

**Comprehensive Annual
Financial Report**

of the

**Borough of Alpine School District
County of Bergen**

Alpine, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Borough of Alpine School District
Finance Department**

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INTRODUCTORY SECTION

**ALPINE SCHOOL DISTRICT
500 HILLSIDE AVENUE
ALPINE, NEW JERSEY 07620**

*Phillip Simotas
President
Board of Education*

*Olga Yarmolna
Business Administrator/
Board Secretary*

February 4, 2019

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 Federal Uniform Guidance and the State Treasury Circular Letter OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Alpine School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Alpine Board of Education and its school constitute the District's reporting entity.

The District provided a full range of educational services appropriate to regular students grade levels K through 8. The District completed the 2017-2018 fiscal year with an enrollment of 147 regular students. The following details the changes in the student enrollment of the District over the last ten years.

| Fiscal Year | Average Daily Enrollment | |
|-------------|--------------------------|----------------|
| | Student Enrollment | Percent Change |
| 2006-07 | 136.0 | 0.00% |
| 2007-08 | 135.0 | -1.03% |
| 2008-09 | 141.0 | +4.61% |
| 2009-10 | 142.0 | +0.78% |
| 2010-11 | 154.0 | +8.39% |
| 2011-12 | 146.0 | -5.40% |
| 2012-13 | 146.0 | 0.00% |
| 2013-14 | 160.0 | +9.97% |
| 2014-15 | 156.0 | -.025% |
| 2015-16 | 152.0 | -.026% |
| 2016-17 | 157.0 | +.032% |
| 2017-18 | 147.0 | -6.4% |

In addition, the district sent 59 students to Tenafly High School and 2 (two) students to Bergen Academies.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Alpine has emerged from the effects of the recession of several years ago. Housing prices are relatively high when compared to the rest of the State.

3) MAJOR INITIATIVES: During the 2017-2018 school years many initiatives were undertaken.

The Alpine District continued developing and expanding opportunities for students to incorporate the use of technology in all their learning. The district upgraded PC Lab and Mac Lab/STEAM Lab. Additional I-Pads were purchased for lower elementary classrooms and Library/Media center. New digital sound and film equipment added technological dimension to state of the art technology curriculum.

The resources were spent for new math, world language, and science texts. My Learning Plan (Frontline Education) based upon Charlotte Danielson's rubrics continued to be the District's Board approved teacher evaluation model of choice.

A focus was placed in building professionalism. All faculty meetings provided staff development on both short term and overriding initiatives. Workshops and conferences were strongly supported by the Administrative Team.

The district focused on professional development in the area of technology (e.g., google training) along with the purchase of chrome books for the entire middle school.

The Visual and Performing Arts continued to play a key role in the curriculum. The extra music period was added to the K-4 classes and students are having piano classes with portable keyboards. The middle students were offered expanded program in the visual and performing arts through the use of the STEAM program. The theater art class with acting, singing and set design was implemented. New classes in film and sound production were added and students were able to capture all school events with the use of the new digital equipment.

Geometry was added to the curriculum for grades 5-8. The new curriculum for K-5 was adopted and implemented. The district uses the professional development academy research materials and resource that support curriculum that was align with NJSLs 2016 standards in Technology and the 21 Century Life and Career standards. The district expanded the STEAM lab in grades 5-8 that linked Science, Technology, Engineering, the Arts, and Mathematics. The STEAM program was brought down the K-4 classes with the addition of Maker Space in the technology center.

The district implemented the new Science curriculum for grades K-5. K-4 began adding STEAM classes to the schedule. Students had chance to work with the 3D printers, Arduino, coding and circuitry. The district continued its relationship with Montclair University and PRISM program for professional development along with PD from NVCC. Grades 5-8 had a STEAM class added to their schedule. The Alpine school continued participation in the Science Olympiad 6-8 and 4-6 divisions.

School continued focusing on developing units to reflect continued appropriateness, rigor, and complexity with concentration on Reading Literature 6-8, reading Non-fiction 6-8, writing 6-8, Speaking 6-8. Language 6-8, Writing History, Science and Technical subjects 6-8 to reflect revised standards. We continued providing training in Dyslexia Instruction, Writer's Workshop training at Columbia University, student engagement strategies and concentrated on questioning and discussion strategies.

The 2017-2018 school year was the year of implementation of the new Board approved NJSLs 2016 Social Studies curriculum for Grades 5-8. It align the curriculum to the New Jersey Student Learning Standards that were adopted in July, 2017. It was done to assure the curriculum aligned with 21st Century Life and Career Standards as well as the technology Standards. District continued to focus on incorporating the NJSLs 2016 ELA standards for Social Studies into all grade levels. The concentration continued to be on relationship between Social Studies, Science and ELA through complex texts, finding evidence from texts and visual prompts, historical inquiry and document analysis and argument writing. The school kept developing the legal and government programs to enhance the curriculum. The district sponsored teams of students for NJ Mock Trials and Mini-Model Congress. Mock Trials was brought down to grades 2-5.

The Alpine School expanded its Social Skills Program in all grade levels to include Conflict Resolution strategies and Peer Mediation. The goal of these strategies was to provide students with the skills needed for success in school and life. In addition school expanded the financial curriculum across all grade levels.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to

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

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, and the special revenue fund. The district has no debt service fund.

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: 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.

8) DEBT ADMINISTRATION: At June 30, 2018 the district had no outstanding debt. The Board, after a defeated referendum in December of 1992, made a commitment to fund capital projects on an annual basis taking care of the most urgent repairs first. This commitment may need to be revisited during the 2018-2019 school year as recent legislation has severely restricted the district's ability to fund capital projects on an annual basis.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 and was revised in 2009 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Each year the Board designates its official depository at its reorganization meeting.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in the North East Bergen County School Board Insurance Group (NESBIG).

The insurance pool is self-insured for Workers’ Compensation claims. It is the model for insurance pools in New Jersey and the pool is audited annually by an independent auditing firm. Its funds are conservatively invested.

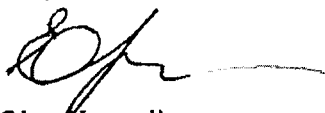
11) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and State Treasury Circular Letter OMB 15-08. The auditor’s report on the basic financial statements and combining of individual fund statements and schedules is included in the financial section of this report. The auditor’s report related specifically to the single audit is included in the single audit section of this report.

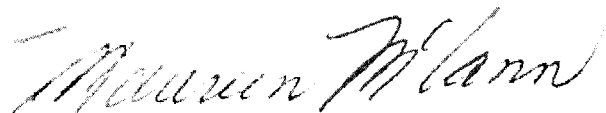
12) ACKNOWLEDGMENTS:

We would like to express appreciation to the members of the Alpine Board of Education for their commitment to provide fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the maintenance of the school district’s financial operation.

Respectfully submitted,



Olga Yarmolina
Board Secretary/Business Administrator



Maureen McCann
Chief School Administrator

**ALPINE BOARD OF EDUCATION
ALPINE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

| <u>Members of the Board of Education</u> | Term Expires |
|---|---------------------|
| Philip Simotas, President | 2018 |
| Srinivas Dhulipala, Vice President | 2018 |
| Sharon Kurtz | 2018 |
| Richard Serko | 2018 |
| Kathleen Martinelli | 2018 |

Other Officials:

Dr. Tali Axelrod - Chief School Administrator

Karen Johnson - School Business Admin./Board Secretary

Marilyn Hayward - Treasurer

**BOROUGH OF ALPINE SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
JUNE 30, 2018**

Architect

DiCara Rubino
30 Galesi Drive
Wayne, NJ 07470

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, NJ 07090

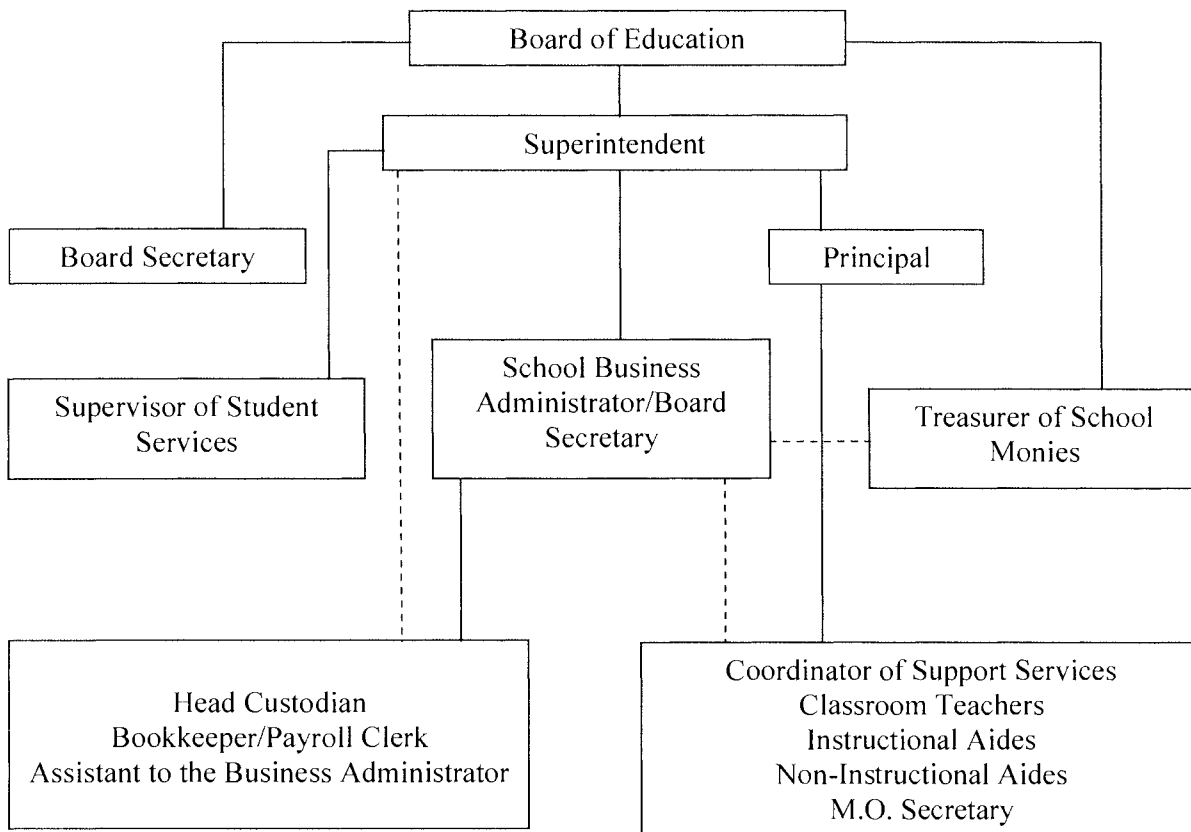
Attorney

Fogarty and Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
500 Hillside Ave.
Alpine, NJ 07620

1110 ORGANIZATIONAL CHART



Adopted: 01 December 2016



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Alpine School District
County of Bergen
Alpine, New Jersey 07620

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Alpine School District, in the County of Bergen, State of New Jersey (the "District") 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, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 7 to the basic financial statements, during the fiscal year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2019 on our consideration of the Borough of Alpine School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 4, 2019

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The discussion and analysis of Alpine Board of Education District's financial performance provides an overall review of the 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 basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, for the 2017-2018 school year net position increased \$337,304.46, which represents a 6 percent increase from 2016-2017. "Net position" is comprised of capital assets (such as building and improvements), restricted funds for capital improvements and unrestricted balances less current and long term liabilities.
- General revenues accounted for \$6,387,889.68 in revenue, or 77 percent of all revenues. Program specific revenues in the form of charges for services, operating grants including on-behalf State FICA and TPAF post retirement medical contributions accounted for \$1,890,213.59 in revenue or the remaining 23 percent of total revenues.
- The School District had \$7,940,798.81 in expenses; only \$1,890,213.59 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily tax levy and unrestricted state aid) of \$6,387,889.68 were used to provide for these programs.
- In fiscal year 2018 the District implemented GASB 75 "Accounting and Financial reporting for Postemployment Benefits" Other than Pensions. Prior year information has not been restated.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and explanatory notes. The report is organized so that the reader can first understand the Borough of Alpine School District as a financial whole. The financial operations of each individual fund are also described in detail later in the report.

The *Statement of Net Position and Statement of Activities*: The purpose of the Statement of Net Position and Statement of Activities is to combine financial data of all individual fund operations to present information about the activities of the School District as a whole. Activities are broken down into two broad categories: Governmental Activities and Business-Type Activities. The most significant activity for the Borough of Alpine School District occurs in the category of Governmental Activities.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the CAFR report contains detail of all individual funds used by the School District to provide programs and activities, the most significant statements are the Statement of Net Position and Activities. These statements include all assets, liabilities and activities using the accrual basis of accounting. The accrual basis of accounting reflects recognition of revenues and expenditures when earned rather than received.

The Statements of Assets and Activities report the School District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the School District has improved or diminished. The causes of this change may be attributable to non-financial factors such as: The School District's property tax base, changes in current State law, facility conditions, mandated educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District's operating activities are divided into two distinct types:

- *Government 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 Activities* – 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 program is business-type activity.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund and the Capital Projects Fund. The District's Enterprise Fund is the Food Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows through those funds and the balances left at year-end. These funds are reported using an accounting method referred to as the modified accrual basis of accounting, which recognizes revenue and expenditures when they become both measurable and available. 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 the reader determine the availability of 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. The District's financial position is the product of numerous financial transactions including the net results of activities, the issuance and repayment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
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Table 1 provides a summary of the School District's net position for 2018 and 2017.

Table 1 - Net Position

The District's combined net position was \$6,327,693.68 on June 30, 2018. This was an increase of 6 percent from the prior year.

| | <u>2018</u> | <u>2017</u> |
|----------------------------------|------------------------------|------------------------------|
| Assets | | |
| Current and Other Assets | \$1,661,822.29 | \$1,480,723.19 |
| Capital Assets | <u>6,495,955.18</u> | <u>6,445,113.25</u> |
| Total Assets | 8,157,777.47 | 7,925,836.44 |
| Deferred Outflows | | |
| Deferred pension | <u>411,787.00</u> | <u>714,280.00</u> |
| Liabilities | | |
| Other Liabilities | 560,922.79 | 654,339.22 |
| Long-Term Liabilities | <u>1,068,116.00</u> | <u>1,864,402.00</u> |
| Total Liabilities | 1,629,038.79 | 2,518,741.22 |
| DEFERRED INFLOW: | | |
| Deferred Pension | <u>612,832.00</u> | <u>130,986.00</u> |
| Net Position | | |
| Net Investment in Capital Assets | 6,495,955.18 | 6,445,113.25 |
| Restricted | 944,953.67 | 649,250.44 |
| Unrestricted (Deficit) | <u>(1,113,215.17)</u> | <u>(1,103,974.47)</u> |
| Total Net Position | <u><u>\$6,327,693.68</u></u> | <u><u>\$5,990,389.22</u></u> |

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Table 2 Illustrates changes in net position for fiscal years 2018 and 2017.

Table 2 - Changes in Net Position

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|----------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$1,071.90 | \$1,256.00 |
| Operating Grants and Contributions | 1,889,141.69 | 1,631,438.88 |
| General Revenues: | | |
| Property Taxes | 6,314,325.00 | 6,084,841.00 |
| Other | <u>73,564.68</u> | <u>118,533.74</u> |
| Total Revenues | <u>8,278,103.27</u> | <u>7,836,069.62</u> |
| | | |
| Program Expenses | | |
| Instruction | 5,520,346.77 | 5,277,845.67 |
| Support Services: | | |
| Student and Instruction Related | 1,308,152.54 | 1,357,709.78 |
| General & School Administration; Central Services; Operations & Maintenance of Facilities | 825,511.41 | 961,350.73 |
| Student Transportation | 226,313.60 | 206,402.40 |
| Business Type Activities | 984.93 | 4,153.04 |
| Other | <u>59,489.56</u> | <u>73,485.77</u> |
| Total Expenses | <u>7,940,798.80</u> | <u>7,880,947.39</u> |
| Increase/ (Decrease) in Net Position | <u>\$337,304.47</u> | <u>(\$44,877.77)</u> |

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Governmental Activities

The nature of funding public education primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District budget. Property taxes made up 79 percent of revenues for governmental activities for the Borough of Alpine School District for fiscal year 2018. Property tax revenues increased by \$229,484.00, which is a 3 percent increase from the prior year. The District's total revenues for governmental activities were \$8,025,233.27 for the year ended June 30, 2018. Federal and state aid accounted for 20 percent of revenue.

Instruction comprises 69 percent of district expenses. Support Services costs make up 30 percent of the total expenditures.

