222)	534,272	520,191	14,081
TOTAL SPECIAL EDUCATION - INSTRUCTION	568,494	(34,222)	534,272	520,191	14,081

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	96,091	(4,361)	91,730	91,730	
General Supplies	600		600	498	102
Employee Benefits	36,924		36,924	36,924	
Total Basic Skills/Remedial - Instruction	<u>133,615</u>	<u>(4,361)</u>	<u>129,254</u>	<u>129,152</u>	<u>102</u>
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	8,725	263	8,988	8,987	1
General Supplies	600	(263)	337		337
Total School Sponsored Co/Extra Curricular Activities-Instr.	<u>9,325</u>	<u></u>	<u>9,325</u>	<u>8,987</u>	<u>338</u>
TOTAL INSTRUCTION	<u>2,116,125</u>	<u>19,539</u>	<u>2,135,664</u>	<u>1,980,947</u>	<u>154,717</u>
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	1,266,352		1,266,352	1,266,352	
Tuition to Other LEAs Within the State-Special	134,505	54,241	188,746	161,833	26,913
Tuition to County Voc. School Dist. - Regular	10,320		10,320	8,448	1,872
Tuition to CSSD & Regional Day Schools	93,794	22,976	116,770	116,770	
Tuition to Private Schools for the Disabled - Within State	179,709	(77,217)	102,492	96,413	6,079
Total Instruction	<u>1,684,680</u>	<u></u>	<u>1,684,680</u>	<u>1,649,816</u>	<u>34,864</u>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	59,579	(6,350)	53,229	53,041	188
Employee Benefits	36,924		36,924	36,924	
Purchased Professional and Technical Services	1,800		1,800	850	950
Supplies and Materials	3,000		3,000	1,256	1,744
Other Objects	370		370	259	111
Total Health Services	101,673	(6,350)	95,323	92,330	2,993
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	90,500	11,553	102,053	102,053	
Total Other Supp. Services Students-Related Services	90,500	11,553	102,053	102,053	
Other Supp. Services Students-Extra. Services:					
Salaries	12,524	3,500	16,024	15,441	583
Other Supp. Services Students-Extra. Services	12,524	3,500	16,024	15,441	583
Health Services:					
Salaries of Other Professional Staff	38,968		38,968	37,833	1,135
Supplies and Materials	500		500	404	96
Other Objects	100		100	100	
Total Health Services	39,568		39,568	38,337	1,231

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	6,000		6,000	705	5,295
Salaries of Secretarial and Clerical Assistants	15,682		15,682	15,275	407
Purchased Professional - Educational Services	60,000		60,000	60,000	
Supplies and Materials	450		450	188	262
Total Other Supp. Services Students-Special	82,132		82,132	76,168	5,964
Improvement of Instruction Services:					
Purchased Professional - Educational Services	30,000	(10,000)	20,000		20,000
Other Purchased Services (400-500 series)	2,500		2,500		2,500
Supplies and Materials	400		400	115	285
Total Improvement of Instruction Services	32,900	(10,000)	22,900	115	22,785
Educational Media Services/School Library:					
Salaries	50,488		50,488	25,099	25,389
Employee Benefits	13,337		13,337	13,004	333
Purchased Prof. and Tech. Services	1,800		1,800	394	1,406
Other Purchased Services (400-500 series)	1,200		1,200		1,200
Supplies and Materials	2,000	311	2,311	1,157	1,154
Total Educational Media Services/School Library	68,825	311	69,136	39,654	29,482
Instructional Staff Training Services:					
Salary of Supervisor of Instruction	80,000	1,013	81,013	1,387	79,626
Other Purchased Services (400-500 series)	5,000	310	5,310	4,034	1,276
Total Instructional Staff Training Services	85,000	1,323	86,323	5,421	80,902

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	172,452	3,635	176,087	176,087	
Employee Benefits	61,167		61,167	61,167	
Legal Services	10,000	5,509	15,509	15,509	
Audit Fees	10,500	(815)	9,685	9,685	
Other Purchased Professional Services	6,500	(621)	5,879	5,879	
Communications/Telephone	1,930	(610)	1,320	1,320	
BOE Other Purchased Services	2,000	(1,248)	752	752	
Other Purchased Services (400-500)	7,000	(392)	6,608	6,086	522
General Supplies	2,000	(58)	1,942	1,942	
BOE Membership Dues and Fees	6,525	(39)	6,486	6,486	
Total Supp. Services - General Administration	280,074	5,361	285,435	284,913	522
Support Services - School Administration:					
Salaries of Principals/Asst Princ/Program Dir.		2,362	2,362	2,362	
Salaries of Secretarial and Clerical Assistants	15,682	(1,500)	14,182	13,879	303
Employee Benefits	36,924		36,924	36,924	
Supplies and Materials	1,000		1,000	996	4
Total Support Services - School Administration	53,606	862	54,468	54,161	307
Central Services:					
Purchased Professional Services	65,000		65,000	65,000	
Total Central Services	65,000		65,000	65,000	
Required Maintenance for School Facilities:					
Salaries	51,799	(219)	51,580	46,388	5,192
Cleaning, Repair and Maintenance Services	11,000	(611)	10,389	9,885	504
General Supplies	5,000	1,339	6,339	4,666	1,673
Total Required Maintenance for School Facilities	67,799	509	68,308	60,939	7,369

