

**ALPHA BOROUGH  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2017**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Alpha Borough School District  
Board of Education  
Alpha, New Jersey  
For the Fiscal Year Ending June 30, 2017**

**Prepared by  
Alpha Borough School District  
Board of Education  
Finance Department**

# OUTLINE OF CAFR

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# Introductory Section



# Alpha Board of Education

817 North Boulevard

Alpha, NJ 08864

(908) 454-3388 Tel.

(908) 454-4685 Fax

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

Dear Board Members:

The comprehensive annual financial report of the Township of Alpha School District (District) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

The district provides a full range of educational services appropriate to grade levels K through 8.

These include regular as well as special education for handicapped youngsters. The district completed the 2016-17 fiscal year with an enrollment of 193 students. The following details the changes in the student enrollment over the last five years.

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

**TUITION PUPILS:** Alpha School District sends our grade 9 to12 students to Phillipsburg High School on a tuition basis. Approximately 90 students attended Phillipsburg High School while 12 students attended the Warren County Technical School District.

From the township, approximately 14 children attended non-public schools including Saints Phillip and James, Phillipsburg Christian Academy, Bethlehem Catholic, and St. Jane Frances de Chantal School. Currently the district sends approximately 11 children, ages three through twenty-one, for special educational instruction outside the Alpha School District as per the individual student's educational placement requirements.

**PRESENT CONDITION AND OUTLOOK**

Our enrollment has significantly declined in the last several years.

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

**MAJOR INITIATIVES/PLANNING:**

The Alpha School District has been focusing on improving instructional practices to address the Common Core State Standards and the new PARCC testing requirements. The district has continued to partner with Standards Solution, a consulting firm, to provide ongoing professional development designed to improve instructional practices and increase student achievement. In past school years, teachers attended training sessions which addressed the essential requirements of the NJASK. Consultants then visited classrooms to provide demonstration lessons and to coach teachers as they implemented suggested lessons. This program has proven successful and test scores have increased. The district will continue to promote professional learning in this area, in implementing the Common Core Standards, and in meeting the requirements of the Teacher Evaluation Initiative with the assistance of Standard Solutions.

**BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal

provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. The final budget amount is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

**ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups.

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

**BUDGET INFORMATION SHEET - OVERALL COMMENTS:**

The Alpha School District's 2016-17 School Budget encompassed the educational programs for students from grades kindergarten through twelfth grade in regular education, and preschool through age twenty-one in special education. In addition, the district's budget included the operational expenses for the township school.

The 2016-17 budget was developed to stay within the "Maximum Permitted Net Budget" as defined by the State of New Jersey Department of Education. The 2016-17 budget needed to support the educational and operational costs of delivering a thorough and efficient education was developed using the allowable spending growth limitation adjustments in the area of non-remote transportation.

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

Revenues to support the 2016-17 budget were principally derived from local tax levy.

**DEBT ADMINISTRATION:** The district has no debt.

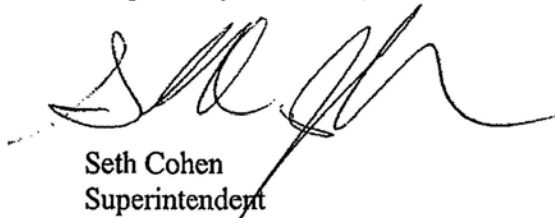
**CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Cash, not immediately required for district payments, is invested in a Municipal Sweep account with PNC.

**RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability and hazard and theft insurance on property and contents. During 2013-14, the district participated in the School Alliance Insurance Fund. This is a joint insurance fund specializing in insurance for public education entities.

**OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The Board selected the accounting firm of Ardito & Co. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



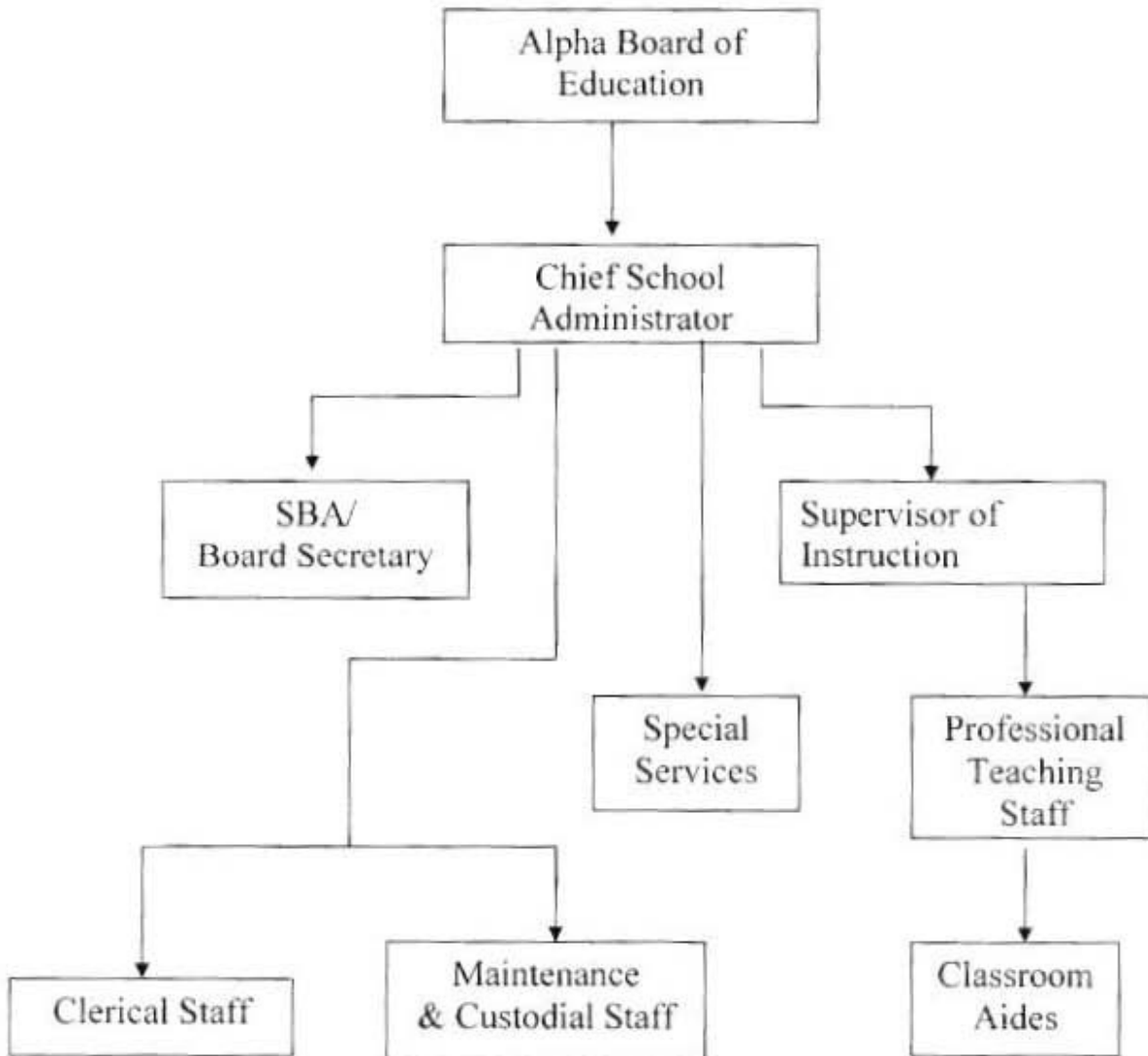
Seth Cohen  
Superintendent



Tim Mantz  
Board Secretary/Business Administrator

# Alpha Board of Education

## Organization Chart





**ALPHA BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2017**

**Members of the Board of Education**

**Term Expires**

Brian Korbobo, President	2018
Jennifer Pettinelli, Vice President	2018
Elyse Fahey	2018
Bernadette Preiss	2018
Loretta Zrinski-Reed	2018
Robert Melick	2017
Lisa LaCaruba	2018
Open Seat	2017