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

Table 3

| | Total Cost of <u>Services 2018</u> | Total Cost of <u>Services 2017</u> | Net Cost of <u>Services 2018</u> | Net Cost of <u>Services 2017</u> |
|--|---------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| Instruction | 5,520,346.77 | 5,277,845.67 | 4,127,630.89 | \$4,115,939.89 |
| Support Services: | | | | |
| Students and Instruction Related | 1,308,152.54 | 1,357,709.78 | 926,620.46 | 969,787.19 |
| General Administration, School & Central Administration | | | | |
| Maintenance of Facilities | 825,511.41 | 961,350.73 | 774,518.05 | 933,511.57 |
| Student Transportation | 226,313.60 | 206,402.40 | 162,604.54 | 153,030.40 |
| Other | 984.93 | 4,153.04 | 59,489.56 | 73,485.77 |
| Business-Type Activities | <u>59,489.56</u> | <u>73,485.77</u> | <u>(278.29)</u> | <u>2,497.68</u> |
| Total Net Cost of Services | <u><u>\$7,940,798.81</u></u> | <u><u>\$7,880,947.39</u></u> | <u><u>\$6,050,585.21</u></u> | <u><u>\$6,248,252.50</u></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.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
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General administration, school administration and central services 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 condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services.

Pupil transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

The School District relies mainly upon property tax revenues to function. The community, as a whole, is the primary support for the Borough of Alpine School District. Approximately 90% of the overall program is supported by local property taxes.

Business-Type Activities

Revenues for the District's business-type activities were comprised charges for the special milk program. The following are some highlights of our business type activities:

- Business type revenues exceeded expenses by \$278.29.
- Revenues consist of \$1,071.90 in operating revenue from charges for services and \$191.32 in non-operating revenue from Federal sources.

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ALPINE, NEW JERSEY
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Business-Type Activities (Continued)

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|-----------------|---------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for services | \$1,071.90 | \$1,256.00 |
| Other | 191.32 | 399.36 |
| Total Revenues | <u>1,263.22</u> | <u>1,655.36</u> |
| Program Expenses | | |
| Food Services | 984.93 | 4,153.04 |
| Total Expenses | <u>984.93</u> | <u>4,153.04</u> |
| Increase / (Decrease) in Net Position | <u>\$278.29</u> | <u>(\$2,497.68)</u> |

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,420,564.05 and expenditures were \$7,134,110.81.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018 and the amount and percentage of increase and decrease in relation to prior year revenues.

| <u>Revenues</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase(Decrease) from FY 2017</u> | <u>Percent Increase (Decrease)</u> |
|-----------------|-----------------------|-------------------------|--|--|
| Local Sources | 6,387,889.68 | 86.08% | \$184,514.94 | 2.97% |
| State Sources | 921,915.30 | 12.42% | 167,846.78 | 22.26% |
| Federal Sources | 110,759.07 | 1.49% | 30,070.07 | 37.27% |
| Total | <u>\$7,420,564.05</u> | <u>100.00%</u> | <u>\$382,431.79</u> | <u>0.69%</u> |

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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The following schedule represents a summary of general fund, special revenue fund, and capital projects fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increases and decreases in relation to prior year amounts.

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase(Decrease) from FY 2017</u> | <u>Percent Increase (Decrease)</u> |
|---------------------|-----------------------|-------------------------|--|--|
| Current: | | | | |
| Instruction | \$4,848,144.89 | 67.96% | \$175,843.46 | 3.76% |
| Support Services | 2,148,784.92 | 30.12% | (20,016.97) | -0.92% |
| Capital Outlay | <u>137,181.00</u> | <u>1.92%</u> | <u>(291,522.59)</u> | <u>-68.00%</u> |
| Total | <u>\$7,134,110.81</u> | <u>100.00%</u> | <u>(\$135,696.10)</u> | <u>-0.25%</u> |

Changes in expenditures were the results of varying factors. Capital Outlay expense decreased which comprise the largest expenditure category due to the completion of a major capital project in the prior year.

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.

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to match budget amounts with expenditures. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- Transfers made to administration lines to cover employee salaries and benefits were offset by savings in tuition due to fewer placements and underutilization of substitutes and supply budgets.
- TPAF, which is the State's contribution to the pension and post-retirement benefits fund and the employer's share of FICA costs, is neither a budgeted revenue nor expenditure item. The School District is required to present this information in the revenue and expenditure sections of the report in accordance with GASB financial reporting guidance.
- Excess operating funds were allowed to flow into surplus and become available for transfer into our capital reserve account.

**BOROUGH OF ALPINE SCHOOL DISTRICT
ALPINE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Capital Assets

At the end of the fiscal year 2018, the School District had \$6,495,955.18 invested in land, building, furniture, equipment and vehicles. **Table 5** illustrates fiscal year 2018 balances compared to 2017.

**Table 5
Capital Assets (Net of Depreciation) at June 30, 2018**

| | <u>2018</u> | <u>2017</u> |
|---|------------------------------|------------------------------|
| Governmental Activities Capital Assets, Net: | | |
| Construction in Progress | \$4,978,336.48 | \$4,844,326.48 |
| Building and Building Improvements | 1,406,000.57 | 1,474,331.70 |
| Machinery and Equipment | <u>111,618.13</u> | <u>126,455.07</u> |
| Total Governmental Activities Capital Assets, Net | <u>6,495,955.18</u> | <u>6,445,113.25</u> |
| | | |
| Total Capital Assets, Net | <u><u>\$6,495,955.18</u></u> | <u><u>\$6,445,113.25</u></u> |

Overall capital assets increased \$50,841.93 from fiscal year 2017 to fiscal year 2018. The increase is due to the building construction on the school.

Negotiations

The Alpine Board of Education has an approved labor agreement with the teachers through the 2018 fiscal year.

Contacting the School District's Financial Management Office

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 any questions about this report or need additional information contact Olga Yarmolina, Business Administrator/Board Secretary, Borough of Alpine School District, 500 Hillside Avenue, Alpine, NJ 07620. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018

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.

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

| | <u>GOVERNMENTAL</u> <u>ACTIVITIES</u> | <u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> | <u>TOTAL</u> |
|----------------------------------|--|---|------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 1,291,103.40 | \$ 806.33 | \$ 1,291,909.73 |
| Receivables, net | 369,860.06 | 52.50 | 369,912.56 |
| Capital assets: | | | |
| Non Depreciable | 4,978,336.48 | | 4,978,336.48 |
| Depreciable - Net | <u>1,517,618.70</u> | | <u>1,517,618.70</u> |
| Total Assets | <u>8,156,918.64</u> | <u>858.83</u> | <u>8,157,777.47</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Pension Related | <u>411,787.00</u> | | <u>411,787.00</u> |
| | 411,787.00 | | 411,787.00 |
| LIABILITIES: | | | |
| Unearned revenue | 285,300.00 | | 285,300.00 |
| Accounts payable | 182,522.79 | | 182,522.79 |
| Noncurrent liabilities: | | | |
| Due beyond one year: | | | |
| Compensated Absences | 93,100.00 | | 93,100.00 |
| Net Pension Liability | <u>1,068,116.00</u> | | <u>1,068,116.00</u> |
| Total liabilities | <u>1,629,038.79</u> | | <u>1,629,038.79</u> |
| DEFERRED INFLOW OF RESOURCES: | | | |
| Pension Related | 612,832.00 | | 612,832.00 |
| NET POSITION: | | | |
| Net investment in capital assets | 6,495,955.18 | | 6,495,955.18 |
| Restricted for: | | | |
| Capital Projects | 122,016.17 | | 122,016.17 |
| Other purposes | 822,937.50 | | 822,937.50 |
| Unrestricted (Deficit) | <u>(1,114,074.00)</u> | <u>858.83</u> | <u>(1,113,215.17)</u> |
| TOTAL NET POSITION | <u>\$ 6,326,834.85</u> | <u>\$ 858.83</u> | <u>\$ 6,327,693.68</u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2018

| Functions/Programs | Expenses | Indirect Expenses Allocation | Charges for Services | Programs Revenues Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------------|------------------------------|----------------------|--|-------------------------------------|---|-----------------------------|-----------------------|
| | | | | | | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | \$ 3,012,778.74 | \$ 1,591,661.21 | \$ | \$ 1,040,061.97 | \$ | \$ (3,564,377.98) | \$ | \$ (3,564,377.98) |
| Special | 562,665.07 | 89,189.59 | | 274,464.94 | | (377,389.72) | | (377,389.72) |
| Other instruction | 141,608.87 | 122,443.30 | | 78,188.98 | | (185,863.19) | | (185,863.19) |
| Support services: | | | | | | | | |
| Student and instruction related services | 789,451.07 | 518,701.47 | | 381,532.08 | | (926,620.46) | | (926,620.46) |
| School administrative services | 82,842.30 | 44,316.70 | | 17,589.84 | | (109,569.16) | | (109,569.16) |
| General administrative services | 52,399.02 | 4,401.38 | | 10,322.75 | | (46,477.65) | | (46,477.65) |
| Central services | 158,426.64 | 49,083.78 | | 12,951.30 | | (194,559.12) | | (194,559.12) |
| Plant operations and maintenance | 395,652.03 | 38,389.56 | | 10,129.47 | | (423,912.12) | | (423,912.12) |
| Pupil transportation | 218,131.85 | 8,181.75 | | 63,709.05 | | (162,604.54) | | (162,604.54) |
| Unallocated Benefits | 2,442,690.22 | (2,442,690.22) | | - | | - | | - |
| Unallocated depreciation | 83,168.07 | (23,678.51) | | - | | (59,489.56) | | (59,489.56) |
| Total governmental activities | <u>7,939,813.88</u> | <u>(23,678.51)</u> | | <u>1,888,950.37</u> | | <u>(6,050,863.51)</u> | | <u>(6,050,863.50)</u> |
| Business-type activities | | | | | | | | |
| Food service | 984.93 | | | 1,071.90 | | | 278.29 | 278.29 |
| Total business-type activities | <u>984.93</u> | | | <u>1,071.90</u> | | | <u>278.29</u> | <u>278.29</u> |
| Total primary government | <u>\$ 7,940,798.81</u> | | <u>\$ 1,071.90</u> | <u>\$ 1,889,141.69</u> | <u>\$</u> | <u>(6,050,863.51)</u> | <u>\$ 278.29</u> | <u>(6,050,585.21)</u> |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | | \$ 6,314,325.00 | \$ | \$ 6,314,325.00 |
| Miscellaneous income | | | | | | 73,564.68 | | 73,564.68 |
| Total general revenues | | | | | | <u>6,387,889.68</u> | | <u>6,387,889.68</u> |
| Change in Net Position | | | | | | 337,026.17 | 278.29 | 337,304.47 |
| Net Position - beginning | | | | | | 5,989,808.68 | 580.54 | 5,990,389.22 |
| Net Position ending | | | | | | <u>6,326,834.85</u> | <u>858.83</u> | <u>6,327,693.68</u> |

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

MAJOR FUND FINANCIAL STATEMENTS

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

BOROUGH OF ALPINE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE FUND</u> | <u>CAPITAL PROJECTS FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---------------------------------------|-------------------------|-------------------------------------|--------------------------------------|---|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 1,127,429.30 | \$ 7,997.93 | \$ 155,676.17 | \$ 1,291,103.40 |
| Receivables from other governments | 114,794.00 | 3,426.06 | 251,640.00 | 369,860.06 |
| Due from other funds | <u>11,423.99</u> | | | <u>11,423.99</u> |
| Total assets | <u>\$ 1,253,647.29</u> | <u>\$ 11,423.99</u> | <u>\$ 407,316.17</u> | <u>\$ 1,672,387.45</u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Unearned Revenue | \$ 139,802.79 | | \$ 285,300.00 | \$ 285,300.00 |
| Accounts payable | | | | 139,802.79 |
| Due to other funds | | <u>11,423.99</u> | | <u>11,423.99</u> |
| Total liabilities | <u>139,802.79</u> | <u>11,423.99</u> | <u>285,300.00</u> | <u>436,526.78</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Capital reserve account | 732,077.43 | | | 732,077.43 |
| Emergency reserve | 50,000.00 | | | 50,000.00 |
| Committed: | | | | |
| Encumbrances | 40,860.07 | | | 40,860.07 |
| Unassigned | <u>290,907.00</u> | | <u>122,016.17</u> | <u>412,923.17</u> |
| Total fund balances | <u>1,113,844.50</u> | | <u>122,016.17</u> | <u>1,235,860.67</u> |
| Total liabilities and fund balances | <u>\$ 1,253,647.29</u> | <u>\$ 11,423.99</u> | <u>\$ 407,316.17</u> | <u>\$ 1,672,387.45</u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | | |
|--|-----------------------|------------------------------|
| Total Fund Balances (Brought Forward) | | \$1,235,860.67 |
| 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. | | |
| Cost of Assets | \$8,830,873.63 | |
| Accumulated Depreciation | <u>(2,334,918.45)</u> | 6,495,955.18 |
| Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | |
| Net Pension Liability | (1,068,116.00) | |
| Compensated Absences | <u>(93,100.00)</u> | (1,161,216.00) |
| Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds. | | |
| Pensions: | | |
| Deferred Outflows | | |
| Pension related | | 411,787.00 |
| Deferred Inflows: | | |
| Pension related | | (612,832.00) |
| Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. | | |
| Accounts Payable - Pension Related | | <u>(42,720.00)</u> |
| Net Position of Governmental Activities | | <u><u>\$6,326,834.85</u></u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------|----------------------------|-----------------------------|--------------------------------|
| REVENUES: | | | | |
| Local sources: | | | | |
| Local tax levy | \$ 6,314,325.00 | \$ | | \$ 6,314,325.00 |
| Miscellaneous | 73,564.68 | 1,548.24 | | 75,112.92 |
| Total - local sources | 6,387,889.68 | 1,548.24 | | 6,389,437.92 |
| State sources | 920,367.06 | | | 920,367.06 |
| Federal sources | | 110,759.07 | | 110,759.07 |
| Total revenues | 7,308,256.74 | 112,307.31 | | 7,420,564.05 |
| EXPENDITURES: | | | | |
| Current expense: | | | | |
| Regular instruction | 1,963,409.33 | 14,617.56 | | 1,978,026.89 |
| Special instruction | 101,234.08 | 47,330.00 | | 148,564.08 |
| Other Instruction | 141,608.87 | | | 141,608.87 |
| Support services: | | | | |
| Tuition | 1,429,681.84 | | | 1,429,681.84 |
| Student and instruction related services | 714,391.32 | 50,359.75 | | 764,751.07 |
| School administrative services | 77,842.30 | | | 77,842.30 |
| General administration | 52,399.02 | | | 52,399.02 |
| Plant operations and maintenance | 395,652.03 | | | 395,652.03 |
| Central services | 178,426.64 | | | 178,426.64 |
| Pupil transportation | 218,131.85 | | | 218,131.85 |
| Unallocated Benefits | 1,611,845.22 | | | 1,611,845.22 |
| Capital outlay | 3,171.00 | | 134,010.00 | 137,181.00 |
| Total expenditures | 6,887,793.50 | 112,307.31 | 134,010.00 | 7,134,110.81 |
| Excess (deficiency) of revenues over (under) expenditures | 420,463.24 | | (134,010.00) | 286,453.24 |
| Other financing sources (uses): | | | | |
| Transfers in/(out) | (193,200.00) | | 193,200.00 | |
| Total other financing sources (uses) | (193,200.00) | | 193,200.00 | |
| Net change in fund balances | 227,263.24 | | 59,190.00 | 286,453.24 |
| Fund balances, July 1, 2017 | 886,581.26 | | 62,826.17 | 949,407.43 |
| Fund balances, June 30, 2018 | \$ 1,113,844.50 | \$ -0- | \$ 122,016.17 | \$ 1,235,860.67 |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2) \$ 286,453.24

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 | \$ | (83,168.07) | |
| Capital outlays | | 137,181.00 | |
| Less: Capital outlays not capitalized | | <u>(3,171.00)</u> | |
| | | | 50,841.93 |

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

| | | | |
|--------------------------------|--|--------------------|-----------|
| District pension contributions | | 42,507.00 | |
| Less: Pension expense | | <u>(17,076.00)</u> | |
| | | | 25,431.00 |

In the statement of activities, certain expenses, e.g., compensated absences (sick days) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(25,700.00)