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	93,596	1,158	94,754	79,129	15,625
Employee Benefits	62,942		62,942	62,942	
Purchased Prof. and Tech. Services	7,000		7,000	3,860	3,140
Cleaning, Repair and Maintenance Services	21,200	1,871	23,071	9,969	13,102
Other Purchased Property Services	3,000		3,000	1,081	1,919
Insurance	17,280		17,280	13,886	3,394
Miscellaneous Purchased Services	1,200		1,200	370	830
General Supplies	13,000	2,488	15,488	14,793	695
Energy (Natural Gas)	300		300	151	149
Energy (Electricity)	70,000		70,000	57,533	12,467
Other Objects	1,000		1,000		1,000
Total Other Operations and Maintenance of Plant	290,518	5,517	296,035	243,714	52,321
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	15,912	(791)	15,121	15,000	121
Contracted Services - (Between Home and School) - Vendors	2,000		2,000		2,000
Contracted Services (Other than Bet.Home & School)-Vendors	5,000	791	5,791	5,791	
Contracted Services (Between Home and School)-Joint Agrmts.	70,000		70,000	66,236	3,764
Contracted Services (Special Education Students)-Vendors	200,000		200,000	169,425	30,575
Contracted Services (Regular Students)-ESC's & CTSA's	5,000		5,000	3,464	1,536
Total Student Transportation Services	297,912		297,912	259,916	37,996
UNALLOCATED BENEFITS					
Social Security Contributions	40,000		40,000	36,660	3,340
Other Retirement Contributions-Regular	35,000	(591)	34,409	34,409	
Unemployment Compensation	6,000	3,591	9,591	8,495	1,096
Workmen's Compensation	45,264	(3,000)	42,264	40,360	1,904
Other Employee Benefits	4,000		4,000	1,713	2,287
TOTAL UNALLOCATED BENEFITS	130,264		130,264	121,637	8,627

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				223,934	(223,934)
On-behalf TPAF PRM Contrib. (non-budgeted)				144,634	(144,634)
On-behalf TPAF pension LTD Ins. (non-budgeted)				179	(179)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				108,837	(108,837)
TOTAL ON-BEHALF CONTRIBUTIONS				477,584	(477,584)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	130,264		130,264	599,221	(468,957)
TOTAL UNDISTRIBUTED EXPENDITURES	3,382,975	12,586	3,395,561	3,587,199	(191,638)
TOTAL GENERAL CURRENT EXPENSE	5,499,100	32,125	5,531,225	5,568,146	(36,921)
CAPITAL OUTLAY					
Facilities Acquisition and Construction:					
Other Purchased Prof. and Tech. Services		5,310	5,310	5,310	
Construction Service		184,600	184,600	173,292	11,308
Assessment for Debt Service on SDA Funding	357		357	357	
Total Facilities Acquisition and Construction	357	189,910	190,267	178,959	11,308
TOTAL CAPITAL OUTLAY	357	189,910	190,267	178,959	11,308
TOTAL EXPENDITURES	5,499,457	222,035	5,721,492	5,747,105	(25,613)

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,184)	(222,035)	(547,219)	(90,866)	456,353
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(325,184)	(222,035)	(547,219)	(90,866)	456,353
Fund Balance, July 1	1,096,952		1,096,952	1,096,952	
Fund Balance, June 30	\$ 771,768	\$ (222,035)	\$ 549,733	\$ 1,006,086	\$ 456,353
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 2,677	355
Emergency Reserve				121,118	
Excess Surplus				389,142	
Excess Surplus - Designated for Subseq. Year's Expenditures				175,026	
Assigned to:					
Year-End Encumbrances				66,594	
Designated for Subseq. Year's Expenditures				1,529	
Unassigned:					
Unrestricted Fund Balance				<u>250,000</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 1,006,086	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(185,659)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 820,427</u>	

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Federal Sources	\$ 141,581	-	\$ 141,581	\$ 141,581	-
Total Revenues	141,581	-	141,581	141,581	-
EXPENDITURES:					
Instruction					
Other Salaries for Instruction	10,500	(709)	9,791	9,791	
Purchased Profess. & Tech. Serv.	3,001		3,001	3,001	
Other Purchased Services	22,846		22,846	22,846	
Tuition	64,008		64,008	64,008	
General Supplies	22,729		22,729	22,729	
Total Instruction	123,084	(709)	122,375	122,375	
Facilities Acquisition and Contract Svcs:					
Buildings	18,497	709	19,206	19,206	
Total Facilities Services	18,497	709	19,206	19,206	
Total Expenditures	141,581		141,581	141,581	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>None</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>None</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2018

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,656,239	\$ 141,581
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	6,312
Current Year	N/A	(3,235)
 Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	 183,903	
 Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	 (185,659)	 -
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	 <u>\$ 5,654,483</u>	 <u>\$ 144,658</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,747,105	\$ 141,581
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	6,312
Current Year	N/A	(3,235)
 Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	 N/A	 N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	 <u>\$ 5,747,105</u>	 <u>\$ 144,658</u>

Alpha Borough School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years *

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$13,253,182</u>	<u>\$11,978,538</u>	<u>\$10,188,369</u>	<u>\$ 9,033,101</u>						
Total	<u>\$13,253,182</u>	<u>\$11,978,538</u>	<u>\$10,188,369</u>	<u>\$ 9,033,101</u>						
District's covered employee payroll	\$ 1,522,199	\$ 1,622,768	\$ 1,842,735	\$ 1,911,319						
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll **	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Public Employees' Retirement System (PERS)

Exhibit L-1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.00329699%	0.00334023%	0.00318977%	0.00395326%						
District's proportionate share of the net pension liability (asset)	<u>\$ 976,474</u>	<u>\$ 749,814</u>	<u>\$ 597,212</u>	<u>\$ 755,546</u>						
District's covered employee payroll	\$ 245,439	\$ 456,860	\$ 379,979	\$ 421,709						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	397.85%	164.12%	157.17%	179.16%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.92%	52.08%	48.72%						