**Other Officials**

George Chando, Chief School Administrator

Tim Mantz, Board Secretary/School Business Administrator

Lorraine Rossetti, Treasurer

**ALPHA BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

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

**AUDIT FIRM**

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

**ARCHITECT**

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

**OFFICIAL DEPOSITORIES**

**PNC Bank**  
331 3rd Avenue  
Alpha, NJ 08865



# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

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

### **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Alpha Borough School District Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Alpha Borough School District Board of Education, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

#### ***Other Information***

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

-Continued-

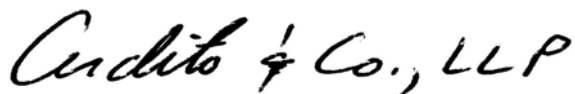
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived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

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


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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the Alpha Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP  
August 31, 2017



Licensed Public School Accountant No. 2369

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

The discussion and analysis of Alpha Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- ◆ In total, Net Position decreased \$62,122 which represents a 8.5% decrease from 2016.
- ◆ General revenues accounted for \$3,169,643 in revenue or 48.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,386,205 or 51.7% of total revenues of \$6,555,848.
- ◆ Total assets of governmental activities decreased by \$33,150, as cash and cash equivalents increased by \$14,827, receivables decreased by \$13,853, and capital assets decreased by \$34,778.
- ◆ The School District had \$6,617,970 in expenses; only \$3,386,205 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,169,643 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,543,295 in revenues and \$5,537,356 in expenditures. The General Fund's surplus balance increased \$5,939 over 2016, which compares favorably to the budgeted decrease of \$372,310.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alpha Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Alpha Borough School District, the General Fund is by far the most significant fund.

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

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

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

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.



ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District’s Net Position for 2017 compared to 2016.

**Table 1  
Net Position**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,266,933	\$ 1,265,305
Capital Assets	<u>615,191</u>	<u>649,969</u>
<b>Total Assets</b>	<u>1,882,124</u>	<u>1,915,274</u>
 <b>Deferred Outflows of Resources</b>	 <u>305,793</u>	 <u>151,029</u>
 <b>Liabilities</b>		
Long-Term Liabilities	1,109,587	894,572
Other Liabilities	<u>326,944</u>	<u>330,556</u>
<b>Total Liabilities</b>	<u>1,436,531</u>	<u>1,225,128</u>
 <b>Deferred Inflows of Resources</b>	 <u>84,991</u>	 <u>112,658</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Debt	615,191	649,969
Restricted	623,388	818,628
Unrestricted	<u>(572,184)</u>	<u>(740,080)</u>
<b>Total Net Position</b>	<u>\$ 666,395</u>	<u>\$ 728,517</u>

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 UNAUDITED

Total assets of governmental activities decreased by \$33,150, as cash and cash equivalents increased by \$14,827, receivables decreased by \$13,853, and capital assets decreased by \$34,778.

The cash increase was mainly due to efficiencies in budgeted operations, and the decrease in capital assets was due entirely to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2016.

**Table 2**  
**Changes in Net Position**

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 34,351	\$ 42,567
Operating Grants and Contributions	3,351,854	3,126,648
General Revenues:		
Property Taxes	3,166,849	3,104,754
Other	<u>2,794</u>	<u>959</u>
<b>Total Revenues</b>	<u>6,555,848</u>	<u>6,274,928</u>
<b>Program Expenses</b>		
Instruction	2,984,782	2,992,545
Support Services:		
Pupils and Instructional Staff	2,269,320	2,145,042
General Administration, School Administration, Business	577,934	494,944
Operations and Maintenance of Facilities	451,237	441,079
Pupil Transportation	265,746	184,319
Business-Type Activities	<u>68,951</u>	<u>78,702</u>
<b>Total Expenses</b>	<u>6,617,970</u>	<u>6,336,631</u>
Increase in Net Position	<u>\$ (62,122)</u>	<u>\$ (61,703)</u>

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 48.3% percent of revenues for governmental activities for the Alpha Borough School District for the fiscal year 2017.