Change in net position of governmental activities \$ 337,026.17

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

OTHER FUNDS

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

| | <u>FOOD SERVICE FUND TOTAL</u> |
|---------------------------|--|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents | \$ 806.33 |
| Accounts receivable: | |
| Federal | <u>52.50</u> |
| Total current assets | <u>858.83</u> |
| Total assets | <u>\$ 858.83</u> |
| NET POSITION: | |
| Unrestricted | <u>\$ 858.83</u> |
| Total net position | <u>\$ 858.83</u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>FOOD SERVICE FUND TOTAL</u> |
|--|--|
| OPERATING REVENUES: | |
| Charges for services: | |
| Daily sales - reimbursable programs | \$ <u>1,071.90</u> |
| Total operating revenues | <u>1,071.90</u> |
| OPERATING EXPENSES: | |
| Cost of sales | <u>984.93</u> |
| Total operating expenses | <u>984.93</u> |
| Operating income | <u>86.97</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| Federal sources | |
| Special milk program | <u>191.32</u> |
| Total nonoperating revenues (expenses) | <u>191.32</u> |
| Change in net position | 278.29 |
| Total net position - beginning | <u>580.54</u> |
| Total net position - ending | <u>\$ <u>858.83</u></u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>FOOD SERVICE FUND TOTAL</u> |
|--|--|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 1,071.90 |
| Payments to suppliers | <u>(984.93)</u> |
| Net cash provided by (used for) operating activities | <u>86.97</u> |
| Cash flows from noncapital financing activities: | |
| Federal Sources | <u>164.30</u> |
| Net cash provided by noncapital financing activities: | <u>164.30</u> |
| Net increase in cash and cash equivalents | 251.27 |
| Cash and cash equivalents, July 1, 2017 | <u>555.06</u> |
| Cash and cash equivalents, June 30, 2018 | <u>\$ 806.33</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | |
| Operating income | \$ <u>86.97</u> |
| Net cash provided by (used for) operating activities | <u>\$ 86.97</u> |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>SECURITY DEPOSIT TRUST FUND</u> | <u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u> | <u>AGENCY FUNDS</u> |
|---|--|---|--------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ <u>6,550.00</u> | \$ <u>2,542.35</u> | \$ <u>75,478.62</u> |
| Total Assets | \$ <u><u>6,550.00</u></u> | \$ <u><u>2,542.35</u></u> | \$ <u><u>75,478.62</u></u> |
| LIABILITIES: | | | |
| Payroll deductions and withholdings | \$ | \$ | \$ 59,848.50 |
| Accrued Salaries and Wages | | | 2,073.88 |
| Security deposits | 6,550.00 | | |
| Due to student groups | <u> </u> | <u> </u> | <u>13,556.24</u> |
| Total liabilities | \$ <u><u>6,550.00</u></u> | \$ <u> </u> | \$ <u><u>75,478.62</u></u> |
| NET POSITION: | | | |
| Held in trust for unemployment claims and other purposes | | \$ <u><u>2,542.35</u></u> | |

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

BOROUGH OF ALPINE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u> |
|--------------------------------|---|
| Net position beginning of year | <u>2,542.35</u> |
| Net position end of year | \$ <u><u>2,542.35</u></u> |

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

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Alpine School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's accounting policies are described below:

Reporting Entity

The District is a Type II District located in Bergen County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Alpine School District, comprised of five elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The 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.

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 generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the 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 requirement 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 District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain 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 are presented for each fund category-governmental, proprietary, and fiduciary. 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 as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. 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 capital 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 the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

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

Capital Projects Funds The capital projects fund is used to account for and report all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities or other capital assets.

Proprietary Funds

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

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

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

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

Private Purpose Trust Funds These fiduciary funds are used to account for assets that will provide for payments for non-governmental purposes.

Unemployment Insurance Trust Funds An expendable fiduciary fund used to account for unemployment compensation claims as they arise.

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in 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. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

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 are 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 transactions 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 long-term liabilities, 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 from the issuance of long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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 (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described 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 recognized 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 records.

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures 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 assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue and capital project funds for which the District has received advances are reflected in the balance sheet as unearned 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|---------------------------|--|
| School Buildings | 50 |
| Building Improvements | 20 |
| Land Improvements | 20 |
| Machinery and Equipment | 5-20 |

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 in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Unearned Revenue

Unearned revenue in the general, special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding grants receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

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. Long term debt is recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve and Maintenance Reserve as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures as Committed Fund Balance and Encumbrances.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property 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 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

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

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within 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 accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accounting and Financial Reporting for Pensions

In the district-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

In the governmental fund financial statements the year end net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Alpine School District had the following cash and cash equivalents at June 30, 2018:

| | <u>Checking</u> <u>Accounts</u> | <u>Total</u> |
|--------------------------|------------------------------------|----------------------------|
| Cash on Deposit | \$ 1,613,476.42 | \$ 1,613,476.42 |
| Add: Deposit in Transit | 2,564.73 | 2,564.73 |
| Less: Outstanding Checks | <u>239,560.45</u> | <u>239,560.45</u> |
| Net Cash | \$ <u>1,376,480.70</u> | \$ <u>1,376,480.70</u> |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk- Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$1,613,476.42, \$250,000.00 was covered by Federal Depository Insurance and \$1,363,476.42 was covered under the provisions of NJGUDPA.

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2018, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CAPITAL ASSETS

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

| | Beginning <u>Balance</u> | <u>Additions</u> | Ending <u>Balance</u> |
|--|-----------------------------|---------------------|--------------------------|
| Governmental Activities: | | | |
| Capital assets not being depreciated: | | | |
| Construction in progress | \$ 4,844,326.48 | \$ 134,010.00 | \$ 4,978,336.48 |
| Total Capital Assets not being depreciated | <u>4,844,326.48</u> | <u>134,010.00</u> | <u>4,978,336.48</u> |
| Site improvements | 206,900.00 | | 206,900.00 |
| Buildings & Building Improvements | 3,135,452.94 | | 3,135,452.94 |
| Machinery & Equipment | <u>510,184.21</u> | | <u>510,184.21</u> |
| Totals at historical cost | <u>3,852,537.15</u> | <u>-</u> | <u>3,852,537.15</u> |
| Gross Assets (Memo only) | <u>8,696,863.63</u> | <u>134,010.00</u> | <u>8,830,873.63</u> |
| Less: Accumulated Depreciation | | | |
| Site improvements | (115,000.43) | (8,096.83) | (123,097.26) |
| Buildings & Building Improvements | (1,753,020.81) | (60,234.30) | (1,813,255.11) |
| Machinery & Equipment | <u>(383,729.14)</u> | <u>(14,836.94)</u> | <u>(398,566.08)</u> |
| Total Depreciation | <u>(2,251,750.38)</u> | <u>(83,168.07)</u> | <u>(2,334,918.45)</u> |
| Total capital assets being depreciated, net of depreciation | <u>1,600,786.77</u> | <u>(83,168.07)</u> | <u>1,517,618.70</u> |
| Total Governmental Fund Activities | \$ <u>6,445,113.25</u> | \$ <u>50,841.93</u> | \$ <u>6,495,955.18</u> |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functional expense areas of the District as follows:

| | |
|-------------------------------------|---------------------|
| Instruction: | |
| Regular | \$ 13,049.96 |
| Support services: | |
| General administrative services | 1,786.98 |
| Direct Expense of various functions | <u>68,331.13</u> |
| | \$ <u>83,168.07</u> |

NOTE 4: LONG-TERM LIABILITIES

Bonds may be issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2018:

| | | Net Pension <u>Liability</u> | Compensated Absences <u>Payable</u> | | <u>Total</u> |
|-----------------------|----|------------------------------------|---|----|---------------------|
| Balance June 30, 2017 | \$ | 1,864,402.00 | \$ 67,400.00 | \$ | 1,931,802.00 |
| Additions | | | 25,700.00 | | 25,700.00 |
| Reductions | | <u>796,286.00</u> | <u> </u> | | <u>796,286.00</u> |
| Balance June 30, 2018 | \$ | <u>1,068,116.00</u> | <u>93,100.00</u> | \$ | <u>1,161,216.00</u> |

NOTE 5: 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision 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.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions The vesting and benefit provisions of 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of 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 ten years of service except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of new Jersey makes the employer contribution on behalf of public school districts).

| <u>Three-Year Trend Information for PERS</u> | | | |
|--|--|--|---|
| <u>Year</u> <u>June 30,</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage of</u> <u>APC Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
| 2018 | \$42,971.42 | 100.00% | \$42,971.42 |
| 2017 | \$56,431.00 | 100.00% | \$56,431.00 |
| 2016 | \$60,000.00 | 100.00% | \$60,000.00 |

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$300,025.00, \$211,797.00, and \$131,151.00, respectively to the TPAF pension system on behalf of the district.

Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$159,069.06 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. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$1,068,116.00 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0045884404 percent, which was a decrease of 0.0017065730 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$17,073.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

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 Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | | \$25,150.00 |
| Changes of assumptions | \$214,400.00 | 215,188.00 |
| Net difference between projected and actual earnings on pension plan investments | | 7,273.00 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 398,432.00 | 121,456.00 |
| District contributions subsequent to the measurement date | | 42,720.00 |
| | <u>\$612,832.00</u> | <u>\$411,787.00</u> |

The \$42,720.00 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 in the year ended June 30, 2019.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | |
|----------------|-----------------------|
| <u>June 30</u> | <u>Amount</u> |
| 2019 | (\$34,823.00) |
| 2020 | (22,023.00) |
| 2021 | (31,218.00) |
| 2022 | (100,821.00) |
| 2023 | <u>(54,880.00)</u> |
| | <u>(\$243,765.00)</u> |

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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|----------------------------------|
| Inflation | 2.25 Percent |
| Salary Increases | |
| Through 2026 | 1.65-4.15 Percent (based on age) |
| Thereafter | 2.65-5.15 Percent (based on age) |
| Investment Rate of Return | 7.00 Percent |

Mortality Rate

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic 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 mitigation | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| US Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| Public high yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed market equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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.

**Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018**

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

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 employer contributed 40% of the actuarially determined contributions and the local employer contributed 100% of their 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease <u>4.00%</u> | At Current Discount Rate <u>5.00%</u> | 1% Increase <u>6.00%</u> |
|--|--------------------------------|---|--------------------------------|
| District's proportionate share of the pension liability | 1,325,070.00 | 1,068,116.00 | 854,041.00 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

| | |
|---|----------------------------|
| Net Pension Liability: | |
| Districts proportionate share | -0- |
| State's proportionate share associated with the District | <u>\$13,155,645</u> |
| | <u><u>\$13,155,645</u></u> |

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .0195119269% which was an increase of .0023151826 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$911,356.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

| | |
|---------------------------|----------------------------|
| Inflation rate | 2.25% |
| Salary increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment rate of return | 7.00% |

Mortality Rate

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) 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. 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

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 mitigation | 5.00% | 5.51% |
| Cash equivalents | 5.50% | 1.00% |
| US Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| Public high yield | 2.50% | 6.82% |
| Global diversified credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private real estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. equity | 30.00% | 8.19% |
| Non-U.S. developed market equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with 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 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

| | |
|--|----------------|
| Active Plan Members | 223,747 |
| Inactive Plan Members or Beneficiaries | |
| Currently Receiving Benefits | 142,331 |
| Inactive Plan Members or Beneficiaries | |
| Not Yet Receiving Benefits | <u>- 0 -</u> |
| Total Plan Members | <u>366,078</u> |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2018 was as follows:

| | |
|--|------------------------------|
| Nonemployer OPEB Liability: | |
| Districts proportionate share | -0- |
| State's proportionate share associated with the District | <u>\$8,446,179.00</u> |
| | <u><u>\$8,446,179.00</u></u> |

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 was determined separately based on actual data of the District.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$552,895.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.0157460923 percent, which was a increase of .0000684020 from its proportion measured as of June 30, 2016.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

| | <u>TPAF/ABP</u> | <u>PERS</u> | <u>PFRS</u> |
|------------------|------------------------------|--------------|--------------|
| Salary Increases | | | |
| Through 2026 | 1.55-4.55% | 2.15-4.15% | 2.10-8.98% |
| | Based on years Of Service | Based on Age | Based of Age |
| Thereafter | 2.00-5.45% | 3.15-5.15% | 3.10-9.98 |
| | Based on years Of Service | Based on Age | Based of Age |

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. Post-Retirement 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.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

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.

Changes in the Total Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017.

| | | |
|---|-------------|-------------|
| Balance at 6/30/16 | | \$9,066,688 |
| Changes for the year: | | |
| Service cost | \$398,606 | |
| Interest | 267,095 | |
| Changes in assumptions or other inputs | (1,097,783) | |
| Benefit payments | (195,631) | |
| Contributions from Members | 7,204 | |
| Net change in OPEB Liability | (620,509) | (620,509) |
| Balance at 6/30/17 | | \$8,446,179 |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2017 | | |
|--|-----------------------------------|------------------------------------|-----------------------------------|
| | <u>1.00% Decrease (2.58%)</u> | <u>At Discount Rate (3.58)</u> | <u>1.00% Increase (4.58%)</u> |
| State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District | \$10,026,224 | \$8,446,179 | \$7,192,872 |

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2017 | | |
|--|---------------------------|---------------------------------------|---------------------------|
| | <u>1.00% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1.00% Increase</u> |
| State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District | \$6,946,166 | \$8,446,179 | \$10,438,179 |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

| | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|------------------------|---|--|
| Changes of assumptions | \$998,896.00 | - |
| Changes in proportion | - | \$31,258.00 |
| | <u>\$998,896.00</u> | <u>\$31,258.00</u> |

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

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|--------------------------------|--------------------|
| 2019 | (\$110,715) |
| 2020 | (\$110,715) |
| 2021 | (\$110,715) |
| 2022 | (\$110,715) |
| 2023 | (\$110,715) |
| Total Thereafter | <u>(\$414,062)</u> |
| | <u>(\$967,638)</u> |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were not subject to the Federal Uniform Guidance and New Jersey OMB Circular 15-08, which mandate that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. The District did not expend federal or state aid in excess of \$750,000. All grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

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

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 10: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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

| <u>Fiscal Year</u> | <u>Contributions</u> | <u>Reimbursed</u> | <u>Balance</u> |
|--------------------|----------------------|-------------------|----------------|
| 2018 | \$ - | \$ - | \$ 2,542.35 |
| 2017 | \$ 10,559.51 | 10,559.51 | \$ 2,542.35 |
| 2016 | \$ 14,047.46 | 15,987.72 | \$ 2,542.35 |

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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 in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the District-wide Statement of Net Position. As of June 30, 2018, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$93,100.00.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

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 funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund

Of the \$1,113,844.50 in General Fund Balance at June 30, 2018, \$40,860.07 is assigned for encumbrances; \$50,000.00 has been restricted for emergency purposes; \$732,077.43 has been restricted in the Capital Reserve Account; and \$290,907.00 is unassigned fund balance.