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Alpha Borough School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2018	2017	2016	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$1,522,199	\$1,622,768	\$1,842,735	\$1,911,319						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2018	2017	2016	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 29,290	\$ 28,717	\$ 26,296	\$ 29,787						
Contributions in relation to the contractually required contribution	(29,290)	(28,717)	(26,296)	(29,787)						
Contribution deficiency (excess)	-	-	-	-						
District's covered employee payroll	\$ 245,439	\$ 456,860	\$ 379,979	\$ 421,709						
Contributions as a percentage of covered-employee payroll	11.93%	6.29%	6.92%	7.06%						

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Alpha Borough School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service Cost	\$ 2,391,878,884	\$ 1,723,999,319								
Interest	1,699,441,736	1,823,643,792								
Benefit Payments	(1,242,412,566)	(1,223,298,019)								
Contributions from Members	45,748,749	46,273,747								
Changes of Assumptions or other inputs	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>								
Net change in total OPEB liability	(4,191,942,326)	10,982,132,360								
Total OPEB Liability - Beginning	<u>\$ 57,831,784,184</u>	<u>\$46,849,651,824</u>								
Total OPEB Liability - Ending	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>								
The State of New Jersey's total OPEB liability **	\$ 53,639,841,858	\$57,831,784,184								
The State of New Jersey's OPEB liability attributable to the District **	\$ 12,488,791	\$ 13,588,082								
The District's proportionate share of the total OPEB liability	Zero	Zero								
District's covered employee payroll	\$ 1,767,638	\$ 2,079,628								
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%								
District's contribution	None	None								
State's covered employee payroll ***	\$ 13,493,400,208	\$13,493,400,208								
Total State's OPEB liability as a percentage of its covered-employee payroll	397.53%	428.59%								

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Based on payroll on the June 30, 2016 census data

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

ALPHA BOROUGH SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2018

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Pre-School	Totals
REVENUES						
Federal Sources	\$ 59,082	\$ 8,491	\$ 10,000	\$ 62,380	\$ 1,628	\$ 141,581
TOTAL REVENUES	59,082	8,491	10,000	62,380	1,628	141,581
EXPENDITURES:						
Instruction:						
Other Salaries for Instruction	9,791					9,791
Purchased Profess. & Tech. Serv.		3,001				3,001
Other Purchased Services	20,074		2,772			22,846
Tuition				62,380	1,628	64,008
General Supplies	12,500	3,001	7,228			22,729
Total Instruction	42,365	6,002	10,000	62,380	1,628	122,375
Facilities Acquisition and Contract Svs:						
Buildings	16,717	2,489				19,206
Total Facilities Services	16,717	2,489	-	-	-	19,206
TOTAL EXPENDITURES	\$ 59,082	\$ 8,491	\$ 10,000	\$ 62,380	\$ 1,628	\$ 141,581
Total Outflows	\$ 59,082	\$ 8,491	\$ 10,000	\$ 62,380	\$ 1,628	\$ 141,581
Excess (Deficiency) of Revenues Over (Under) Expenditures						

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
ASSETS:			
Cash and Cash Equivalents	\$ 35,125	\$ 58,408	\$ 93,533
TOTAL ASSETS	<u>\$ 35,125</u>	<u>\$ 58,408</u>	<u>\$ 93,533</u>
LIABILITIES:			
Liabilities:			
Payroll Deductions & Withholdings		\$ 58,408	\$ 58,408
Payable to Student Groups	\$ 35,125		<u>35,125</u>
Total Liabilities	<u>35,125</u>	<u>58,408</u>	<u>93,533</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 35,125</u>	<u>\$ 58,408</u>	<u>\$ 93,533</u>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-3

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

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2017</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2018</u>
Alpha Elementary School	\$ 31,497	\$ 33,958	\$ 30,330	\$ 35,125
TOTALS	\$ 31,497	\$ 33,958	\$ 30,330	\$ 35,125

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-4

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

	<u>BALANCE</u> July 1, 2017	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2018
ASSETS:				
Cash and Cash Equivalents	\$ 57,982	\$ 2,541,411	\$ 2,540,985	\$ 58,408
Total Assets	<u>\$ 57,982</u>	<u>\$ 2,541,411</u>	<u>\$ 2,540,985</u>	<u>\$ 58,408</u>
LIABILITIES:				
Payroll Deductions & Withholdings		\$ 1,241,502	\$ 1,241,502	-
Accrued Salaries & Wages		1,241,502	1,241,502	-
Summer Account	\$ 51,197	51,486	51,196	\$ 51,487
Imprest Balance	6,785	6,921	6,785	6,921
Total Liabilities	<u>\$ 57,982</u>	<u>\$ 2,541,411</u>	<u>\$ 2,540,985</u>	<u>\$ 58,408</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

Not Applicable; The District has no long-term debt

Alpha Borough School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	89-94
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	95-98
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	99-102
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	103-104
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	105-109

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information subsequent to that year.

**Alpha Borough School District
Net Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 541,296	\$ 822,778	\$ 812,165	\$ 808,953	\$ 796,490	\$ 794,627	\$ 779,514	\$ 648,240	\$ 615,191	\$ 582,142
Restricted	8 426,963	710,417	768,203	854,696	891,764	1,037,490	827,590	818,628	623,388	689,492
Unrestricted	716,580	56,091	158,805	148,705	24,819	11,511	(752,001)	(767,719)	(599,124)	(751,655)
Total governmental activities net position	\$ 1,684,839	\$ 1,589,286	\$ 1,739,173	\$ 1,812,354	\$ 1,713,073	\$ 1,843,628	\$ 855,103	# \$ 699,149	\$ 639,455	\$ 519,979
Business-type activities										
Invested in capital assets, net of related debt	\$ 12,845	\$ 11,257	\$ 9,669	\$ 8,081	\$ 6,493	\$ 4,905	\$ 3,317	\$ 1,729	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,499	20,960	19,199	27,483	33,200	42,368	30,025	27,639	\$ 26,940	\$ 19,012
Total business-type activities net position	\$ 28,344	\$ 32,217	\$ 28,868	\$ 35,564	\$ 39,693	\$ 47,273	\$ 33,342	# \$ 29,368	\$ 26,940	\$ 19,012
District-wide										
Invested in capital assets, net of related debt	\$ 834,035	\$ 821,834	\$ 817,034	\$ 802,983	\$ 799,532	\$ 799,532	\$ 782,831	\$ 649,969	\$ 615,191	\$ 582,142
Restricted	710,417	768,203	854,696	891,764	1,037,490	1,037,490	827,590	818,628	623,388	689,492
Unrestricted	77,051	178,004	176,188	58,019	53,879	53,879	(721,976)	(740,080)	(572,184)	(732,643)
Total district net position	\$ 1,621,503	\$ 1,768,041	\$ 1,847,918	\$ 1,752,766	\$ 1,890,901	\$ 1,890,901	\$ 888,445	# \$ 728,517	\$ 666,395	\$ 538,991