Instruction comprises 45.1% of district expenses. Support services expenses make up 53.9% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	2,984,782	1,409,672	\$2,992,545	\$1,461,583
Support Services:				
Pupils and Instructional Staff	2,269,320	1,152,918	2,145,042	1,104,131
General Admin., School Admin., Business	577,934	297,547	494,944	264,050
Operation and Maintenance of Facilities	451,237	232,318	441,079	235,313
Pupil Transportation	265,746	136,818	184,319	98,333
Business-Type Activities	<u>68,951</u>	<u>2,492</u>	<u>78,702</u>	<u>4,006</u>
<b>Total Expenses</b>	<u>\$ 6,617,970</u>	<u>\$ 3,231,765</u>	<u>\$ 6,336,631</u>	<u>\$ 3,167,416</u>

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

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

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

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

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

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

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

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

The dependence upon tax revenues is apparent. Over 47.2% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 51.1%. The community, as a whole, is the primary support for the Alpha Borough School District.

**The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,685,332 and expenditures of \$5,679,393. The General Fund's surplus balance increased \$5,939 over 2016, which compares favorably to the budgeted decrease of \$372,310.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2017 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$5,083,511, \$4,184 over original budgeted estimates of \$5,079,327. This difference was due primarily to miscellaneous non-budgeted revenue.

General fund revenues exceeded expenditures by \$7,644. Again this surplus compares to a budgeted deficit of \$372,310, which was due to the budgeted use of prior year's excess surplus in the 2016-2017 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction and tuition expenditures.

Overall general fund balance (budget basis) was \$1,096,952, and amounts ear-marked and reserved for future purposes were \$845,423, creating a surplus in unreserved fund balance of \$251,529. Management believes the district can maintain unreserved fund balances at or near the statutory maximum 2% level of \$251,529.

ALPHA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$615,191 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 291,300	\$ 291,300
Land Improvements	5,938	8,313
Buildings and Improvements	292,544	314,836
Machinery and Equipment	<u>25,409</u>	<u>33,791</u>
Totals	<u>\$ 615,191</u>	<u>\$ 648,240</u>

Overall capital assets decreased \$33,049 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets was due to depreciation expense for the year.

No major capital improvements were purchased during fiscal year 2017.

**Debt Administration**

At June 30, 2017, the School District had \$133,113 as outstanding long term debt. Of this amount, \$133,113 is for compensated absences.

At June 30, 2017, the School District's overall legal debt margin was \$6,198,726 and the unvoted debt margin was the same.

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

**For the Future**

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

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Tim Mantz, School Business Administrator/Board Secretary at Alpha Borough School District, 817 North Blvd., Alpha, NJ 08865.

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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



## ALPHA BOROUGH SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

June 30, 2017

	GOVERNMENTAL BUSINESS-TYPE		TOTAL
	ACTIVITIES	ACTIVITIES	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,108,253	\$ 15,322	\$ 1,123,575
Receivables, Net	6,776	1,123	7,899
Interfund Receivable		8,371	8,371
Inventory		3,910	3,910
Restricted Assets:			
Capital Reserve Account - Cash	2,322		2,322
Emergency Reserve Account - Cash	120,856		120,856
Capital Assets, Net (Note 5):	615,191		615,191
<b>Total Assets</b>	<u>1,853,398</u>	<u>28,726</u>	<u>1,882,124</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	<u>305,793</u>		<u>305,793</u>
<b>LIABILITIES</b>			
Interfund Payable	8,371		8,371
Unearned Revenue	316,787	1,786	318,573
Net Pension Liability (Note 7)	976,474		976,474
Noncurrent Liabilities (Note 6):			
Due Within One Year			
Due Beyond One Year	133,113		133,113
<b>Total Liabilities</b>	<u>1,434,745</u>	<u>1,786</u>	<u>1,436,531</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	<u>84,991</u>		<u>84,991</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	615,191		615,191
Restricted for:			
Capital Reserve Account	2,322		2,322
Emergency Reserve Account	120,856		120,856
Other Purposes	500,210		500,210
Unrestricted	(599,124)	26,940	(572,184)
<b>Total Net Position</b>	<u>\$ 639,455</u>	<u>\$ 26,940</u>	<u>\$ 666,395</u>