NOTE 13: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District 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 of Education, 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 (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(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 during the year ended June 30, 2018, is as follows:

| | | |
|------------------------|----|------------|
| Balance, June 30, 2017 | \$ | 530,856.27 |
| Deposits: | | |
| Board Resolution | \$ | 394,421.16 |
| Withdrawals: | | |
| Budgeted Withdrawal | | 193,200.00 |
| Balance, June 30, 2018 | \$ | 732,077.43 |

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 14: EMERGENCY RESERVE

An emergency reserve was established by the Borough of Alpine School District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the District's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

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

| | |
|---|--------------------|
| Balance June 30, 2017 and June 30, 2018 | <u>\$50,000.00</u> |
|---|--------------------|

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (S1701), the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget. The excess fund balance at June 30, 2018 is \$ -0-.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|----------------------|---------------------|---------------------|
| General Fund | \$ 11,423.99 | |
| Special Revenue Fund | | \$ 11,423.99 |
| | <u>\$ 11,423.99</u> | <u>\$ 11,423.99</u> |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

Borough of Alpine School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 17: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 4, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|--|--------------------|---------------------------------------|-----------------|-----------------|---|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 6,314,325.00 | \$ | \$ 6,314,325.00 | \$ 6,314,325.00 | \$ |
| Transportation Fees from Individuals | 5,240.00 | | 5,240.00 | 5,640.48 | 400.48 |
| Rents and Royalties | 46,010.00 | | 46,010.00 | 38,310.00 | (7,700.00) |
| Withdrawal from Capital Reserve | 193,200.00 | | 193,200.00 | | (193,200.00) |
| Miscellaneous- unrestricted | 1,932.00 | | 1,932.00 | 29,614.20 | 27,682.20 |
| Total-local sources | 6,560,707.00 | | 6,560,707.00 | 6,387,889.68 | (172,817.32) |
| State sources: | | | | | |
| Extraordinary aid | 50,000.00 | | 50,000.00 | 88,886.00 | 38,886.00 |
| Other state aid | 7,160.00 | | 7,160.00 | 7,160.00 | |
| Categorical special education aid | 73,443.00 | | 73,443.00 | 82,020.00 | 8,577.00 |
| Transportation aid | 50,240.00 | | 50,240.00 | 50,240.00 | |
| Security aid | 15,978.00 | | 15,978.00 | 15,978.00 | |
| Additional non-public transportation aid | | | | 11,310.00 | 11,310.00 |
| On-behalf TPAF post-retirement medical (non-budgeted) | | | | 198,483.00 | 198,483.00 |
| On-Behalf TPAF Non Contributory Insurance | | | | 7,281.00 | 7,281.00 |
| On-Behalf TPAF Long-Term Disability Insurance | | | | 644.00 | 644.00 |
| On-behalf TPAF post retirement contributions (non-budgeted) | | | | 300,025.00 | 300,025.00 |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 159,069.06 | 159,069.06 |
| Total - state sources | 196,821.00 | | 196,821.00 | 921,096.06 | 724,275.06 |
| Total revenues | 6,757,528.00 | | 6,757,528.00 | 7,308,985.74 | 551,457.74 |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|--------------------|---------------------------------------|---------------|---------------|---|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Instruction - regular programs: | | | | | |
| Salaries of teachers: | \$ 112,999.00 | \$ 3,064.79 | \$ 116,063.79 | \$ 116,063.79 | \$ |
| Preschool/kindergarten | 568,377.00 | 108,049.87 | 676,426.87 | 676,426.87 | |
| Grades 1-5 | 731,408.00 | 100,063.73 | 831,471.73 | 831,471.73 | |
| Grades 6-8 | | | | | |
| Regular programs - home instruction: | 3,000.00 | (3,000.00) | | | |
| Purchased professional - educational services | | | | | |
| Regular programs - undistributed instruction: | | | | | |
| Other salaries for instruction | 118,333.00 | 32,851.66 | 151,184.66 | 151,184.66 | 20,612.48 |
| Other purchased services (400-500 series) | 62,171.44 | 35,190.20 | 97,361.64 | 76,749.16 | 28,206.19 |
| General supplies | 107,706.86 | 15,987.86 | 123,694.72 | 95,488.53 | 11,177.48 |
| Textbooks | 22,541.10 | (8,222.36) | 14,318.74 | 3,141.26 | 2,493.91 |
| Other objects | 35,788.00 | (20,410.76) | 15,377.24 | 12,883.33 | 62,490.06 |
| Total regular programs | 1,762,324.40 | 263,574.99 | 2,025,899.39 | 1,963,409.33 | |
| Special education: | | | | | |
| Resource room: | | | | | |
| Salaries of teachers | 102,003.00 | (1,175.46) | 100,827.54 | 100,827.54 | 39.57 |
| Textbooks | 1,350.00 | (1,350.00) | | | |
| General supplies | 913.00 | (466.89) | 446.11 | 406.54 | 39.57 |
| Total resource room | 104,266.00 | (2,992.35) | 101,273.65 | 101,234.08 | |
| Total special education | 104,266.00 | (2,992.35) | 101,273.65 | 101,234.08 | 39.57 |
| Basic skills/remedial: | | | | | |
| Salaries of teachers | 76,486.00 | | 76,486.00 | 76,486.00 | 428.69 |
| General supplies | 719.45 | (0.02) | 719.43 | 290.74 | 428.69 |
| Total basic skills/remedial | 77,205.45 | (0.02) | 77,205.43 | 76,776.74 | 428.69 |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|--------------------|---------------------------------------|--------------|--------------|---|
| Bilingual education: | | | | | |
| Salaries of teachers | \$ 61,951.00 | \$ 0.02 | \$ 61,951.02 | \$ 61,951.02 | \$ |
| General supplies | 167.97 | 213.17 | 381.14 | 381.14 | |
| Total bilingual education | 62,118.97 | 213.19 | 62,332.16 | 62,332.16 | |
| School sponsored cocurricular activities: | | | | | |
| Salaries | 55,358.00 | (167.97) | 55,190.03 | | 55,190.03 |
| General supplies | 167.97 | 167.97 | 335.94 | 167.97 | 167.97 |
| Total school sponsored cocurricular activities | 55,525.97 | 55,525.97 | 55,525.97 | 167.97 | 55,358.00 |
| School sponsored athletics: | | | | | |
| Salaries | 32,390.00 | (20,000.00) | 12,390.00 | | 12,390.00 |
| Purchased services (300 - 500 series) | 3,060.00 | | 3,060.00 | 2,116.00 | 944.00 |
| Other objects | 2,124.95 | | 2,124.95 | 216.00 | 1,908.95 |
| Total school sponsored athletics | 37,574.95 | (20,000.00) | 17,574.95 | 2,332.00 | 15,242.95 |
| Total other instructional programs | 93,100.92 | (20,000.00) | 73,100.92 | 2,499.97 | 70,600.95 |
| Summer School Instruction: | | | | | |
| Salaries | | 20,000.00 | 20,000.00 | | 20,000.00 |
| Total - instruction | 2,099,015.74 | 260,795.81 | 2,359,811.55 | 2,206,252.28 | 153,559.27 |
| Undistributed expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to other LEA's within the state-regular | 1,135,200.00 | (155,406.62) | 979,793.38 | 997,328.85 | (17,535.47) |
| Tuition to other LEA's within the state-special | 193,061.20 | (35,275.00) | 157,786.20 | 156,106.00 | 1,680.20 |
| Tuition to CSSD & Regular Day schools | 55,357.00 | 16,699.48 | 72,056.48 | 66,645.00 | 5,411.48 |
| Tuition to county vocational school district-regular | 9,953.80 | 8,892.00 | 18,845.80 | 18,252.00 | 593.80 |
| Tuition - Other | 182,680.00 | (64,913.60) | 117,766.40 | 117,440.00 | 326.40 |
| Tuition to Private Schools Handicapped | 73,910.00 | (0.01) | 73,909.99 | 73,909.99 | |
| Total undistributed expenditures - instruction | 1,650,162.00 | (230,003.75) | 1,420,158.25 | 1,429,681.84 | (9,523.59) |
| Undistributed expenditures: | | | | | |
| Attendance and social work services: | | | | | |
| Salaries | 8,823.00 | | 8,823.00 | 8,823.00 | |
| Total undistributed expenditures - attend. and social work services | 8,823.00 | | 8,823.00 | 8,823.00 | |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|--|--------------------|---------------------------------------|--------------|--------------|---|
| Health services: | | | | | |
| Salaries | \$ 59,113.00 | \$ 3,104.60 | \$ 62,217.60 | \$ 62,217.60 | \$ |
| Purchased professional and technical services | 1,000.00 | 3,010.50 | 4,010.50 | 4,010.50 | |
| Supplies and materials | 4,030.81 | (2,328.19) | 1,702.62 | 1,235.78 | 466.84 |
| Other objects | 200.00 | | 200.00 | 167.25 | 32.75 |
| Total health services | 64,343.81 | 3,786.91 | 68,130.72 | 67,631.13 | 499.59 |
| Other support services - speech, OT, PT and related services: | | | | | |
| Salaries | 76,486.00 | 666.50 | 77,152.50 | 77,152.50 | |
| Purchased professional - educational services | 58,379.00 | (22,950.42) | 35,428.58 | 34,484.00 | 944.58 |
| Supplies and materials | 493.00 | | 493.00 | 148.55 | 344.45 |
| Total other support services - speech, OT, PT and related services | 135,358.00 | (22,283.92) | 113,074.08 | 111,785.05 | 1,289.03 |
| Other support services - students - extraordinary: | | | | | |
| Salaries | 81,561.00 | 3,465.13 | 85,026.13 | 85,026.13 | |
| Total other support services - students - extraordinary | 81,561.00 | 3,465.13 | 85,026.13 | 85,026.13 | |
| Other support services - guidance: | | | | | |
| Other purchased professional and technical services | 5,000.00 | (5,000.00) | | | |
| Total other support services - guidance | 5,000.00 | (5,000.00) | | | |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|--|--------------------|---------------------------------------|-------------------|-------------------|---|
| Other support services - Child Study Team | \$ 110,710.00 | \$ (612.79) | \$ 110,097.21 | \$ 104,970.00 | \$ 5,127.21 |
| Salaries of other professional staff | 21,348.00 | | 21,348.00 | 16,776.15 | 4,571.85 |
| Salaries of secretarial and clerical assistants | 10,600.00 | (4,250.00) | 6,350.00 | 3,887.50 | 2,462.50 |
| Purchased professional - educational services | 5,000.00 | (4,505.60) | 494.40 | 439.00 | 55.40 |
| Supplies and materials | 2,500.00 | (2,300.00) | 200.00 | 200.00 | |
| Other objects | | | | | |
| Total other support services - Child Study Team | 150,158.00 | (11,668.39) | 138,489.61 | 126,272.65 | 12,216.96 |
| Improvement of instruction services | | | | | |
| Salaries of supervisors of instruction | 239,407.00 | (65,844.70) | 173,562.30 | 165,133.78 | 8,428.52 |
| Salaries of other professional staff | 22,541.00 | 2,822.86 | 25,363.86 | 25,363.86 | - |
| Supplies and materials | 300.00 | (233.96) | 66.04 | 54.40 | 11.64 |
| Other objects | 3,600.00 | 413.96 | 4,013.96 | 4,013.96 | |
| Total improvement of instruction services/ other support services-instructional staff | 265,848.00 | (62,841.84) | 203,006.16 | 194,566.00 | 8,440.16 |
| Educational media services/school library: | | | | | |
| Salaries | 39,089.00 | 2,079.43 | 41,168.43 | 41,168.43 | |
| Salaries of Technology Coordinators | 42,000.00 | 12,881.48 | 54,881.48 | 54,881.48 | |
| Other purchased services (400-500) | 900.00 | | 900.00 | | 900.00 |
| Supplies and materials | 16,233.31 | 1,487.61 | 17,720.92 | 14,242.16 | 3,478.76 |
| Total educational media services/school library | 98,222.31 | 16,448.52 | 114,670.83 | 110,292.07 | 4,378.76 |
| Instructional staff training services: | | | | | |
| Purchased professional - educational services | 6,000.00 | (3,173.00) | 2,827.00 | 2,665.00 | 162.00 |
| Other Objects | 500.00 | 34.00 | 534.00 | 534.00 | |
| Other purchased services (400-500) | 9,000.00 | (594.98) | 8,405.02 | 6,796.29 | 1,608.73 |
| Total instructional staff training services | 15,500.00 | (3,733.98) | 11,766.02 | 9,995.29 | 1,770.73 |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|--------------------|---------------------------------------|--------------|--------------|---|
| Support services general administration: | | | | | |
| Salaries | \$ 13,595.00 | \$ 3,483.72 | \$ 17,078.72 | \$ 17,078.72 | \$ 3,096.99 |
| Legal services | 9,637.49 | 10,981.44 | 20,618.93 | 17,521.94 | 145.00 |
| Audit fees | 15,935.00 | | 15,935.00 | 15,790.00 | 3,177.92 |
| Communications/telephone | 3,000.00 | 1,514.53 | 1,514.53 | (1,663.39) | 40.63 |
| Misc. Purch Serv (400-500) [Other than 530 & 585] | 3,673.00 | (2,959.37) | 40.63 | | 300.00 |
| Miscellaneous expenditures | | 298.75 | 3,971.75 | 3,671.75 | |
| Total support services general administration | 45,840.49 | 13,319.07 | 59,159.56 | 52,399.02 | 6,760.54 |
| Support services school administration: | | | | | |
| Salaries of principals/asst. principals | 53,207.00 | (2,585.48) | 50,621.52 | 46,758.91 | 3,862.61 |
| Salaries of secretarial and clerical assistants | 23,418.00 | 7,138.93 | 30,556.93 | 30,556.93 | |
| Supplies and materials | | 526.46 | 526.46 | 526.46 | |
| Total support services school administration | 76,625.00 | 5,079.91 | 81,704.91 | 77,842.30 | 3,862.61 |
| Central services: | | | | | |
| Salaries | 124,350.00 | 27,271.63 | 151,621.63 | 151,621.63 | |
| Purchased Professional Services | 4,389.00 | 13,619.00 | 18,008.00 | 17,374.48 | 633.52 |
| Purchased technical services | 3,308.00 | | 3,308.00 | 3,308.00 | |
| Supplies and materials | | 332.77 | 332.77 | 332.77 | |
| Board office misc dues and fees | 4,500.00 | 1,289.76 | 5,789.76 | 5,789.76 | |
| Total central services | 136,547.00 | 42,513.16 | 179,060.16 | 178,426.64 | 633.52 |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|--|--------------------|---------------------------------------|-------------------|-------------------|---|
| Required maintenance for school facilities: | | | | | |
| Cleaning, repair and maintenance services | \$ 79,134.00 | \$ (13,778.00) | \$ 65,356.00 | \$ 36,584.37 | \$ 28,771.63 |
| General supplies | 15,796.00 | 415.52 | 16,211.52 | 12,481.34 | 3,730.18 |
| | <u>94,930.00</u> | <u>(13,362.48)</u> | <u>81,567.52</u> | <u>49,065.71</u> | <u>32,501.81</u> |
| Other operation and maint. of plant: | | | | | |
| Salaries | 96,057.00 | 22,529.29 | 118,586.29 | 118,586.29 | - |
| Salaries for Non-Instructional Aides | 28,000.00 | (2,520.69) | 25,479.31 | 15,965.20 | 9,514.11 |
| Purchased professional and technical services | 11,000.00 | | 11,000.00 | 11,000.00 | 11,000.00 |
| Cleaning, repair and maint. services | 83,584.00 | (110.47) | 83,473.53 | 81,324.14 | 2,149.39 |
| Other purchased property services | 2,100.00 | | 2,100.00 | 2,100.00 | 2,100.00 |
| Insurance | 56,031.00 | | 56,031.00 | 51,736.00 | 4,295.00 |
| General supplies | 12,000.00 | | 12,000.00 | 4,649.73 | 7,350.27 |
| Energy (heat and electricity) | 98,949.35 | (6,535.65) | 92,413.70 | 61,008.71 | 31,404.99 |
| Other objects | 17,096.65 | (383.18) | 16,713.47 | 13,316.25 | 3,397.22 |
| | <u>404,818.00</u> | <u>12,979.30</u> | <u>417,797.30</u> | <u>346,586.32</u> | <u>71,210.98</u> |
| Total other operation and maint. of plant | | | | | |
| Student transportation services: | | | | | |
| Salaries | | | | | |
| Salaries for pupil trans. (bet. home and school) - non public | 21,348.00 | 3,928.17 | 25,276.17 | 25,276.17 | |
| Contracted services - aid in lieu of payments | 35,360.00 | 2,640.00 | 38,000.00 | 38,000.00 | |
| Contracted services (between home and school) - vendors | 79,384.00 | (10,336.01) | 69,047.99 | 59,759.97 | 9,288.02 |
| Contracted services (other than between home and school) - vendors | 6,700.00 | 6,289.76 | 12,989.76 | 11,789.76 | 1,200.00 |
| Contracted services (sp. ed. sids.) - joint agreements | 123,710.09 | (2,675.02) | 121,035.07 | 82,878.02 | 38,157.05 |
| Contracted services (sp. ed. sids.) - vendors | | 427.93 | 427.93 | 427.93 | |
| | <u>266,502.09</u> | <u>274.83</u> | <u>266,776.92</u> | <u>218,131.85</u> | <u>48,645.07</u> |
| Total student transportation services | | | | | |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|--------------------|---------------------------------------|---------------|--------------|---|
| Unallocated benefits - employee benefits | \$ 65,000.00 | \$ 36,858.86 | \$ 101,858.86 | \$ 50,504.89 | \$ 51,353.97 |
| Social security contributions | 60,000.00 | (17,028.58) | 42,971.42 | 42,971.42 | |
| Other retirement contributions - PERS | 20,000.00 | (2,606.95) | 17,393.05 | 17,393.05 | |
| Unemployment compensation | 31,916.00 | (7,665.00) | 24,251.00 | 24,251.00 | |
| Workmen's compensation | 819,259.55 | (27,724.46) | 791,535.09 | 775,945.01 | 15,590.08 |
| Medical insurance | 11,880.00 | 7,389.00 | 19,269.00 | 19,268.94 | 0.06 |
| Tuition reimbursement | 15,000.00 | 1,008.85 | 16,008.85 | 16,008.85 | |
| Other employee benefits | | | | | |
| Total unallocated benefits - employee benefits | 1,023,055.55 | (9,768.28) | 1,013,287.27 | 946,343.16 | 66,944.11 |
| Total personal services - employee benefits | 1,023,055.55 | (9,768.28) | 1,013,287.27 | 946,343.16 | 66,944.11 |
| On-behalf TPAF (non-budgeted) | | | | 198,483.00 | (198,483.00) |
| On-Behalf TPAF Non Contributory Insurance | | | | 7,281.00 | (7,281.00) |
| On-Behalf TPAF Long-Term Disability Insurance | | | | 644.00 | (644.00) |
| On-behalf TPAF post retirement medical contributions (non-budgeted) | | | | 300,025.00 | (300,025.00) |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 159,069.06 | (159,069.06) |
| Total on-behalf contributions (non-budgeted) | | | | 665,502.06 | (665,502.06) |
| Total undistributed expenditures | 4,523,294.25 | (260,795.81) | 4,262,498.44 | 4,678,370.22 | (415,871.78) |
| TOTAL EXPENDITURES - CURRENT EXPENSE | 6,622,309.99 | | 6,622,309.99 | 6,884,622.50 | (262,312.51) |
| CAPITAL OUTLAY: | | | | | |
| Facilities acquisition and construction services | 193,200.00 | (193,200.00) | | | |
| Construction services | 3,171.00 | | 3,171.00 | 3,171.00 | |
| Assessment for Debt Service on SDA Funding | | | | | |
| Total facilities acquisition and construction services | 196,371.00 | (193,200.00) | 3,171.00 | 3,171.00 | |