Source: CAFR Schedule A-1

Alpha Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2009		2010		2011		2012		Fiscal Year Ending June 30,		2016		2017		2017		2018			
									2013	2014										
Expenses																				
Governmental activities																				
Instruction																				
Regular	\$	1,904,330	\$	2,165,143	\$	1,900,236	\$	1,884,011	\$	1,764,679	\$	1,719,139	\$	1,927,434	\$	2,045,994	\$	1,934,514	\$	2,152,728
Special education		479,764		479,580		534,303		487,365		615,600		588,195		639,059		676,239		852,112		774,593
Other special education		118,708		84,705		84,761		159,995		211,807		223,230		254,129		270,312		198,156		205,697
Other Instruction		5,628		-		-		-		-		-		-		-		-		-
Support Services:																				
Tuition		460,974		666,661		721,694		1,065,478		1,332,947		1,201,172		1,781,588		1,655,924		1,606,884		1,649,816
Student & instruction related services		709,918		732,343		641,531		558,160		643,772		613,179		562,729		489,118		662,436		554,662
General administrative services		236,922		250,480		295,270		322,538		314,115		331,265		482,544		491,604		362,094		524,485
School administrative services		196,036		139,718		99,722		91,617		122,409		99,836		2,209		3,340		215,840		82,124
Plant operations and maintenance		285,538		396,815		442,350		451,761		327,994		335,418		339,193		441,079		451,237		755,121
Pupil transportation		107,227		134,309		125,405		116,219		150,453		175,966		193,326		184,319		265,746		259,916
Total governmental activities expenses		<u>4,505,045</u>		<u>5,049,754</u>		<u>4,845,272</u>		<u>5,137,144</u>		<u>5,483,776</u>		<u>5,287,400</u>		<u>6,182,211</u>		<u>6,257,929</u>		<u>6,549,019</u>		<u>6,959,142</u>
Business-type activities:																				
Food service		85,536		90,503		93,765		87,175		86,846		78,405		103,654		78,702		68,951		88,070
Total business-type activities expense		<u>85,536</u>		<u>90,503</u>		<u>93,765</u>		<u>87,175</u>		<u>86,846</u>		<u>78,405</u>		<u>103,654</u>		<u>78,702</u>		<u>68,951</u>		<u>88,070</u>
Total district expenses		<u>\$ 4,590,581</u>		<u>\$ 5,140,257</u>		<u>\$ 4,939,037</u>		<u>\$ 5,224,319</u>		<u>\$ 5,570,622</u>		<u>\$ 5,365,805</u>		<u>\$ 6,285,865</u>		<u>\$ 6,336,631</u>		<u>\$ 6,617,970</u>		<u>\$ 7,047,212</u>
Program Revenues																				
Governmental activities:																				
Charges for services:																				
Regular Instruction		8,830		15,300		-		24,376		26,571		5,950		13,425		6,325		425		-
Special Education																				
Other Special Education																				
Other Instruction																				
Student & instruction related services		440																		
General administrative services		293																		
Plant operations and maintenance																				
Pupil transportation																				
Operating grants and contributions		147,380		2,094,850		2,181,417		2,315,847		2,431,172		2,407,533		2,863,662		3,088,194		3,319,321		3,572,989
Capital grants and contributions				154,055		-		-		-		-		-		-		-		-
Total governmental activities program revenues		<u>156,943</u>		<u>2,264,205</u>		<u>2,181,417</u>		<u>2,340,223</u>		<u>2,457,743</u>		<u>2,413,483</u>		<u>2,877,087</u>		<u>3,094,519</u>		<u>3,319,746</u>		<u>3,572,989</u>
Business-type activities:																				
Charges for services:																				
Food service		57,335		55,303		52,754		50,285		44,818		39,153		40,716		36,242		33,926		35,755
Operating grants and contributions		29,403		39,059		37,657		43,584		46,155		45,555		47,777		38,454		32,533		44,368
Total business type activities program revenues		<u>86,738</u>		<u>94,362</u>		<u>90,411</u>		<u>93,869</u>		<u>90,973</u>		<u>84,708</u>		<u>88,493</u>		<u>74,696</u>		<u>66,459</u>		<u>80,123</u>
Total district program revenues		<u>\$ 243,681</u>		<u>\$ 2,358,567</u>		<u>\$ 2,271,828</u>		<u>\$ 2,434,092</u>		<u>\$ 2,548,716</u>		<u>\$ 2,498,191</u>		<u>\$ 2,965,580</u>		<u>\$ 3,169,215</u>		<u>\$ 3,386,205</u>		<u>\$ 3,653,112</u>
Net (Expense)/Revenue																				
Governmental activities		\$ (2,785,549)		\$ (2,663,855)		\$ (2,796,921)		\$ (3,026,033)		\$ (2,873,917)		\$ (2,873,917)		\$ (3,305,124)		\$ (3,163,410)		\$ (3,229,273)		\$ (3,386,153)
Business-type activities		3,859		(3,354)		6,694		4,127		6,303		6,303		(15,161)		(4,006)		(2,492)		(7,947)
Total district-wide net expense		<u>\$ (2,781,690)</u>		<u>\$ (2,667,209)</u>		<u>\$ (2,790,227)</u>		<u>\$ (3,021,906)</u>		<u>\$ (2,867,614)</u>		<u>\$ (2,867,614)</u>		<u>\$ (3,320,285)</u>		<u>\$ (3,167,416)</u>		<u>\$ (3,231,765)</u>		<u>\$ (3,394,100)</u>