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 1,934,514		\$ 1,065,569		\$ (868,945)	\$ (868,945)
Special Education	852,112		413,405		(438,707)	(438,707)
Other Special Instruction	198,156		96,136		(102,020)	(102,020)
Support Services:						
Tuition	1,606,884	\$ 425	779,587		(826,872)	(826,872)
Student & Instruction Related Services	662,436		336,390		(326,046)	(326,046)
School Administrative Services	215,840		104,716		(111,124)	(111,124)
General and Business Admin. Services	362,094		175,671		(186,423)	(186,423)
Plant Operations and Maintenance	451,237		218,919		(232,318)	(232,318)
Pupil Transportation	265,746		128,928		(136,818)	(136,818)
Total Governmental Activities	6,549,019	425	3,319,321		(3,229,273)	(3,229,273)
Business-Type Activities:						
Food Service	68,951	\$ 33,926	32,533			\$ (2,492)
Total Business-Type Activities	68,951	33,926	32,533	-	-	(2,492)
<b>Total Primary Government</b>	<b>\$ 6,617,970</b>	<b>\$ 34,351</b>	<b>\$ 3,351,854</b>		<b>\$ (3,229,273)</b>	<b>\$ (2,492)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 3,166,849		\$ 3,166,849
Investment Earnings				1,016	64	1,080
Miscellaneous Income				1,714		1,714
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,169,579	64	3,169,643
Change in Net Position				(59,694)	(2,428)	(62,122)
Net Position—Beginning (As Restated)				699,149	29,368	728,517
Net Position—Ending				\$ 639,455	\$ 26,940	\$ 666,395

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

## **FUND FINANCIAL STATEMENTS**

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



## ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,225,119	\$ 6,312	\$ 1,231,431
Receivables from Other Governments	6,776		6,776
<b>TOTAL ASSETS</b>	<u>\$ 1,231,895</u>	<u>\$ 6,312</u>	<u>\$ 1,238,207</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable	\$ 8,371		\$ 8,371
Deferred Revenue	310,475	6,312	316,787
<b>Total Liabilities</b>	<u>318,846</u>	<u>6,312</u>	<u>325,158</u>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	2,322		2,322
Emergency Reserve	120,856		120,856
Excess Surplus - Designated for Subseq. Year's Expenditures	323,409		323,409
Excess Surplus	175,026		175,026
<u>Assigned to:</u>			
Year-End Encumbrances	222,035		222,035
Designated for Subsequent Year's Expenditures	1,775		1,775
<u>Unassigned:</u>			
General Fund - Undesignated	67,626		67,626
<b>Total Fund Balances</b>	<u>913,049</u>	<u>-</u>	<u>913,049</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,231,895</u>	<u>\$ 6,312</u>	<u>\$ 1,238,207</u>

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,586,976 and the accumulated depreciation is \$971,785 (see Note 5).	\$ 615,191
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	305,793
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(84,991)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(976,474)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	<u>(133,113)</u>
Net Position of governmental activities	<u>\$ 639,455</u>