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE/ (UNFAVORABLE) |
|---|--------------------|---------------------------------------|-----------------|--------------|---|
| TOTAL CAPITAL OUTLAY | \$ 196,371.00 | \$ (193,200.00) | \$ 3,171.00 | \$ 3,171.00 | \$ |
| TOTAL EXPENDITURES | 6,818,660.99 | (193,200.00) | 6,625,460.99 | 6,887,793.50 | (262,312.51) |
| Excess (deficiency) of revenues over (under) expenditures | (61,152.99) | 193,200.00 | 132,047.01 | 421,192.24 | 289,145.23 |
| Other financing sources (uses) | | | | | |
| Capital Reserve - Transfer to Capital Projects Fund | | (193,200.00) | (193,200.00) | (193,200.00) | |
| Total other financing sources (uses) | | (193,200.00) | (193,200.00) | (193,200.00) | |
| Excess of revenues and other financing sources over Expenditures and other financing sources | (61,152.99) | | (61,152.99) | 227,992.24 | 289,145.23 |
| Fund balances, July 1 | 895,141.26 | | 895,141.26 | 895,141.26 | |
| Fund balances, June 30 | 833,988.27 | \$ | 833,988.27 | 1,123,133.50 | \$ 289,145.23 |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Emergency reserve | | | | 50,000.00 | |
| Capital reserve | | | | 732,077.43 | |
| Assigned: | | | | | |
| Encumbrances | | | | 40,860.07 | |
| Unassigned fund balance | | | | 300,196.00 | |
| | | | | 1,123,133.50 | |
| Reconciliation to governmental funds statements (GAAP): | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | (9,289.00) | |
| Fund balance per governmental funds (GAAP) | | \$ | \$ 1,113,844.50 | | \$ |

BOROUGH OF ALPINE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|--------------------|---------------------------------------|-----------------|---------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources | | | | \$ 1,548.24 | \$ 1,548.24 |
| Federal sources | 113,032.00 | | 113,032.00 | 110,759.07 | (2,272.93) |
| Total revenues | 113,032.00 | | 113,032.00 | 112,307.31 | (724.69) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Tuition | 47,330.00 | | 47,330.00 | 47,330.00 | |
| General supplies | 18,635.00 | | 18,635.00 | 14,617.56 | 4,017.44 |
| Total instruction | 65,965.00 | | 65,965.00 | 61,947.56 | 4,017.44 |
| Support services: | | | | | |
| Other salaries | 19,800.00 | (2,831.00) | 16,969.00 | 16,607.50 | 361.50 |
| Personal Services - Employee Benefits | 1,515.00 | | 1,515.00 | 1,515.00 | |
| Purchased professional - educational services | 9,852.00 | | 9,852.00 | 10,330.00 | (478.00) |
| Other purchased services | 15,900.00 | 2,831.00 | 18,731.00 | 21,874.01 | (3,143.01) |
| Supplies and materials | | | | 1,548.24 | (1,548.24) |
| Total support services | 47,067.00 | | 47,067.00 | 50,359.75 | (3,292.75) |
| Total expenditures | \$ 113,032.00 | \$ | \$ 113,032.00 | \$ 112,307.31 | \$ 724.69 |

BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of difference 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 | \$ 7,308,985.74 | \$ 112,307.31 |
| Difference - budget to GAAP: | | |
| State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes. | 8,560.00 | |
| The last State aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | (9,289.00) | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | \$ 7,308,256.74 | \$ 112,307.31 |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 6,887,793.50 | \$ 112,307.31 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds | \$ 6,887,793.50 | \$ 112,307.31 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

Borough of Alpine School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Years

| <u>Measurement Date Ending June 30,</u> | <u>District's Proportion of the Net Pension Liability (Asset)</u> | <u>District's Proportionate Share of the Net Pension Liability (Asset)</u> | <u>District's Covered-Employee Payroll</u> | <u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u> |
|---|---|--|--|--|---|
| 2013 | 0.0050836649% | \$ 1,181,576 | 420,898.00 | 280.73% | 48.72% |
| 2014 | 0.0061823839% | 951,801 | 415,926.00 | 228.84% | 52.08% |
| 2015 | 0.0064104875% | 1,439,026 | 448,306.00 | 212.31% | 47.92% |
| 2016 | 0.0062950134% | 1,864,402 | 386,099.00 | 482.88% | 40.14% |
| 2017 | 0.0045884404% | 1,068,116 | 448,522.00 | 238.14% | 48.10% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Borough of Alpine School District
Schedule of the District's Contributions
Public Employees Retirement System
Last Ten Years

| Fiscal Year Ending June 30. | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|-----------------------------------|---|---|--|---|--|
| 2014 | \$ 41,909 | \$ 41,909 | \$ -0- | \$ 415,926.00 | 10.08% |
| 2015 | 55,113 | 55,113 | -0- | 448,306.00 | 12.29% |
| 2016 | 55,924 | 55,924 | -0- | 386,099.00 | 14.48% |
| 2017 | 56,204 | 56,204 | -0- | 335,670.00 | 16.74% |
| 2018 | 42,720 | 42,720 | -0- | 448,522.00 | 9.52% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Borough of Alpine School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers Pension and Annuity Fund
Last Ten Years

| Measurement Date Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered-Employee Payroll | District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll | Plan Fiduciary Net Position as a percentage of the total Pension Liability |
|----------------------------------|--|---|-------------------------------------|---|--|
| 2013 | 0.0191225529% | \$ -0- | \$ 1,750,825.00 | -0- | 33.76% |
| 2014 | 0.0177554175% | -0- | 1,728,075.00 | -0- | 33.64% |
| 2015 | 0.0201686308% | -0- | 1,870,352.00 | -0- | 28.71% |
| 2016 | 0.0171967443% | -0- | 2,056,630.00 | -0- | 22.33% |
| 2017 | 0.0195119269% | -0- | 2,096,864.00 | -0- | 25.41% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Borough of Alpine School District
Schedules Related To Accounting And Reporting For Pension
Notes to the Required Supplementary Information Part III
For The Fiscal Year Ended June 30, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions The discount rate changed from 3.98% to 5.00% as of
June 30, 2017.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions The discount rate changed from 3.22% to 4.25% as of
June 30, 2017.

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

BOROUGH OF ALPINE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

Fiscal Year
 Ended June
30, 2018

| | |
|---|---------------------------|
| Changes for the year: | |
| Service cost | \$398,606 |
| Interest | 267,095 |
| Changes in assumptions or other inputs | (1,097,783) |
| Benefit payments | (195,631) |
| Contributions from Members | 7,204 |
| Net changes | <u>(620,509)</u> |
| Beginning Balance | \$9,066,688 |
| Ending Balance | <u><u>\$8,446,179</u></u> |
| Covered Employee Payroll | 3,164,980 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | -0- |

Change of Benefit Terms:

No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.

Change of Assumptions:

The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

BOROUGH OF ALPINE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | LOCAL | TITLE IVA | TITLE IV | TITLE I | TITLE IIA | IDEA PART B BASIC | IDEA PART B PRESCHOOL | TOTAL 2018 |
|--|-----------------|-----------------|-----------------|------------------|------------------|----------------------|--------------------------|-------------------|
| REVENUES: | | | | | | | | |
| Federal sources | | 1,000.00 | 7,729.00 | 42,751.07 | 11,949.00 | 44,541.00 | 2,789.00 | 110,759.07 |
| Local sources | 1,548.24 | | | | | | | 1,548.24 |
| Total revenues | <u>1,548.24</u> | <u>1,000.00</u> | <u>7,729.00</u> | <u>42,751.07</u> | <u>11,949.00</u> | <u>44,541.00</u> | <u>2,789.00</u> | <u>112,307.31</u> |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Tuition | | | 7,729.00 | | | | | |
| General Supplies | | | | 6,888.56 | | | | |
| Total instruction | | | <u>7,729.00</u> | <u>6,888.56</u> | | | | <u>14,617.56</u> |
| Support services: | | | | | | | | |
| Salaries of supervisors of instruction | | | | 16,607.50 | | | | 16,607.50 |
| Purchased Prof. and ed. services | | 1,000.00 | | 19,255.01 | 9,330.00 | | | 10,330.00 |
| Other purchased services | | | | | 2,619.00 | | | 21,874.01 |
| Supplies and materials | 1,548.24 | | | | | | | 1,548.24 |
| Total support services | <u>1,548.24</u> | <u>1,000.00</u> | <u>7,729.00</u> | <u>35,862.51</u> | <u>11,949.00</u> | | | <u>50,359.75</u> |
| Total expenditures | <u>1,548.24</u> | <u>1,000.00</u> | <u>7,729.00</u> | <u>42,751.07</u> | <u>11,949.00</u> | <u>44,541.00</u> | <u>2,789.00</u> | <u>112,307.31</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> |

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
AS OF JUNE 30, 2018

| <u>ISSUE/PROJECT TITLE</u> | <u>APPROPRIATIONS</u> | <u>PRIOR YEAR</u> | <u>EXPENDITURES TO DATE</u> | <u>CURRENT YEAR</u> | <u>UNEXPENDED PROJECT BALANCE</u> |
|---|------------------------|------------------------|-----------------------------|----------------------|-----------------------------------|
| Additions and Renovations to Alpine Elementary School | \$ 4,848,935.00 | \$ 4,786,108.83 | | | \$ 62,826.17 |
| Emergency Generator Installations | 322,000.00 | | | | 322,000.00 |
| Exterior Closure, HVAC | 173,000.00 | | | | 173,000.00 |
| Septic System Replacement | <u>144,010.00</u> | | | <u>134,010.00</u> | <u>10,000.00</u> |
| Totals | <u>\$ 5,487,945.00</u> | <u>\$ 4,786,108.83</u> | | <u>\$ 134,010.00</u> | <u>\$ 567,826.17</u> |

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

| | |
|---|-----------------------------|
| Revenues and other Financing Sources | |
| Transfer from capital reserve | \$ <u>193,200.00</u> |
| Total revenues | \$ <u>193,200.00</u> |
| Expenditures and Other Financing Uses: | |
| Construction services | \$ <u>134,010.00</u> |
| Total expenditures | <u>134,010.00</u> |
| Excess(deficiency) of revenues over(under) expenditures | 59,190.00 |
| Fund Balance - beginning | \$ <u>314,466.17</u> |
| Fund Balance - ending | \$ <u><u>373,656.17</u></u> |
| <u>Reconciliation to GAAP Basis:</u> | |
| Fund Balance- Budgetary Basis | \$ 373,656.17 |
| Unrealized Revenue- SDA Grant Funds | <u>(251,640.00)</u> |
| Fund Balance- GAAP Basis | \$ <u><u>122,016.17</u></u> |

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
EMERGENCY GENERATOR INSTALLATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|-------------------------|----------------------|----------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources-SDA Grant | \$ 128,800.00 | \$ | \$ 128,800.00 | \$ 128,800.00 |
| Transfer from Capital Reserve | | 193,200.00 | 193,200.00 | 193,200.00 |
| Total Revenues | <u>128,800.00</u> | <u>193,200.00</u> | <u>322,000.00</u> | <u>322,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Construction Services | | | - | 322,000.00 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>322,000.00</u> |
| Excess(Deficiency) of Revenues Over (Under) Expenditures | \$ <u>128,800.00</u> | \$ <u>193,200.00</u> | \$ <u>322,000.00</u> | \$ <u>-</u> |
| Additional Project Information: | | | | |
| Project Number | <u>0080-010-14-G1CM</u> | | | |
| Grant Date | <u>7/29/2015</u> | | | |
| Bond Authorization Date | <u>n/a</u> | | | |
| Bonds Authorized | <u>n/a</u> | | | |
| Bonds issued | <u>n/a</u> | | | |
| SDA Amount | <u>128,800.00</u> | | | |
| Local Share | <u>193,200.00</u> | | | |
| Original Authorized Cost | <u>322,000.00</u> | | | |
| Percentage Increase Over Original Authorized Cost | <u>0.00%</u> | | | |
| Percentage Completion | <u>0.00%</u> | | | |
| Original Target Completion Date | <u>6/30/17</u> | | | |
| Revised Target Completion Date | <u>6/30/19</u> | | | |

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
EXTERIOR CLOSURE, HVAC
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|---------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources-SDA Grant | \$ 69,200.00 | \$ - | \$ 69,200.00 | \$ 69,200.00 |
| Transfer from Capital Reserve | - | - | - | 103,800.00 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>69,200.00</u> | <u>173,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Equipment purchases | - | - | - | 173,000.00 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>173,000.00</u> |
| Excess(Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 69,200.00</u> | <u>\$ -</u> | <u>\$ 69,200.00</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|-------------------------|
| Project Number | <u>0080-010-14-G3CJ</u> |
| Grant Date | <u>7/29/2015</u> |
| Bond Authorization Date | <u>n/a</u> |
| Bonds Authorized | <u>n/a</u> |
| Bonds Issued | <u>n/a</u> |
| SDA Amount | <u>69,200.00</u> |
| Local Share | <u>103,800.00</u> |
| Original Authorized Cost | <u>173,000.00</u> |
| Percentage Increase Over Original Authorized Cost | <u>0.00%</u> |
| Percentage Completion | <u>0.00%</u> |
| Original Target Completion Date | <u>6/30/17</u> |
| Revised Target Completion Date | <u>6/30/19</u> |

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SEPTIC SYSTEM REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|------------------------|-----------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources-SDA Grant | \$ 53,640.00 | \$ | \$ 53,640.00 | \$ 53,640.00 |
| Transfer from Capital Reserve | | | - | 80,460.00 |
| Total Revenues | <u>53,640.00</u> | <u>-</u> | <u>53,640.00</u> | <u>134,100.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Construction Services | | 134,010.00 | 134,010.00 | 134,100.00 |
| Total Expenditures | <u>-</u> | <u>134,010.00</u> | <u>134,010.00</u> | <u>134,100.00</u> |
| Excess(Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 53,640.00</u> | <u>\$ (134,010.00)</u> | <u>\$ (80,370.00)</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | 0080-010-14-G1CN | | | |
| Grant Date | 7/29/2015 | | | |
| Bond Authorization Date | n/a | | | |
| Bonds Authorized | n/a | | | |
| Bonds issued | n/a | | | |
| SDA Amount | 53,640.00 | | | |
| Local Share | 80,460.00 | | | |
| Original Authorized Cost | 134,100.00 | | | |
| Additional Authorized Cost | | | | |
| Revised Authorized Cost | 134,100.00 | | | |
| Percentage Increase Over Original Authorized Cost | 0.00% | | | |
| Percentage Completion | 99.93% | | | |
| Original Target Completion Date | 6/30/18 | | | |
| Revised Target Completion Date | 6/30/19 | | | |

BOROUGH OF ALPINE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|---------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| Donations- Alpine Education Foundation | \$ 4,611,935.00 | \$ | \$ 4,611,935.00 | \$ 4,661,935.00 |
| Transfer from Capital Reserve | <u>237,000.00</u> | | <u>237,000.00</u> | <u>237,000.00</u> |
| Total Revenues | <u>4,848,935.00</u> | <u>-</u> | <u>4,848,935.00</u> | <u>4,898,935.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Construction Services | <u>4,786,108.83</u> | | <u>4,786,108.83</u> | <u>4,898,935.00</u> |
| Total Expenditures | <u>4,786,108.83</u> | <u>-</u> | <u>4,786,108.83</u> | <u>4,898,935.00</u> |
| Excess(Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 62,826.17</u> | <u>\$ -</u> | <u>\$ 62,826.17</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | | | | |
| Grant Date | | | | |
| Bond Authorization Date | <u>n/a</u> | | | |
| Bonds Authorized | <u>n/a</u> | | | |
| Bonds issued | <u>n/a</u> | | | |
| Donations- Alpine Education Foundation | <u>4,661,935.00</u> | | | |
| Local Share | <u>237,000.00</u> | | | |
| Original Authorized Cost | <u>4,898,935.00</u> | | | |
| Additional Authorized Cost | | | | |
| Revised Authorized Cost | <u>4,898,935.00</u> | | | |
| Percentage Increase Over Original Authorized Cost | <u>0.0%</u> | | | |
| Percentage Completion | <u>97.70%</u> | | | |
| Original Target Completion Date | <u>6/30/18</u> | | | |
| Revised Target Completion Date | <u>6/30/18</u> | | | |

FIDUCIARY FUNDS DETAIL STATEMENTS

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

Unemployment Compensation Insurance Trust Fund: This trust fund is used to pay unemployment compensation claims as they arise.