Continued

Alpha Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2009		2010		2011		2012		Fiscal Year Ending June 30,		2016		2017		2017		2018			
									2013		2014									
General Revenues and Other Changes in Net Position																				
Governmental activities:																				
Property taxes levied for general purposes, net	\$	2,748,105	\$	2,756,804	\$	2,812,073	\$	2,868,314	\$	2,925,681	\$	2,984,194	\$	3,043,877	\$	3,104,754	\$	3,166,849	\$	3,261,165
Unrestricted grants and contributions		2,146,742		-		-		-		-		-		-		-		-		-
Investment earnings		21,513		6,612		1,543		1,508		1,071		1,415		1,176		926		1,016		5,512
Miscellaneous income		658		1,873		126		280		-		18,863		-		1		1,714		-
Transfers																				
Special Items		(1,209)		-		-		-		-		-		-		-		-		-
Total governmental activities		<u>4,915,809</u>		<u>2,765,289</u>		<u>2,813,742</u>		<u>2,870,102</u>		<u>2,926,752</u>		<u>3,004,472</u>		<u>3,045,053</u>		<u>3,105,681</u>		<u>3,169,579</u>		<u>3,266,677</u>
Business-type activities:																				
Investment earnings		14		14		5		2		2		1,277		1,230		32		64		19
Miscellaneous Income																				
Transfers																				
Total business-type activities		<u>14</u>		<u>14</u>		<u>5</u>		<u>2</u>		<u>2</u>		<u>1,277</u>		<u>1,230</u>		<u>32</u>		<u>64</u>		<u>19</u>
Total district-wide		<u>\$ 4,915,823</u>		<u>\$ 2,765,303</u>		<u>\$ 2,813,747</u>		<u>\$ 2,870,104</u>		<u>\$ 2,926,754</u>		<u>\$ 3,005,749</u>		<u>\$ 3,046,283</u>		<u>\$ 3,105,713</u>		<u>\$ 3,169,643</u>		<u>\$ 3,266,696</u>
Change in Net Position																				
Governmental activities	\$	101,434	\$	16,821	\$	(155,931)	\$	52,835	\$	130,555	\$	130,555	\$	(57,729)	\$	(57,729)	\$	(59,694)	\$	(119,476)
Business-type activities		(3,340)		6,699		4,129		6,305		7,580		7,580		(3,974)		(3,974)		(2,428)		(7,928)
Total district		<u>\$ 98,094</u>		<u>\$ 23,520</u>		<u>\$ (151,802)</u>		<u>\$ 59,140</u>		<u>\$ 138,135</u>		<u>\$ 138,135</u>		<u>\$ (61,703)</u>		<u>\$ (61,703)</u>		<u>\$ (62,122)</u>		<u>\$ (127,404)</u>

Source: CAFR Schedule A-2

**Alpha Borough School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,169,581	\$ 822,781	\$ 912,960	\$ 1,009,117	\$ 916,836	\$ 1,055,862	\$ 834,975	\$ 837,533	\$ 845,423	\$ 756,086
Unreserved	68,997	59,857	89,080	81,893	74,174	68,801	65,086	69,577	67,626	64,341
Total general fund	<u>\$ 1,238,578</u>	<u>\$ 882,638</u>	<u>\$ 1,002,040</u>	<u>\$ 1,091,010</u>	<u>\$ 991,010</u>	<u>\$ 1,124,663</u>	<u>\$ 900,061</u>	<u>\$ 907,110</u>	<u>\$ 913,049</u>	<u>\$ 820,427</u>
All Other Governmental Funds										
Reserved						\$ -	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