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

## ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2017

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 3,166,849		\$ 3,166,849
Tuition	425		425
Interest on Capital Reserve	174		174
Miscellaneous	2,556		2,556
<b>Total - Local Sources</b>	<b>3,170,004</b>		<b>3,170,004</b>
<b>State Sources</b>	<b>2,373,291</b>		<b>2,373,291</b>
<b>Federal Sources</b>		\$ 142,037	142,037
<b>Total Revenues</b>	<b>5,543,295</b>	<b>142,037</b>	<b>5,685,332</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	1,206,836	127,030	1,333,866
Special Education Instruction	592,466		592,466
Other Special Instruction	137,776		137,776
Support services and undistributed costs:			
Tuition	1,606,884		1,606,884
Student and Instruction Related Services	442,605	15,007	457,612
School Administrative Services	149,081		149,081
Other Administrative Services	219,357		219,357
Plant Operations and Maintenance	309,445		309,445
Pupil Transportation	265,746		265,746
Unallocated Benefits	576,713		576,713
<b>Capital Outlay</b>	<b>30,447</b>		<b>30,447</b>
<b>Total Expenditures</b>	<b>5,537,356</b>	<b>142,037</b>	<b>5,679,393</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>5,939</b>	-	<b>5,939</b>
Net Change in Fund Balances	5,939	-	5,939
Fund Balance—July 1	907,110	-	907,110
<b>Fund Balance—June 30</b>	<b>\$ 913,049</b>	<b>-</b>	<b>\$ 913,049</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 5,939

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

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

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

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

(44,229)

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

11,645

**Change in Net Position of Governmental Activities**

\$ (59,694)

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

**STATEMENT OF PROPRIETARY NET POSITION  
PROPRIETARY FUNDS**

June 30, 2017

		<b>Business-Type Activities - Enterprise Funds</b>	
		<b><u>Food</u></b>	<b><u>Totals</u></b>
		<b><u>Service</u></b>	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$	15,322	\$ 15,322
Accounts Receivable		1,123	1,123
Interfund Receivables		8,371	8,371
Inventories		3,910	3,910
<b>Total Current Assets</b>		<b>28,726</b>	<b>28,726</b>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		46,812	46,812
Less Accumulated Depreciation		(46,812)	(46,812)
<b>Total Noncurrent Assets</b>			
<b>Total Assets</b>		<b>28,726</b>	<b>28,726</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Deferred Revenue		1,786	1,786
<b>Total Current Liabilities</b>		<b>1,786</b>	<b>1,786</b>
<b>Total Liabilities</b>		<b>1,786</b>	<b>1,786</b>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt			
Unrestricted		26,940	26,940
<b>Total Net Position</b>	\$	<b>26,940</b>	\$ 26,940

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



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

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 24,171	\$ 24,171
Daily Sales - Non-Reimb. Programs	9,755	9,755
Miscellaneous Income	64	64
<b>Total Operating Revenues</b>	33,990	33,990
 <b>Operating Expenses:</b>		
Cost of Sales - Reimbursable Programs	22,197	22,197
Cost of Sales - Non-reimbursable Programs	3,125	3,125
Salaries	24,657	24,657
Employee Benefits	5,622	5,622
Other Purchased Professional Services	9,178	9,178
Miscellaneous	2,443	2,443
Depreciation	1,729	1,729
<b>Total Operating Expenses</b>	68,951	68,951
Operating Income (Loss)	(34,961)	(34,961)
 <b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	683	683
Federal Sources:		
National School Lunch Program	22,895	22,895
National Breakfast Lunch Program	2,596	2,596
Food Distribution Program	6,359	6,359
<b>Total Nonoperating Revenues (Expenses)</b>	32,533	32,533
Income (Loss)	(2,428)	(2,428)
Change in Net Position	(2,428)	(2,428)
Total Net Position—Beginning	29,368	29,368
<b>Total Net Position—Ending</b>	\$ 26,940	\$ 26,940