Security Deposit Fund This trust fund is used to account for security deposits held by the school district

Agency Funds are used to account for assets held by the district as an agent for another party:

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 district.

BOROUGH OF ALPINE SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

| | | UNEMPLOYMENT COMPENSATION TRUST | TOTAL TRUST FUNDS | STUDENT ACTIVITY | AGENCY FUNDS PAYROLL AGENCY | TOTAL AGENCY FUNDS |
|--|----|---------------------------------------|----------------------|---------------------|-----------------------------------|-----------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ | 6,550.00 | \$ 2,542.35 | \$ 9,092.35 | \$ 13,556.24 | \$ 61,922.38 |
| | | | | | | \$ 75,478.62 |
| Total assets | \$ | 6,550.00 | \$ 2,542.35 | \$ 9,092.35 | \$ 13,556.24 | \$ 61,922.38 |
| LIABILITIES: | | | | | | |
| Payroll deductions and withholdings | \$ | | | | | \$ 59,848.50 |
| Accrued salaries and wages | | | | | 2,073.88 | 2,073.88 |
| Security deposits | | 6,550.00 | | | | |
| Due to student groups | | | | 13,556.24 | | 13,556.24 |
| Total liabilities | \$ | | | \$ 13,556.24 | \$ 61,922.38 | \$ 75,478.62 |
| NET POSITION: | | | | | | |
| Held in trust for unemployment claims and other purposes | \$ | 2,542.35 | \$ 9,092.35 | | | |
| Total net position | \$ | 2,542.35 | \$ 9,092.35 | | | |

BOROUGH OF ALPINE SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>UNEMPLOYMENT COMPENSATION TRUST</u> | <u>TOTAL</u> |
|--------------------------------|--|--------------------|
| Net position beginning of year | <u>2,542.35</u> | <u>2,542.35</u> |
| Net position end of year | <u>\$ 2,542.35</u> | <u>\$ 2,542.35</u> |

BOROUGH OF ALPINE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>BALANCE</u> <u>JUNE 30, 2017</u> | <u>CASH</u> <u>RECEIPTS</u> | <u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u> | <u>BALANCE</u> <u>JUNE 30, 2018</u> |
|-------------------|--|--------------------------------|---|--|
| Student Council | \$ 2,047.00 | \$ - | \$ 1,203.54 | \$ 843.46 |
| Grade 5 | 3.73 | 2,977.00 | 2,980.00 | 0.73 |
| Grade 6 | 5,945.11 | 3,046.75 | 8,152.10 | 839.76 |
| Grade 7 | 1.21 | 17,781.41 | 17,782.00 | 0.62 |
| Grade 8 | <u>10,058.73</u> | <u>55,701.60</u> | <u>53,888.66</u> | <u>11,871.67</u> |
| Total all schools | <u>\$ 18,055.78</u> | <u>\$ 79,506.76</u> | <u>\$ 84,006.30</u> | <u>\$ 13,556.24</u> |

BOROUGH OF ALPINE SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | <u>BALANCE</u> <u>JUNE 30, 2017</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>JUNE 30, 2018</u> |
|-------------------------------------|--|-------------------------------|-------------------------------|--|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ <u>25,297.96</u> | \$ <u>3,480,292.73</u> | \$ <u>3,443,668.31</u> | \$ <u>61,922.38</u> |
| Total assets | \$ <u><u>25,297.96</u></u> | \$ <u><u>3,480,292.73</u></u> | \$ <u><u>3,443,668.31</u></u> | \$ <u><u>61,922.38</u></u> |
| LIABILITIES: | | | | |
| Accrued salaries and wages | \$ 2,073.88 | \$ 1,863,962.89 | \$ 1,863,962.89 | \$ 2,073.88 |
| Payroll deductions and withholdings | <u>23,224.08</u> | <u>1,616,329.84</u> | <u>1,579,705.42</u> | <u>59,848.50</u> |
| Total liabilities | \$ <u><u>25,297.96</u></u> | \$ <u><u>3,480,292.73</u></u> | \$ <u><u>3,443,668.31</u></u> | \$ <u><u>61,922.38</u></u> |

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STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF ALPINE SCHOOL DISTRICT
STATISTICAL SECTION

| <u>Contents</u> | <u>Page</u> |
|--|--------------|
| Financial Trends: | |
| These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time. | J-1 to J-4 |
| Revenue Capacity: | |
| These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. | J-5 to J-9 |
| Debt Capacity: | |
| 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. | J-10 to J-13 |
| Demographic and Economic Information: | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. | J-14 to J-15 |
| Operating Information: | |
| 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. | J-16 to J-20 |

Sources

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

BOROUGH OF ALPINE SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 6,495,955 | \$ 6,445,113 | \$ 6,125,815 | \$ 2,830,863 | \$ 1,899,491 | \$ 1,816,548 | \$ 1,836,200 | \$ 1,855,270 | \$ 1,570,204 | \$ 1,353,056 |
| Restricted | 944,954 | 649,250 | 911,378 | 4,031,839 | 1,223,062 | 902,588 | 693,149 | 361,572 | 244,157 | 251,808 |
| Unrestricted (Deficit) | (1,114,074) | (1,104,555) | (1,005,004) | (861,481) | 337,786 | 303,352 | 239,729 | 174,492 | 248,464 | 294,630 |
| Total governmental activities net position | \$ 6,326,835 | \$ 5,989,808 | \$ 6,032,189 | \$ 6,001,221 | \$ 3,460,340 | \$ 3,022,488 | \$ 2,769,078 | \$ 2,391,334 | \$ 2,062,825 | \$ 1,859,494 |
| Business-type activities | | | | | | | | | | |
| Unrestricted | \$ 859 | \$ 581 | \$ 3,078 | \$ 2,150 | \$ 2,356 | \$ 2,465 | \$ 2,315 | \$ 720 | \$ 1,440 | \$ 2,974 |
| Total business-type activities net position | \$ 859 | \$ 581 | \$ 3,078 | \$ 2,150 | \$ 2,356 | \$ 2,465 | \$ 2,315 | \$ 720 | \$ 1,440 | \$ 2,974 |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 6,495,955 | \$ 6,445,113 | \$ 6,125,815 | \$ 6,125,815 | \$ 2,830,863 | \$ 1,899,491 | \$ 1,816,548 | \$ 1,836,200 | \$ 1,855,270 | \$ 1,570,204 |
| Restricted | 944,954 | 649,250 | 911,378 | 911,378 | 4,031,839 | 1,223,062 | 902,588 | 693,149 | 361,572 | 244,157 |
| Unrestricted (Deficit) | (1,113,215) | (1,103,974) | (1,001,926) | (1,001,926) | (859,331) | 340,142 | 305,817 | 242,044 | 175,212 | 249,904 |
| Total district net position | \$ 6,327,694 | \$ 5,990,389 | \$ 6,035,267 | \$ 6,035,267 | \$ 6,003,371 | \$ 3,462,696 | \$ 3,024,953 | \$ 2,771,393 | \$ 2,392,054 | \$ 2,064,265 |

Source: CAFR Schedule A-1

BOROUGH OF ALPINE SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

| | Fiscal Year Ending June 30 | | | | | | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 3,012,779 | \$ 2,963,695 | \$ 2,497,856 | \$ 2,673,832 | \$ 2,515,090 | \$ 2,926,972 | \$ 2,825,691 | \$ 2,721,025 | \$ 2,700,557 | \$ 2,756,731 |
| Special education | 562,665 | 532,521 | 658,564 | 830,424 | 664,834 | 812,704 | 876,514 | 970,393 | 1,171,495 | 1,001,679 |
| Other instruction | 141,609 | 230,621 | 273,526 | 270,193 | 176,651 | 114,132 | 106,842 | 85,175 | 129,562 | 128,582 |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 789,451 | 799,778 | 855,321 | 900,255 | 778,172 | 1,130,303 | 958,822 | 843,616 | 723,174 | 674,635 |
| General administrative services | 52,399 | 53,288 | 40,615 | 65,567 | 49,096 | 118,054 | 108,931 | 117,094 | 110,867 | 103,830 |
| School administrative services | 82,842 | 90,097 | 81,472 | 44,552 | 34,250 | 79,111 | 76,000 | 74,431 | 80,275 | 75,271 |
| Central services and technology | 158,427 | 134,372 | 132,074 | 158,022 | 156,817 | 221,137 | 189,262 | 171,125 | 193,714 | 180,481 |
| Plant operations and maintenance | 395,652 | 437,816 | 437,287 | 321,650 | 326,878 | 338,885 | 352,000 | 373,152 | 389,856 | 325,841 |
| Pupil transportation | 218,132 | 200,167 | 226,738 | 182,596 | 149,553 | 181,075 | 189,218 | 231,483 | 289,667 | 297,838 |
| Unallocated benefits | 2,442,690 | 2,337,276 | 1,824,708 | 1,188,343 | 990,069 | 181,075 | 189,218 | 231,483 | 289,667 | 297,838 |
| Unallocated depreciation | 83,168 | 97,164 | 104,366 | 101,135 | 108,795 | 40,565 | 37,362 | 49,520 | 48,235 | 25,894 |
| Total governmental activities expenses | \$ 7,939,814 | \$ 7,878,794 | \$ 7,132,506 | \$ 6,736,570 | \$ 5,950,205 | \$ 5,962,939 | \$ 5,720,642 | \$ 5,637,014 | \$ 5,837,402 | \$ 5,570,782 |
| Business-type activities: | | | | | | | | | | |
| Food service | \$ 985 | \$ 4,153 | \$ 1,145 | \$ 3,053 | \$ 3,556 | \$ 3,654 | \$ 2,500 | \$ 5,048 | \$ 6,931 | \$ 7,000 |
| Total business-type activities expense | 985 | 4,153 | 1,145 | 3,053 | 3,556 | 3,654 | 2,500 | 5,048 | 6,931 | 7,000 |
| Total district expenses | \$ 7,940,799 | \$ 7,880,947 | \$ 7,133,651 | \$ 6,739,623 | \$ 5,953,761 | \$ 5,966,592 | \$ 5,723,142 | \$ 5,642,062 | \$ 5,844,333 | \$ 5,577,782 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | \$ 1,888,950 | \$ 1,631,040 | \$ 1,123,155 | \$ 1,093,311 | \$ 616,308 | \$ 635,598 | \$ 26,116 | \$ 27,300 | \$ 19,740 | \$ 13,650 |
| Operating grants and contributions | | | | | | | 564,518 | 410,193 | 637,277 | 617,652 |
| Capital grants and contributions | | | | | | | 13,898 | 137,966 | 244,713 | |
| Total governmental activities program revenues | \$ 1,888,950 | \$ 1,631,040 | \$ 1,123,155 | \$ 1,093,311 | \$ 616,308 | \$ 635,598 | \$ 604,532 | \$ 575,479 | \$ 901,730 | \$ 631,302 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | \$ 1,072 | \$ 1,256 | \$ 1,542 | \$ 2,006 | \$ 2,441 | \$ 2,596 | \$ 2,835 | \$ 3,070 | \$ 3,965 | \$ 4,588 |
| Operating grants and contributions | 191 | 399 | 531 | 841 | 1,006 | 1,208 | 1,259 | 1,258 | 1,432 | 2,235 |
| Total business type activities program revenues | 1,263 | 1,655 | 2,073 | 2,847 | 3,447 | 3,804 | 4,094 | 4,328 | 5,397 | 6,833 |
| Total district program revenues | \$ 1,890,214 | \$ 1,632,695 | \$ 1,125,227 | \$ 1,096,158 | \$ 619,754 | \$ 639,403 | \$ 608,626 | \$ 579,806 | \$ 907,126 | \$ 638,135 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (6,050,864) | \$ (6,245,754) | \$ (6,009,351) | \$ (6,009,351) | \$ (5,643,259) | \$ (5,333,897) | \$ (5,327,341) | \$ (5,116,110) | \$ (5,061,536) | \$ (4,935,672) |
| Business-type activities | 278 | (2,498) | 928 | 928 | (206) | (109) | 151 | 1,594 | (720) | (1,534) |
| Total district-wide net expense | \$ (6,050,585) | \$ (6,248,252) | \$ (6,008,423) | \$ (6,008,423) | \$ (5,643,465) | \$ (5,334,007) | \$ (5,327,190) | \$ (5,114,516) | \$ (5,062,256) | \$ (4,937,206) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, | \$ 6,314,325 | \$ 6,084,841 | \$ 5,934,795 | \$ 5,818,441 | \$ 5,667,351 | \$ 5,506,402 | \$ 5,401,479 | \$ 5,295,568 | \$ 5,091,892 | \$ 4,874,481 |
| Unrestricted grants and contributions | | | 54,250 | 3,460,730 | | | | 20,867 | 14,817 | 4,666 |
| State aid cancelled | | | | | | (244) | | | | |
| Miscellaneous income | 73,565 | 118,534 | 51,274 | 86,546 | 104,398 | 74,593 | 92,374 | 73,611 | 83,395 | 146,220 |
| Total governmental activities | \$ 6,387,890 | \$ 6,203,375 | \$ 6,040,319 | \$ 9,365,717 | \$ 5,771,749 | \$ 5,580,750 | \$ 5,493,853 | \$ 5,390,046 | \$ 5,190,103 | \$ 5,025,367 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 337,026 | \$ (42,380) | \$ 30,967 | \$ 3,722,458 | \$ 437,852 | \$ 253,410 | \$ 377,743 | \$ 328,510 | \$ 254,431 | \$ 85,887 |
| Business-type activities | 278 | (2,498) | 928 | (206) | (109) | 151 | 1,594 | (720) | (1,534) | (167) |
| Total district | \$ 337,304 | \$ (44,878) | \$ 31,895 | \$ 3,722,252 | \$ 437,742 | \$ 253,561 | \$ 379,337 | \$ 327,790 | \$ 252,897 | \$ 85,720 |

BOROUGH OF ALPINE SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 UNAUDITED

| | Fiscal Year Ending June 30 | | | | | | | | | |
|--------------------------------------|----------------------------|------------|------------|--------------|--------------|--------------|------------|------------|--------------|------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 782,077 | \$ 580,856 | \$ 464,822 | \$ 479,918 | \$ 1,206,071 | \$ 892,905 | \$ 687,819 | \$ 387,819 | \$ 160,886 | \$ 463,010 |
| Restricted | 40,860 | 61,153 | 22,515 | 86,468 | 158,354 | 119,621 | 89,686 | 112,547 | | |
| Assigned | 290,907 | 244,572 | 247,189 | 248,024 | 236,423 | 253,414 | 205,373 | 61,945 | | |
| Unassigned | | | | | | | | | | |
| Unreserved | | | | | | | | | | |
| Total general fund | \$ 1,113,845 | \$ 886,581 | \$ 734,526 | \$ 814,411 | \$ 1,600,848 | \$ 1,265,940 | \$ 982,878 | \$ 562,311 | \$ 170,070 | \$ 143,428 |
| | | | | | | | | | \$ 330,956 | \$ 606,438 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved/Restricted | \$ | \$ | \$ 52,902 | \$ 43,867 | \$ | \$ | \$ | \$ | \$ 329,608 | \$ |
| Committed | | 153,934 | 393,654 | 3,508,054 | | | | 23,753 | | |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects fund | 122,016 | (91,108) | | | | | | | (122,943) | |
| Total all other governmental funds | \$ 122,016 | \$ 62,826 | \$ 446,556 | \$ 3,551,921 | \$ - | \$ - | \$ - | \$ 23,753 | \$ (122,943) | \$ 206,665 |
| | | | | | | | | | | \$ - |