**Alpha Borough School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 2,748,105	\$ 2,756,804	\$ 2,812,073	\$ 2,868,314	\$ 2,925,681	\$ 2,984,194	\$ 3,043,877	\$ 3,104,754	\$ 3,166,849	\$ 3,261,165
Tuition Charges	8,000	15,300	75	24,376	26,571	5,950	13,425	6,325	425	-
Interest on Investments	21,513	-	-	-	-	-	-	-	-	-
Miscellaneous	2,248	8,485	1,594	1,788	1,071	20,278	1,176	927	2,730	5,512
State sources	2,147,198	1,791,463	1,999,804	2,115,325	2,279,126	2,241,232	2,295,537	2,323,815	2,373,291	2,387,806
Federal sources	145,924	457,442	181,613	200,522	152,046	166,301	122,357	167,867	142,037	144,658
Total revenue	<u>5,072,988</u>	<u>5,029,494</u>	<u>4,995,159</u>	<u>5,210,325</u>	<u>5,384,495</u>	<u>5,417,955</u>	<u>5,476,372</u>	<u>5,603,688</u>	<u>5,685,332</u>	<u>5,799,141</u>
Expenditures										
Instruction										
Regular Instruction	1,404,570	1,921,210	1,739,887	1,655,512	1,549,029	1,507,214	1,456,962	1,471,791	1,333,866	1,448,069
Special education instruction	347,415	433,833	480,406	433,769	538,853	519,747	499,136	504,337	592,466	520,191
Other special instruction	67,934	76,625	76,211	142,400	185,401	197,253	198,487	201,598	137,776	138,139
Other instruction	4,268	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	399,056	666,661	721,694	1,065,478	1,332,947	1,201,172	1,781,588	1,655,924	1,606,884	1,649,816
Student & instruction related services	515,156	661,530	575,863	495,656	562,391	540,463	438,158	361,809	457,612	369,519
General Administrative services	141,059	150,548	186,988	210,899	198,695	216,361	300,535	299,137	159,357	284,913
School Administrative services	142,362	126,072	89,345	81,168	106,774	87,765	1,272	1,500	149,081	54,161
Central Services	78,424	75,296	77,754	75,297	75,387	75,297	75,297	65,186	60,000	65,000
Plant operations and maintenance	242,656	357,583	396,349	400,460	285,483	294,420	262,961	324,659	309,445	304,653
Pupil transportation	107,227	134,309	125,405	116,219	150,453	175,966	193,326	184,319	265,746	259,916
Unallocated employee benefits	886,498	405,289	403,307	434,986	498,725	455,037	492,895	526,022	576,713	599,221
Capital outlay	102,483	376,478	2,548	9,511	357	13,607	357	357	30,447	198,165
Special Revenue	147,380	-	-	-	-	-	-	-	-	-
Total expenditures	<u>4,586,488</u>	<u>5,385,434</u>	<u>4,875,757</u>	<u>5,121,355</u>	<u>5,484,495</u>	<u>5,284,302</u>	<u>5,700,974</u>	<u>5,596,639</u>	<u>5,679,393</u>	<u>5,891,763</u>
Excess (Deficiency) of revenues over (under) expenditures	486,500	(355,940)	119,402	88,970	(100,000)	133,653	(224,602)	7,049	5,939	(92,622)
Other Financing Sources (uses)										
Prior Year Receivable Canceled										
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow	(159)									
Transfers in	-	206,764								
Transfers out	-	(206,764)								
Total other financing sources (uses)	<u>(159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 486,341</u>	<u>\$ (355,940)</u>	<u>\$ 119,402</u>	<u>\$ 88,970</u>	<u>\$ (100,000)</u>	<u>\$ 133,653</u>	<u>\$ (224,602)</u>	<u>\$ 7,049</u>	<u>\$ 5,939</u>	<u>\$ (92,622)</u>

Source: CAFR Schedule B-2

ALPHA BOROUGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Refunds</u>	<u>Tuition</u>	<u>Cancelled</u> <u>Checks</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 21,513	-	\$ 8,000	\$ 658	\$ 590	\$ 30,761
2010	576	\$ 1,874	15,300		6,035	23,785
2011	1,543	51	75			1,669
2012	1,508	280	24,376			26,164
2013	1,071		26,571			27,642
2014	1,415		5,950		18,863	26,228
2015	1,176		13,425			14,601
2016	926		6,325		1	7,252
2017	1,016		425		1,714	3,155
2018	5,512		-		-	5,512

SOURCE: District Records

**Alpha Borough School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2009	\$11,230,200	\$145,397,400	\$692,200	\$218,181	\$28,118,600	\$20,844,400	\$6,665,100	\$231,333,798	\$17,757,926	\$409,791	\$213,575,872	\$1.287	\$248,459,600
2010	9,799,220	146,424,100	692,200	218,181	28,502,000	20,844,400	6,665,100	231,567,155	17,970,026	451,928	213,597,129	1.291	237,172,029
2011	9,833,720	146,215,700	692,200	218,181	28,502,000	20,844,400	6,665,100	231,398,755	17,975,526	451,928	213,423,229	1.318	233,647,891
2012	9,729,220	146,209,000	692,200	218,907	28,114,000	20,844,400	6,665,100	230,621,244	17,781,600	366,817	212,839,644	1.348	224,290,020
2013	9,269,820	146,412,000	692,200	224,008	28,117,200	20,970,700	6,614,000	230,440,247	17,780,900	359,419	212,659,347	1.376	217,432,090
2014	9,229,720	146,461,600	692,200	224,008	28,231,800	20,660,800	6,614,000	230,415,061	17,782,700	518,233	212,632,361	1.403	209,830,166
2015	9,229,720	145,874,800	692,200	462,164	28,541,800	21,206,000	6,614,000	230,662,655	17,782,700	259,271	212,879,955	1.432	208,369,398
2016	9,229,820	145,680,900	692,200	227,608	28,531,000	21,208,000	6,614,000	228,670,023	16,224,400	262,095	212,445,623	1.461	198,686,035
2017	8,498,300	145,484,900	911,000	590,208	28,274,300	21,004,200	6,614,000	228,148,877	16,532,100	239,869	211,616,777	1.497	211,101,403
2018	3,563,300	145,455,000	911,000	590,208	28,293,100	21,004,200	6,614,000	228,266,341	21,603,800	231,733	206,662,541	1.579	207,743,573

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Alpha Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Alpha Borough School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General			Borough	Warren County	
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct			
2009	\$1.287	N/A	\$1.287	\$0.828	\$0.651	\$2.766
2010	\$1.291	N/A	\$1.291	\$0.860	\$0.620	\$2.771
2011	\$1.318	N/A	\$1.318	\$0.890	\$0.617	\$2.825
2012	\$1.348	N/A	\$1.348	\$0.862	\$0.654	\$2.864
2013	\$1.376	N/A	\$1.376	\$0.897	\$0.635	\$2.908
2014	\$1.403	N/A	\$1.403	\$0.898	\$0.653	\$2.954
2015	\$1.432	N/A	\$1.432	\$0.896	\$0.702	\$3.030
2016	\$1.461	N/A	\$1.461	\$0.899	\$0.676	\$3.036
2017	\$1.497	N/A	\$1.497	\$0.897	\$0.709	\$3.103
2018	\$1.579	N/A	\$1.579	\$0.897	\$0.714	\$3.190

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5%, whichever is greater, plus any spending growth adjustments.