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

## ALPHA BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 33,971	\$ 33,971
Payments to Employees	(24,657)	(24,657)
Payments for Employee Benefits	(5,622)	(5,622)
Payments to Suppliers	(31,379)	(31,379)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(27,687)</b>	<b>(27,687)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	682	682
Federal Sources	25,493	25,493
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>26,175</b>	<b>26,175</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,512)	(1,512)
Balances—Beginning of Year	16,834	16,834
<b>Balances—End of Year</b>	<b>\$ 15,322</b>	<b>\$ 15,322</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (34,961)	\$ (34,961)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	1,729	1,729
Federal Commodities	6,359	6,359
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	(654)	(654)
Increase (Decrease) in Accounts Payable	(160)	(160)
Total Adjustments	7,274	7,274
Net Cash Provided by (used for) Operating Activities	\$ (27,687)	\$ (27,687)

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

ALPHA BOROUGH SCHOOL DISTRICT  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**Exhibit B-7**

June 30, 2017

		<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents		\$ 89,479
	<b>Total Assets</b>	<u>89,479</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholding		57,982
Payable to Student Groups		31,497
	<b>Total Liabilities</b>	<u>\$ 89,479</u>
<b>NET POSITION</b>		

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

# Notes to Financial Statements

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

**A. Reporting Entity:**

The Alpha Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Alpha Borough School District had an approximate enrollment at June 30, 2017, of 193 students.

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Additionally, the District reports the following fund type:

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

**Basis of Accounting**

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

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

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

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

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



ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

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

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

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2017, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$1,244,431	\$89,479	\$1,333,910
Checking Accounts-Capital Reserve	2,322		2,322
	<u>\$1,246,753</u>	<u>\$89,479</u>	<u>\$1,336,232</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,336,232 and the bank balance was \$1,431,960. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,181,960 was covered by collateral pool.

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2017, consisted of intergovernmental grants and aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$6,776	\$6,805
Federal Aid	0	1,094
Gross Receivable	\$6,776	\$7,899
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$6,776	7,899

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	<u>\$3,910</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 5: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Land	\$ 291,300			\$ 291,300
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	47,500			47,500
Buildings and Building Improvements	1,183,876			1,183,876
Machinery and Equipment	64,300			64,300
Total at Historical Cost	1,586,976	-	-	1,586,976
Less Accumulated Depreciation for:				
Land Improvements	(39,187)	\$ (2,375)		(41,562)
Building and Improvements	(869,040)	(22,292)		(891,332)
Equipment	(30,509)	(8,382)		(38,891)
Total Accumulated Depreciation	(938,736)	(33,049)		(971,785)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	648,240	(33,049)	-	615,191
<b>Government Activity Capital Assets, Net</b>	<b>\$ 648,240</b>	<b>\$ (33,049)</b>	<b>\$ -</b>	<b>\$ 615,191</b>

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

Depreciation expense was charged to functions as follows:

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



ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 6: LONG-TERM OBLIGATIONS**

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Balance			Balance	Amounts
	<u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/17</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$144,758		(\$11,645)	\$133,113	\$15,000
<b>Total</b>	<b>\$144,758</b>		<b>(\$11,645)</b>	<b>\$133,113</b>	<b>\$15,000</b>

Compensated absences have been liquidated in the General Fund.

As of June 30, 2017, the District had no authorized but not issued bonds.

**NOTE 7: PENSION PLANS**

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7: PENSION PLANS (Continued)**

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$13,253,182 as measured on June 30, 2016 and \$11,978,538 as measured on June 30, 2015.

*For the year ended June 30, 2017, the District recognized pension expense of \$995,792 and revenue of \$995,792 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.*

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

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$11,978,538	\$13,253,182
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.018952%	0.016847%

*Actuarial assumptions* - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Therafter	Varies based on experience
Investment Rate of Return:	7.65%

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7: PENSION PLANS (Continued)**

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, 2015 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 (7.65% 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7: PENSION PLANS (Continued)**

*Discount rate* - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 30% 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 2029.

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

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

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8: PENSION PLANS (Continued)**

At June 30, 2017, the District reported a liability of \$976,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.0033% which was a decrease of 0.0004% from its proportion measured as of June 30, 2015.