Source: CAFR Schedule B-1

BOROUGH OF ALPINE SCHOOL DISTRICT
 CHANGES IN GOVERNMENTAL FUND BALANCES, GOVERNMENTAL FUNDS
 (modified accrual basis of accounting)
 LAST TEN FISCAL YEARS

| | UNAUDITED | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 6,314,325 | \$ 6,084,841 | \$ 5,934,795 | \$ 5,818,441 | \$ 5,667,351 | \$ 5,506,402 | \$ 5,401,479 | \$ 5,295,568 | \$ 5,091,892 | \$ 4,874,481 |
| Private Contributions | - | - | 54,250 | 3,460,730 | - | - | - | 27,300 | 13,650 | 13,650 |
| Tuition charges | - | - | - | - | - | - | 26,116 | 327 | 684 | 1,802 |
| Interest on capital reserve | - | - | - | - | - | - | - | 73,283 | 300,800 | 144,418 |
| Miscellaneous | 75,113 | 137,129 | 60,584 | 97,113 | 118,582 | 74,593 | 92,374 | 504,563 | 581,315 | 565,307 |
| State sources | 920,367 | 735,474 | 623,506 | 631,300 | 544,710 | 575,965 | 520,262 | 64,483 | 103,491 | 57,011 |
| Federal sources | 110,759 | 80,689 | 81,546 | 49,848 | 57,413 | 59,633 | 59,535 | 64,483 | 103,491 | 57,011 |
| Total revenue | 7,420,564 | 7,038,133 | 6,754,681 | 10,057,432 | 6,388,056 | 6,216,593 | 6,099,766 | 5,965,524 | 6,091,833 | 5,656,669 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 1,978,027 | 2,007,938 | 1,472,852 | 1,436,834 | 1,520,517 | 2,799,929 | 2,767,073 | 2,693,458 | 2,774,086 | 2,733,452 |
| Special education instruction | 148,564 | 144,374 | 281,864 | 268,930 | 210,359 | 857,606 | 876,514 | 970,393 | 1,085,883 | 1,001,679 |
| Other instruction | 141,609 | 230,621 | 273,526 | 232,122 | 176,651 | 114,132 | 106,842 | 85,175 | 129,562 | 128,582 |
| Support Services: | | | | | | | | | | |
| Tuition | 1,429,682 | 1,331,663 | 1,398,533 | 1,535,155 | 1,444,503 | 1,130,303 | 958,822 | 843,616 | 723,174 | 674,635 |
| Student and instruction related services | 764,751 | 799,778 | 855,321 | 786,001 | 778,172 | 1,130,303 | 1,079,004 | 1,116,067 | 1,038,830 | 1,038,830 |
| General administrative services | 52,399 | 53,288 | 40,615 | 63,518 | 49,096 | 117,027 | 107,904 | 116,067 | 80,275 | 103,830 |
| School administrative services | 77,842 | 90,097 | 81,472 | 44,552 | 34,250 | 79,111 | 76,000 | 74,431 | 109,840 | 75,271 |
| Central services and technology | 178,427 | 134,372 | 132,074 | 158,022 | 156,817 | 221,137 | 189,262 | 171,125 | 193,714 | 179,453 |
| Plant operations and maintenance | 395,652 | 437,816 | 437,267 | 334,273 | 326,878 | 338,885 | 352,000 | 373,152 | 389,856 | 325,648 |
| Pupil transportation | 218,132 | 200,167 | 226,738 | 182,596 | 149,553 | 181,075 | 189,218 | 231,483 | 289,667 | 297,838 |
| Unallocated employee benefits | 1,611,845 | 1,410,990 | 1,337,180 | 1,197,105 | 1,010,069 | 94,082 | 79,318 | 358,180 | 384,593 | 33,647 |
| Capital outlay | 137,181 | 428,704 | 3,402,489 | 1,052,841 | 196,283 | 5,933,287 | 5,702,953 | 5,917,081 | 6,160,650 | 5,554,035 |
| Total expenditures | 7,134,111 | 7,269,808 | 9,939,930 | 7,291,949 | 6,053,147 | 5,933,287 | 5,702,953 | 5,917,081 | 6,160,650 | 5,554,035 |
| Excess (Deficiency) of revenues over (under) expenditures | 286,453 | (231,675) | (3,185,249) | 2,765,483 | 334,909 | 283,305 | 396,813 | 48,444 | (68,817) | 102,634 |
| Other Financing sources (uses) | | | | | | | | | | |
| State grant cancelled | - | - | - | - | (244) | (244) | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | (244) | (244) | - | - | - | - |
| Net change in fund balances | 286,453 | (231,675) | (3,185,249) | 2,765,483 | 334,909 | 283,061 | 396,813 | 48,444 | (68,817) | 102,634 |
| Debt service as a percentage of noncapital expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Source: CAFR Schedule B-2

BOROUGH OF ALPINE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
JUNE 30, 2018

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Interest on</u> <u>Investments</u> | <u>Tuition</u> | <u>Rentals</u> | <u>Refunds</u> | <u>Transportation</u> | <u>Misc.</u> | <u>Total</u> |
|---|--|----------------|----------------|----------------|-----------------------|--------------|--------------|
| 2009 | 11,002 | 13,650 | | | 7,594 | 127,624 | 159,870 |
| 2010 | 9,400 | 13,650 | 37,105 | | 6,090 | 36,890 | 103,135 |
| 2011 | 6,264 | 27,300 | 35,936 | | 4,962 | 13,722 | 88,184 |
| 2012 | 86 | 26,116 | 37,840 | 88,828 | 5,720 | 48,728 | 207,319 |
| 2013 | | | 31,775 | | 7,930 | 68,548 | 108,253 |
| 2014 | 3,290 | | 32,750 | | 5,830 | 62,527 | 104,398 |
| 2015 | 10,827 | | 67,000 | | 6,938 | 1,782 | 86,546 |
| 2016 | 10,120 | | 32,750 | | 7,200 | 1,203 | 51,274 |
| 2017 | 4,584 | | 32,750 | | 12,572 | 68,627 | 118,534 |
| 2018 | 6,988 | 7,569 | 38,310 | | 5,640 | 15,058 | 73,565 |

Source: District Records

BOROUGH OF ALPINE SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 JUNE 30, 2018

| Fiscal Year Ended June 30, | Vacant Land | Residential | Commercial | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized Value) |
|----------------------------------|-------------|---------------|------------|-------------------------------|--------------------------|---|
| 2009 | 125,001,500 | 1,642,416,500 | 94,794,300 | 1,022,495 | 1,863,234,795 | 2,083,031,518 |
| 2010 | 98,734,100 | 1,722,160,400 | 93,174,400 | 1,053,588 | 1,915,122,488 | 2,344,950,705 |
| 2011 | 92,354,100 | 1,746,463,500 | 93,174,400 | 816,159 | 1,932,808,159 | 2,457,778,235 |
| 2012 | 89,757,600 | 1,761,176,600 | 93,174,400 | 847,047 | 1,944,955,647 | 2,296,676,759 |
| 2013 | 86,648,600 | 1,766,911,600 | 93,493,400 | * | 1,947,053,600 | 2,284,539,934 |
| 2014 | 84,877,700 | 1,781,990,400 | 93,492,400 | * | 1,960,360,500 | 2,338,385,112 |
| 2015 | 83,347,200 | 1,780,316,500 | 93,641,000 | * | 1,957,304,700 | 2,440,833,895 |
| 2016 | 85,549,800 | 1,784,324,700 | 94,616,000 | * | 1,964,490,500 | 2,314,924,451 |
| 2017 | 83,552,500 | 1,801,957,100 | 94,616,000 | * | 1,980,125,600 | 2,458,697,077 |
| 2018 | 80,756,000 | 1,805,618,900 | 94,616,000 | * | 1,980,990,900 | 2,244,748,895 |

Source: District records Tax list summary and 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.

Revaluations occur when ordered by the County Board of Taxation. The last revaluation was effective in calendar year 2005.

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

b Tax rates are per \$100

* Not available at time of audit.

BOROUGH OF ALPINE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
JUNE 30, 2018
UNAUDITED

| Calendar Year Ended Dec 31, | Borough of Alpine School District | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|-----------------------------------|-----------------------------------|---|--------------|----------------------|--------|---|
| | General | | | Borough of Alpine | County | |
| | Basic Rate ^a | Obligation Debt Service ^b | Total Direct | | | |
| 2009 | 0.271 | N/A | 0.271 | 0.149 | 0.245 | 0.665 |
| 2010 | 0.277 | N/A | 0.277 | 0.148 | 0.240 | 0.665 |
| 2011 | 0.279 | N/A | 0.279 | 0.156 | 0.270 | 0.705 |
| 2012 | 0.284 | N/A | 0.284 | 0.156 | 0.265 | 0.705 |
| 2013 | 0.292 | N/A | 0.292 | 0.158 | 0.274 | 0.724 |
| 2014 | 0.297 | N/A | 0.297 | 0.160 | 0.276 | 0.733 |
| 2015 | 0.304 | N/A | 0.304 | 0.162 | 0.299 | 0.765 |
| 2016 | 0.303 | N/A | 0.303 | 0.168 | 0.298 | 0.769 |
| 2017 | 0.310 | N/A | 0.310 | 0.168 | 0.290 | 0.768 |
| 2018 | 0.319 | N/A | 0.319 | 0.169 | 0.313 | 0.801 |

Source: District Records and Municipal Tax Collector
N/A Not Applicable

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 calculator

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.

BOROUGH OF ALPINE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2018

| Taxpayer | 2018 | | | 2010 | | |
|-----------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| F. E. Alpine, Inc | \$ 79,638,600 | 1 | 4.02% | \$ 65,593,600 | 1 | 3.43% |
| Montammy Golf Club | 50,338,000 | 2 | 2.54% | 49,363,000 | 2 | 2.58% |
| Taxpayer #1 | 41,270,600 | 3 | 2.08% | 42,967,600 | 3 | 2.24% |
| Rio Vista Realty LLC | 23,094,400 | 4 | 1.17% | 23,094,400 | 4 | 1.21% |
| Taxpayer #2 | 20,959,700 | 5 | 1.06% | 20,959,700 | 5 | 1.09% |
| Alpine Tower Co. | 14,079,900 | 6 | 0.71% | 14,079,900 | 6 | 0.74% |
| 2 Margo Way Associates, LLC | 12,796,000 | 7 | 0.65% | | | |
| Taxpayer #4 | 11,747,300 | 8 | 0.59% | 11,747,300 | 8 | 0.61% |
| Canfield Enterprises | 10,711,600 | 9 | 0.54% | 10,711,600 | 10 | 0.56% |
| Taxpayer #5 | 10,463,200 | 10 | 0.53% | 11,230,900 | 9 | 0.59% |
| Taxpayer #3 | | | | 12,796,000 | 7 | 0.67% |
| Total | \$ 275,099,300 | | 13.89% | \$ 262,544,000 | | 13.71% |

Source: District CAFR J11 and Municipal Tax Assessor

BOROUGH OF ALPINE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2018

| 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 | 4,874,481.00 | 4,874,481.00 | 100.00% | - |
| 2010 | 5,091,892.00 | 5,091,892.00 | 100.00% | - |
| 2011 | 5,295,568.00 | 5,295,568.00 | 100.00% | - |
| 2012 | 5,401,479.00 | 5,401,479.00 | 100.00% | - |
| 2013 | 5,506,402.00 | 5,506,402.00 | 100.00% | - |
| 2014 | 5,667,351.00 | 5,667,351.00 | 100.00% | - |
| 2015 | 5,818,441.00 | 5,818,441.00 | 100.00% | - |
| 2016 | 5,934,795.00 | 5,934,795.00 | 100.00% | - |
| 2017 | 6,084,841.00 | 6,084,841.00 | 100.00% | - |
| 2018 | 6,314,325.00 | 6,314,325.00 | 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 the amount voted upon or certified prior to the end of the school

BOROUGH OF ALPINE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended June 30, | Governmental Activities | | | Business-Type Activities | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------|--------------------------|-------------------------------|----------------|--------------------------------|----------------|----------------|--|-------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | |
| 2009 | | | | | | | | |
| 2010 | | | | | | | | |
| 2011 | | | | | | | | |
| 2012 | | | | | | | | |
| 2013 | | | | | | | | |
| 2014 | | | | | | | | |
| 2015 | | | | | | | | |
| 2016 | | | | | | | | |
| 2017 | | | | | | | | |
| 2018 | | | | | | | | |

Not applicable - No outstanding debt

Source: District CAFR Schedules I-1

^a See Exhibit NJ J-10 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF ALPINE SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
LAST ELEVEN FISCAL YEARS
UNAUDITED

| <u>General Bonded Debt Outstanding</u> | | | | | | |
|---|--|-------------------|--|---|---|-----------------------|
| <u>Fiscal Year</u> <u>Ended June</u> <u>30,</u> | <u>General</u> <u>Obligation</u> <u>Bonds</u> | <u>Deductions</u> | <u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u> | <u>Total Municipal</u> <u>Assessed Value</u> | <u>Percentage of</u> <u>Actual Taxable</u> <u>Value Of</u> <u>Property (a)</u> | <u>Per Capita (b)</u> |
| 2009 | | | | | | |
| 2010 | NOT APPLICABLE FOR ALPINE- NO OUTSTANDING DEBT IN THE PERIODS REPORTED | | | | | |
| 2011 | | | | | | |
| 2012 | | | | | | |
| 2013 | | | | | | |
| 2014 | | | | | | |
| 2015 | | | | | | |
| 2016 | | | | | | |
| 2017 | | | | | | |
| 2018 | | | | | | |

Note:

- a** See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-13.

BOROUGH OF ALPINE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

| <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 | | | |
| Alpine Borough | \$ | 100.000% \$ | * |
| Other debt | | | |
| Bergen County | | * | |
| Subtotal, overlapping debt | | | * |
| Alpine Borough School District Direct Debt | | | * |
| Total direct and overlapping debt | | \$ | <u>0</u> |

Sources: Borough Chief Finance Office and County Treasurer's Office

* Not available at time of audit

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 Alpine. 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.

BOROUGH OF ALPINE SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN CALENDAR YEARS
 JUNE 30, 2018

Legal Debt Margin Calculation for Calendar Year 2017

| Equalized valuation basis | |
|---------------------------|-------------------------|
| 2017 | \$ 2,243,768,385 |
| 2016 | 2,437,030,765 |
| 2015 | 2,304,066,745 |
| | <u>\$ 6,984,865,895</u> |
| | \$ 2,328,288,632 |

Average equalized valuation of taxable property

| | |
|---|----------------------|
| Debt limit (3 % of avg equalized value) | 69,848,659 |
| Net bonded school debt | |
| Legal debt margin | <u>\$ 69,848,659</u> |

Calendar Year

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| Debt limit | 61,990,026 | \$ 66,753,602 | \$ 70,959,161 | \$ 70,064,003 | \$ 69,916,193 | \$ 68,802,587 | \$ 70,433,823 | \$ 70,688,407 | \$ 71,857,421 | \$ 69,848,659 |
| Total net debt applicable to limit | | | | | | | | | | |
| Legal debt margin | <u>61,990,026</u> | <u>66,753,602</u> | <u>70,959,161</u> | <u>70,064,003</u> | <u>69,916,193</u> | <u>68,802,587</u> | <u>70,433,823</u> | <u>70,688,407</u> | <u>71,857,421</u> | <u>\$ 69,848,659</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 Ratabies and District Records CAFR Schedule J-7

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

BOROUGH OF ALPINE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
UNAUDITED

| <u>Year Ended</u> <u>December</u> <u>31</u> | <u>Unemployment Rate</u> | <u>Per Capita Income (a)</u> | <u>School District</u> <u>Population</u> |
|---|--------------------------|------------------------------|---|
| 2008 | 3.4% | \$67,113 | 2,464 |
| 2009 | 6.2% | 67,696 | 2,503 |
| 2010 | 6.3% | 64,388 | 1,851 |
| 2011 | 6.2% | 66,096 | 1,861 |
| 2012 | 6.6% | 69,919 | 1,849 |
| 2013 | 3.6% | 69,495 | 1,895 |
| 2014 | 3.3% | 73,536 | 1,894 |
| 2015 | 3.3% | 75,849 | 1,917 |
| 2016 | 2.6% | 77,187 | 1,869 |
| 2017 | 2.4% | * | 1,890 |

* Not available at time of audit

(a) Represents County of Bergen

Source: N.J. Department of Labor

BOROUGH OF ALPINE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO
UNAUDITED

| Employer | 2018 | | | 2009 | | |
|----------|-----------|------|--------------------------------|-----------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| | - | | 0.00% | - | | 0.00% |

* Not available at time of audit

Source:

BOROUGH OF ALPINE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 JUNE 30, 2018
 UNAUDITED

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|--------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Instruction | | | | | | | | | | |
| Regular | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 31 |
| Special education | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 4 |
| Other special education | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Support Services: | | | | | | | | | | |
| Tuition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Student and instruction related services | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 4 |
| General administrative services | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 2.8 |
| School administrative services | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 0.3 |
| Business administrative services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.45 |
| Plant operations and maintenance | 0.45 | 0.45 | 0.45 | 1 | 0.45 | 0.45 | 0.45 | 0.45 | 0.45 | 2 |
| Pupil transportation | 0.4 | 0.4 | 0.4 | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.45 |
| Technology | | | | | | | | | | 2 |
| Total | 40 | 40 | 40 | 40.55 | 39.8 | 39.8 | 39.8 | 39.8 | 39.8 | 49 |

Source: District Personnel Records

BOROUGH OF ALPINE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
JUNE 30, 2018

| 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 | Middle School | High School | | | | |
| 2009 | 140 | \$5,520,388 | \$39,431 | -3.38% | * | * | * | 141 | 136 | 4.61% | 96.38% | |
| 2010 | 142 | 5,641,016 | 39,725 | 0.75% | * | * | * | 142 | 136 | 0.78% | 95.56% | |
| 2011 | 153 | 5,558,901 | 36,333 | -8.54% | * | * | * | 154 | 147 | 8.39% | 95.58% | |
| 2012 | 148 | 5,623,634 | 37,998 | 4.58% | * | * | * | 146 | 139 | -5.40% | 95.60% | |
| 2013 | 146 | 5,832,921 | 39,952 | 5.14% | * | * | * | 146 | 139 | 0.00% | 95.00% | |
| 2014 | 163 | 5,856,865 | 35,932 | -10.06% | * | * | * | 160 | 152 | 9.97% | 95.00% | |
| 2015 | 156 | 6,239,109 | 39,994 | 11.31% | * | * | * | 156 | 148 | -2.50% | 94.87% | |
| 2016 | 155 | 6,537,441 | 42,286 | 5.73% | * | * | * | 155 | 148 | -0.90% | 95.86% | |
| 2017 | 159 | 6,841,103 | 43,026 | 1.75% | * | * | * | 157 | 148 | 1.77% | 94.36% | |
| 2018 | 148 | 6,996,930 | 47,277 | 9.88% | * | * | * | 147 | 139 | -6.57% | 94.56% | |

* Not available at time of audit

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).