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

**Alpha Borough School District
Principal Property Tax Payers
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2016			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BWS Properties LLC	\$ 8,283,300	1	4.01%			
GJ Oliver Inc.	4,999,700	2	2.42%	\$ 3,198,500	2	2.64%
Baramax LLC	4,359,700	3	2.11%	2,710,800	3	2.24%
962 High Street LLC	3,522,200	4	1.70%	3,230,000	1	2.67%
Hunterdon Transformer Co., Inc.	3,278,300	5	1.59%			
Trapaziod Associates	2,793,700	6	1.35%			
Alpha Press Company	1,389,900	7	0.67%			
Alpha Lehigh Tool and Machine Shop and Save Shopping Center	1,337,700	8	0.65%	866,340	7	0.72%
Alphawarren Properties	1,150,000	9	0.56%			
	1,006,200	10	0.49%			
Individual Property Owner				1,706,700	4	1.41%
Sheridan printing Company				1,075,800	5	0.89%
Woodhill Alpha LLC				899,790	6	0.74%
Alma School Landfill Inc.				805,000	8	0.67%
Alpha Lumber Co.				725,000	9	0.60%
Glen Magnetics				640,000	10	0.53%
Total	\$ 32,120,700		15.54%	\$ 15,857,930		13.11%

Source: District CAFR & Municipal Tax Assessor

**Alpha Borough School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 2,748,105	\$ 2,748,105	100.00%	-
2010	\$ 2,756,804	\$ 2,756,804	100.00%	-
2011	\$ 2,812,073	\$ 2,812,073	100.00%	-
2012	\$ 2,868,314	\$ 2,868,314	100.00%	-
2013	\$ 2,925,681	\$ 2,925,681	100.00%	-
2014	\$ 2,984,194	\$ 2,984,194	100.00%	-
2015	\$ 3,043,877	\$ 3,043,877	100.00%	-
2016	\$ 3,104,754	\$ 3,104,754	100.00%	-
2017	\$ 3,166,849	\$ 3,166,849	100.00%	-
2018	\$ 3,261,165	\$ 3,261,165	100.00%	-

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Alpha Borough School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009								
2010								
2011								
2012								
2013	Not Applicable; The district has no bonded debt for the last ten fiscal years							
2014								
2015								
2016								
2017								
2018								

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Alpha Borough School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009					
2010					
2011					
2012	Not Applicable; The district has no bonded debt for the last ten fiscal years				
2013					
2014					
2015					
2016					
2017					
2018					

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Current data unavailable

**Alpha Borough School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alpha Borough	\$ 2,726,578	100.000%	\$ 2,726,578
Other debt			
Warren County	3,040,000	1.938%	<u>58,922</u>
Subtotal, overlapping debt			2,785,500
Alpha Borough School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 2,785,500</u></u>

Sources: Constituent Boroughs Finance Officers, Warren County Finance Office and Utility Authorities

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

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

Alpha Borough School District
 Legal Debt Margin Information
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2015	210,666,728
	2016	211,419,192
	2017	201,494,200
	[A]	<u>\$ 623,580,120</u>
Average equalized valuation of taxable property	[A/3]	\$ 207,860,040
Debt limit (3 % of average equalization value)	[B]	6,235,801
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 6,235,801</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>
Debt limit	\$6,959,577	\$7,091,482	\$6,919,702	\$6,713,362	\$6,476,149	\$6,311,437	\$6,128,710	\$6,151,758	\$6,198,726	\$6,235,801
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$6,959,577</u>	<u>\$7,091,482</u>	<u>\$6,919,702</u>	<u>\$6,713,362</u>	<u>\$6,476,149</u>	<u>\$6,311,437</u>	<u>\$6,128,710</u>	<u>\$6,151,758</u>	<u>\$6,198,726</u>	<u>\$6,235,801</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

**Alpha Borough School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	2,391	\$104,300,202	\$43,622 R	13.5%
2009	2,377	\$104,642,671	\$44,023 R	13.9%
2010	2,364	\$107,933,148	\$45,657 R	12.9%
2011	2,352	\$110,141,808	\$46,829 R	12.9%
2012	2,333	\$110,266,912	\$47,264 R	12.5%
2013	2,317	\$112,601,566	\$48,598 R	5.5%
2014	2,317	\$116,721,192	\$50,376 R	5.6%
2016	2,313	\$119,013,102	\$51,454 P	4.3%
2017	2,302	\$118,447,108	\$51,454 *	3.8%
2018	2,297	\$118,189,838	\$51,454 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

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

R =Revised

P =Projected

* Current figure unavailable

**Alpha Borough School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		N/A			N/A	
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:
Information not available at municipal or county level

**Alpha Borough School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	25.0	25.0	22.0	22.0	21.0	20.5	20.5	17.8	20.0	20.0
Special education	2.0	2.0	4.0	4.0	5.8	6.0	4.5	4.5	4.5	4.5
Other Special Education	1.3	1.3	2.8	2.8	2.0	2.0	2.0	1.0	1.0	1.0
Support Services:										
Student & instruction related services	3.2	3.2	6.4	6.4	6.6	1.0	0.5	0.5	4.0	4.0
General administrative services	1.0	1.0	1.0	1.0	1.5	2.0	2.0	2.0	1.0	1.0
School administrative services	1.0	1.0	1.5	1.5	1.0	1.0	1.0	1.5	2.0	2.0
Central services	1.0	1.0	1.0	1.0	-	-	-	-		
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.3	2.3	3.0	2.5	2.5	2.5
Total	36.5	36.5	40.7	40.7	40.2	34.8	33.5	29.8	35.0	35.0