BOROUGH OF ALPINE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
JUNE 30, 2018

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| Alpine School | | | | | | | | | | |
| Square Feet | 33,627 | 33,627 | 33,627 | 33,627 | 33,627 | 33,627 | 33,627 | 51,137 | 51,137 | 51,137 |
| Capacity (students) | * | * | * | * | * | * | * | * | * | * |
| Enrollment | 140 | 142 | 153 | 148 | 146 | 163 | 156 | 155 | 159 | 148 |

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

Source: District records, ASSA

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

* Not available at time of audit

BOROUGH OF ALPINE - SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

JUNE 30, 2018
UNAUDITED

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

| School Facilities | Project # (s) | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------------|---------------|--------------|--------------|---------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Alpine School | N/A | \$ 49,065.71 | \$ 92,620.28 | \$ 111,635.18 | \$ 67,431.08 | \$ 23,980.12 | \$ 9,244.00 | \$ 59,222.69 | \$ 48,390.69 | \$ 46,174.00 | \$ 49,711.84 |
| Total School Facilities | | 49,065.71 | 92,620.28 | 111,635.18 | 67,431.08 | 23,980.12 | 9,244.00 | 59,222.69 | 48,390.69 | 46,174.00 | 49,711.84 |
| Grand Total | | \$ 49,065.71 | \$ 92,620.28 | \$ 111,635.18 | \$ 67,431.08 | \$ 23,980.12 | \$ 9,244.00 | \$ 59,222.69 | \$ 48,390.69 | \$ 46,174.00 | \$ 49,711.84 |

BOROUGH OF ALPINE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

| | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|---|------------------|-------------------|
| School Package Policy - Selective | | |
| Property - Blanket Building and Contents | \$ 19,299,906.00 | \$ 5,000.00 |
| Comprehensive General Liability and | 1,000,000.00 | |
| Comprehensive Crime Coverage | 500,000.00 | |
| | | |
| Boiler and Machinery Policy-Hartford Steam Boiler Inspection and Insurance Company | 250,000.00 | 1,000.00 |
| Property Damage | | |
| | | |
| Umbrella Liability - American A. Ins. Co. | | |
| Umbrella Policy | 9,000,000.00 | |
| | | |
| School Board Legal Liability - XLCATLIN | 1,000,000.00 | 20,000.00 |
| Directors and Officers Policy | | |
| | | |
| Public Employees' Faithful Performance: | | |
| Marilyn Hayward - Treasurer of School Monies | 200,000.00 | |
| Karen Johnson - Business Administrator/Board Secretary | 85,000.00 | |

Source:

School District Records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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

Honorable President and Members
of the Board of Education
Borough of Alpine School District
County of Bergen
Alpine, New Jersey 07620

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with 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 Borough of Alpine School District, in the County of Bergen, State of New Jersey (the "District") 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, and have issued our report thereon dated February 4, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SUPLEE, CLOONEY & COMPANY

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Borough of Alpine School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated February 4, 2019.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 4, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR STATE FINANCIAL ASSISTANCE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
IN ACCORDANCE WITH THE NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Borough of Alpine School District
County of Bergen
Alpine, New Jersey 07620

Report on Compliance for Each Major State Program

We have audited the Alpine Borough School District's, in the County of Bergen, State of New Jersey (the "District") compliance with the types of compliance requirements described in the New Jersey *OMB State 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 District'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 state statutes, regulations, and the terms and conditions of its state awards 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; and New Jersey *OMB 15-08*. Those standards and New Jersey *OMB 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.

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.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major State Program

In our opinion, the District 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 District 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 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 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 District's internal control over compliance.

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 4, 2019

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

| FEDERAL CFDA NUMBER | FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FAIN | GRANT PERIOD | AWARD AMOUNT | BALANCE AT JUNE 30, 2017 | CARRYOVER/ (WALKOVER) AMOUNT | CASH RECEIVED | BUDGETARY EXPENDITURES | ADJUSTMENTS | REPAYMENT OF PRIOR YEARS BALANCE | BALANCE AT JUNE 30, 2018 | | DUE TO GRANTOR |
|---|--|------|-----------------|-----------------|-----------------------------|------------------------------------|------------------|---------------------------|-------------|---|--------------------------|---------------------|-------------------|
| | | | | | | | | | | | ACCOUNTS RECEIVABLE | UNEARNED REVENUE | |
| Enterprise Funds: | | | | | | | | | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | |
| | Passed-Through State Department of Education: | | | | | | | | | | | | |
| 10.556 | 1811NJ304N1099 | | 7/1/17-6/30/18 | \$ 191.32 | \$ | \$ | \$ 138.82 | \$ | \$ | \$ | \$ (52.50) | \$ | \$ |
| | Special Milk Program | | | 399.36 | (25.48) | | 25.48 | (191.32) | | | | | |
| 10.556 | 1711NJ304N1099 | | 7/1/16-6/30/17 | | (25.48) | | 164.30 | (191.32) | | | (62.50) | | |
| | Special Milk Program | | | | | | | | | | | | |
| | Total U.S. Department of Agriculture | | | | | | | | | | | | |
| Special Revenue Funds: | | | | | | | | | | | | | |
| U.S. Department of Education | | | | | | | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | | | | | | | |
| 84.367 | S367A150029 | | 9/1/14-8/31/15 | 2,427.00 | 2,960.00 | | | (2,960.00) | | | | | |
| | NCLB Title II A | | | | | | | (378.00) | | | | | |
| 84.367 | S367A150029 | | 9/1/15-8/31/16 | 2,806.00 | 378.00 | | | (378.00) | | | | | |
| | NCLB Title II A | | | | | | | (2,240.00) | | | | | |
| 84.367 | S367A150029 | | 9/1/16-8/31/17 | 2,619.00 | 621.00 | | 1,619.00 | (6,370.00) | | | | | |
| | NCLB Title II A | | | | | | | (11,949.00) | | | | | |
| 84.367 | S367B160027 | | 9/1/17-8/31/18 | 9,852.00 | 3,960.00 | | 7,989.00 | | | | | | |
| | Total Title IIA | | | | | | | | | | | | |
| 84.424 | S424A170031 | | 9/1/17-8/31/18 | 10,000.00 | | | 8,729.00 | (8,729.00) | | | | | |
| | NCLB Title IV | | | | | | | | | | | | |
| 84.010 | S010A150030 | | 9/1/16-8/31/17 | 36,006.00 | (12,932.00) | | 14,456.00 | (1,524.00) | | | | | |
| | NCLB Title I Part A | | | | | | | (41,227.06) | | | (3,426.06) | | |
| 84.010 | S010A160030 | | 9/1/17-8/31/18 | 45,850.00 | (12,932.00) | | 52,257.00 | (42,751.06) | | | (3,426.06) | | |
| | Total Title IIA | | | | | | | | | | | | |
| Special Education Cluster | | | | | | | | | | | | | |
| 84.027 | H027A170100 | | 9/1/17-8/31/18 | 44,541.00 | | | 44,541.00 | (44,541.00) | | | | | |
| | I.D.E.A. Part B, Basic | | | | | | | | | | | | |
| 84.027 | S027A150100 | | 9/1/16-8/31/17 | 43,561.00 | (43,561.00) | | 43,561.00 | | | | | | |
| | I.D.E.A. Part B, Basic | | | | | | | | | | | | |
| 84.173 | S173A150114 | | 9/1/16-8/31/17 | 2,778.00 | (2,778.00) | | 2,778.00 | | | | | | |
| | I.D.E.A. Part B-Preschool | | | | | | | | | | | | |
| 84.173 | H173A170114 | | 9/1/17-8/31/18 | 2,789.00 | (46,335.00) | | 93,689.00 | (47,330.00) | | | | | |
| | Total Special Education Cluster | | | | | | | | | | | | |
| Total Special Revenue Fund | | | | | | | | | | | | | |
| | | | | | (55,311.00) | | 162,644.00 | (110,759.06) | | | (3,426.06) | | |
| | Total Federal Financial Assistance | | | | (55,335.48) | | 162,808.30 | (110,950.38) | | | (53,478.56) | | |

See accompanying notes to schedules of expenditures of financial assistance.

BOROUGH OF ALPINE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| STATE GRANTOR/PROGRAM TITLE State Department of Education | GRANT OR STATE PROJECT NUMBER | GRANT PERIOD | AWARD AMOUNT | BALANCE AT JUNE 30, 2017 | | CASH RECEIVED | BUDGETARY EXPENDITURES | REPAYMENT OF PRIOR YEARS BALANCES | BALANCE AT JUNE 30, 2018 | | BUDGETARY RECEIVABLE | MEMO CUMULATIVE TOTAL EXPENDITURES |
|--|-------------------------------|----------------|--------------|--------------------------|------------------|---------------|------------------------|-----------------------------------|--------------------------|------------------|----------------------|------------------------------------|
| | | | | ACCOUNTS RECEIVABLE | UNEARNED REVENUE | | | | ACCOUNTS RECEIVABLE | UNEARNED REVENUE | | |
| General Fund: | | | | | | | | | | | | |
| State Aid Cluster: | | | | | | | | | | | | |
| Security Aid | | | | | | | | | | | | |
| Categorical Special Education Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | \$ 15,978.00 | \$ - | \$ - | \$ 15,978.00 | \$ (15,978.00) | \$ - | \$ - | \$ - | \$ - | \$ 15,978.00 |
| PARRC Readiness Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 82,020.00 | | | 72,731.00 | (82,020.00) | | | (9,289.00) | | 82,020.00 |
| Per Pupil Growth Aid | 18-495-034-5120-098 | 7/1/17-6/30/18 | 2,450.00 | | | 2,450.00 | (2,450.00) | | | - | | 2,450.00 |
| Prof Learning Comm Aid | 18-495-034-5120-097 | 7/1/17-6/30/18 | 2,450.00 | | | 2,450.00 | (2,450.00) | | | - | | 2,450.00 |
| Total State Aid Cluster | | | 2,260.00 | | | 95,869.00 | (105,158.00) | 9,289.00 | | (9,289.00) | | 2,260.00 |
| Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | \$ 50,240.00 | \$ - | \$ - | \$ 50,240.00 | \$ (50,240.00) | \$ - | \$ - | \$ - | \$ - | \$ 50,240.00 |
| Extraordinary Aid | 18-100-034-5120-044 | 7/1/17-6/30/18 | 88,886.00 | | | | (88,886.00) | | | (88,886.00) | | 88,886.00 |
| Extraordinary Aid | 17-100-034-5120-044 | 7/1/16-6/30/17 | 30,568.00 | (30,568.00) | | 30,568.00 | (11,310.00) | | | (11,310.00) | | 11,310.00 |
| Additional Non-Public Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 11,310.00 | | | 3,132.00 | | | | | | |
| On-Behalf TPAF Post-Retirement Contributions | 17-498-034-5120-014 | 7/1/16-6/30/17 | 3,132.00 | (3,132.00) | | 300,025.00 | (300,025.00) | | | | | 300,025.00 |
| On-Behalf TPAF Post-Retirement Insurance | 18-498-034-5094-002 | 7/1/17-6/30/18 | 300,025.00 | | | 7,281.00 | (7,281.00) | | | | | 7,281.00 |
| On-Behalf TPAF Long-Term Disability Insurance | 18-495-034-5094-004 | 7/1/17-6/30/18 | 7,281.00 | | | 644.00 | (644.00) | | | | | 644.00 |
| On-Behalf TPAF Post-Retirement Medical | 18-495-034-5094-001 | 7/1/17-6/30/18 | 644.00 | | | 198,483.00 | (198,483.00) | | | (14,598.00) | | 198,483.00 |
| Reimbursed TPAF Social Security Contributions | 18-495-034-5094-003 | 7/1/17-6/30/18 | 198,483.00 | | | 144,471.06 | (199,069.06) | | | | | 199,069.06 |
| Reimbursed TPAF Social Security Contributions | 17-495-034-5094-003 | 7/1/16-6/30/17 | 152,101.52 | (7,339.10) | | 7,339.10 | (815,938.06) | | | (100,196.00) | | 815,938.06 |
| | | | | (41,039.10) | | 742,183.16 | | | | | | |
| Total State Financial Assistance | | | \$ - | \$ (41,039.10) | \$ - | \$ 838,052.16 | \$ (921,096.06) | \$ 9,289.00 | \$ - | \$ (109,485.00) | \$ - | \$ 921,096.06 |

Less: On-Behalf amounts not utilized for determination of Major Programs:

| | |
|---|----------------------|
| On-Behalf TPAF Post-Retirement Contributions | 300,025.00 |
| On-Behalf TPAF Non-Contributory Insurance | 7,281.00 |
| On-Behalf TPAF Long-Term Disability Insurance | 644.00 |
| On-Behalf TPAF Post-Retirement Medical | 198,483.00 |
| Total State Financial Assistance Subject to Single Audit | \$ 331,619.16 |

\$ (414,663.06)

See accompanying notes to schedules of expenditures of financial assistance.

Borough of Alpine School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Borough of Alpine School District. The District is defined in Note 1 to the basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions 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 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison schedules, which are Required Supplementary Information (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, the deferred payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 revenue, whereas GAAP basis does not.

Borough of Alpine School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$729.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|----------------------|-----------------------------|------------------------|
| General Fund | \$ | \$ 920,367.06 | \$ 920,367.06 |
| Special Revenue Fund | 110,759.06 | | 110,759.06 |
| Food Service Fund | <u>191.32</u> | <u> </u> | <u>191.32</u> |
| Total Awards & Financial Assistance | \$ <u>110,950.38</u> | \$ <u>920,367.06</u> | \$ <u>1,031,317.44</u> |

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

The amount reported as TPAF post retirement contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2018.

Borough of Alpine School District
Bergen County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted? | No |

Federal Program(s) - Not Applicable

State Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major State Programs: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? | No |
| (4) | Identification of Major State Program(s): | |

| <u>Program</u> | <u>Grant Number</u> |
|---|---------------------|
| State Aid Cluster: | |
| Special Education Categorical Aid | 18-495-034-5120-089 |
| Security Aid | 18-495-034-5120-084 |
| PARCC Readiness Aid | 18-495-034-5120-098 |
| Per Pupil Growth Aid | 18-495-034-5120-097 |
| Prof Learning Comm Aid | 18-495-034-5120-101 |
| Reimbursed TPAF Social Security Contributions | 18-495-034-5094-003 |

Borough of Alpine School District
Bergen County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

State Program(s) (Continued)

- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00

- (6) Auditee qualified as a low-risk auditee under OMB
Circular 15-08? No

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing
Standards**

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – Not Applicable

State Programs – None Reported

Borough of Alpine School District
Bergen County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