Source: District Personnel Records

Alpha Borough School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2009	264	\$4,484,055	\$16,985	-6.26%	34.00	1:7.76		261.1	251.4	-5.74%	96.28%
2010	262	5,008,956	19,118	12.56%	34.00	1:7.06		263.8	252.6	1.03%	95.76%
2011	261	4,873,209	18,671	-2.34%	34.00	1:7.06		256.2	245.5	-2.88%	95.84%
2012	271	5,111,844	18,863	1.03%	35.20	1:7.70		271.4	261.3	5.93%	96.28%
2013	264	5,484,138	20,773	10.13%	40.20	1:6.56		256.1	244.5	-5.62%	95.46%
2014	239	5,270,695	22,053	6.16%	35.00	1:6.8		238.9	227.8	-6.73%	95.35%
2015	242	5,700,617	23,556	6.82%	35.00	1:6.9		221.9	213.6	-7.12%	96.26%
2016	209	5,596,282	26,776	13.67%	30.00	1:7.0		204.0	195.9	-8.05%	96.03%
2017	193	5,648,946	29,269	9.31%	35.00	1:5.5		193.3	183.6	-5.26%	94.98%
2018	211	5,693,598	26,984	-7.81%	35.00	1:6.0		208.4	198.5	7.81%	95.25%

Sources: District records, ASSA and Schedules J-4.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Alpha Borough School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Alpha Public School (1917)										
Square Feet	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	257	262	261	271	264	239	242	209	193	211

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

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

Alpha Borough School District

**GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2018**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Alpha Borough School	040	\$ 7,770	\$ 100,830	\$ 153,949	\$ 155,985	\$ 64,122	\$ 56,780	\$ 46,723	\$ 66,587	\$ 63,266	\$ 60,939	\$ 776,951
Grand Total		\$ 7,770	\$ 100,830	\$ 153,949	\$ 155,985	\$ 64,122	\$ 56,780	\$ 46,723	\$ 66,587	\$ 63,266	\$ 60,939	\$ 776,951

ALPHA BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2018

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - School Alliance Insurance fund		
Property-Blanket Building and Contents (fund limit)	\$ 250,000,000	\$ 1,000
LIABILITY - School Alliance Insurance Fund		
Comprehensive General Liability	5,000,000	None
Automobile Liability	5,000,000	None
Employee Benefit Liability	5,000,000	1,000
SCHOOL BOARD LEGAL LIABILITY - School Alliance Insurance Fund		
(ACE) - Limit of Liability	5,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-Selective Insurance Company		
Treasurer	200,000	
ENVIRONMENTAL SERVICE - School Alliance Insurance Fund		
Pollution Liability	1,000,000	25,000

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Alpha Borough School District
 County of Warren
 Alpha, New Jersey 08865

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alpha Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Alpha Borough School District Board of Education's basic financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, 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.

Ardito & Co., LLP

ARDITO & CO., LLP
January 16, 2019

Cynthia Ardito

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Alpha Borough School District
 County of Warren
 Alpha, New Jersey 08865

Report on Compliance for Each Major State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

ARDITO & Co., LLP

ARDITO & CO., LLP

January 16, 2019

Carmen Acosta

Licensed Public School Accountant No.2369

Alpha Borough School District

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2018

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2017	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2018			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
STATE DEPARTMENT OF EDUCATION																
General Fund:																
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 1,676,814			\$ 1,676,814	\$ (1,676,814)							*	\$ 162,824	\$ 1,676,814
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	16,483			16,483	(16,483)							*	1,600	16,483
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	199,203			199,203	(199,203)							*	19,343	199,203
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	10,077			10,077	(10,077)							*	978	10,077
Add'l Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1			1	(1)							*		1
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	3,270			3,270	(3,270)							*	318	3,270
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	3,270			3,270	(3,270)							*	318	3,270
Professional Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	2,860			2,860	(2,860)							*	278	2,860
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17		\$ 1,529		(1,529)								*		
On Behalf TPAF Pension	18-495-034-5094-002	7/1/17-6/30/18	223,934			223,934	(223,934)							*		223,934
On Behalf TPAF Pension PRM	18-495-034-5094-001	7/1/17-6/30/18	144,634			144,634	(144,634)							*		144,634
On Behalf TPAF Pension LTD Ins	18-495-034-5094-004	7/1/17-6/30/18	179			179	(179)							*		179
Reimbursed TPAF Soc. Secur. Contrib.	18-495-034-5094-003	7/1/17-6/30/18	108,837			114,084	(108,837)							*		108,837
Total General Fund						<u>2,393,280</u>	<u>(2,389,562)</u>							*	<u>185,659</u>	<u>2,389,562</u>
Enterprise Fund:																
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17		(29)		29								*		
Nat. School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17-6/30/18	931			904	(931)			\$ (27)				*		931
Total Enterprise Fund						<u>933</u>	<u>(931)</u>			<u>(27)</u>				*		<u>931</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (3,747)</u>		<u>\$ 2,394,213</u>	<u>\$ (2,390,493)</u>			<u>\$ (27)</u>				*	<u>\$ 185,659</u>	<u>\$ 2,390,493</u>

Less: On-behalf TPAF Pension Amounts 368,747

Total State Expenditures Subject to Major Program Determination \$ (2,021,746)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Alpha Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of 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 programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic 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 special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,756) for the general fund and \$3,077 for the special revenue fund. See Exhibit C-3 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 basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,387,806	\$ 2,387,806
Special Revenue Fund	\$ 144,658	-	144,658
Food Service Fund	<u>43,439</u>	<u>929</u>	<u>44,368</u>
Total Financial Assistance	<u>\$ 188,097</u>	<u>\$ 2,388,735</u>	<u>\$ 2,576,832</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes __x__ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:
1) Material weakness(es) identified? yes x no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

18-495-034-5120-078

Equilization Aid

18-495-034-5120-089

Special Education Aid

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

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.