*For the year ended June 30, 2017, the District recognized pension expense of \$74,4089 At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 18,159	-
Changes of assumptions	202,273	
Net difference between projected and actual earnings on pension plan investments	37,234	
Changes in proportion and differences between District contributions and proportionate share of contributions	18,837	\$ 84,991
District contributions subsequent to the measurement date	29,290	
Total	\$ 305,793	\$ 84,991

\$53,805 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2017	\$43,117
2018	\$43,117
2019	\$49,953
2020	\$41,968
2021	<u>\$13,357</u>
Total	<u>\$191,512</u>

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$749,814	\$976,474
District's proportion %	0.00334023%	0.00329699%

*Actuarial assumptions.* The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8: PENSION PLANS (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 1,196,555	\$976,474	\$ 794,778

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

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

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7: PENSION PLANS (Continued)**

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

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

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

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

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

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



ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 7: PENSION PLANS (Continued)**

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

<u>Three-Year Trend Information for PERS</u>		
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
6/30/2017	\$29,290	100%
6/30/2016	\$28,717	100%
6/30/2015	\$26,296	100%

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>		
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension/</u> <u>PMR Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
6/30/2017	\$351,474	100%
6/30/2016	\$295,499	100%
6/30/2015	\$265,120	100%

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$351,474 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$110,015 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8: POST-RETIREMENT BENEFITS**

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

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

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

**NOTE 9: DEFERRED COMPENSATION**

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

Equitable  
Lincoln Financial Group

**NOTE 10: COMPENSATED ABSENCES**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The balance at June 30, 2017 is \$133,113.

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10: COMPENSATED ABSENCES- (Continued)**

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund types.

**NOTE 11: RISK MANAGEMENT**

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

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

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

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

The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements, as no deficiencies occurred as of June 30, 2017 for the joint insurance pool. The coverage in this program is shown on exhibit J-20.

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

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

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$913,049 General Fund fund balance at June 30, 2017, \$498,435 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$323,409 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$2,322 is reserved in the Capital Reserve Account; \$120,856 is reserved in the Emergency Reserve Account; \$222,035 is reserved for encumbrances; \$1,775 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$67,626 is unreserved and undesignated.

**NOTE 14: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$175,026.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 222,148
Budgeted Withdrawal	(220,000)
Interest Earnings	174
Ending Balance, June 30, 2017	<u>\$ 2,322</u>

ALPHA BOROUGH  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 16: EMERGENCY RESERVE ACCOUNT**

An emergency reserve account was established by the School District Board of Education in fiscal year 2016, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance July 1, 2016	\$ 120,761
Interest earnings	<u>95</u>
Ending balance June 30, 2017	<u><u>\$ 120,856</u></u>

**NOTE 17: INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of June 30, 2017, are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund		\$ 8,371
Enterprise Fund	<u>\$ 8,371</u>	
	<u><u>\$ 8,371</u></u>	<u><u>\$ 8,371</u></u>

The general fund interfund payable of \$8,371 is due to the enterprise fund for federal/state lunch subsidies received but not yet transferred to the enterprise fund.

**NOTE 18: TAX ABATEMENTS**

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



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



ALPHA BOROUGH SCHOOL DISTRICT  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Fiscal Year Ended June 30, 2017

**Exhibit C-1**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 3,166,849		\$ 3,166,849	\$ 3,166,849	
Tuition			-	425	\$ 425
Interest on Capital Reserve	-			174	174
Miscellaneous	500		500	2,556	2,056
<b>Total - Local Sources</b>	<b>3,167,349</b>		<b>3,167,349</b>	<b>3,170,004</b>	<b>2,655</b>
<b>State Sources:</b>					
Equalization Aid	1,676,814		1,676,814	1,676,814	
Transportation Aid	16,483		16,483	16,483	
Special Education Aid	199,203		199,203	199,203	
Security Aid	10,077		10,077	10,077	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	3,270		3,270	3,270	
Per Pupil Growth Aid	3,270		3,270	3,270	
Professional Learning Comm Aid	2,860		2,860	2,860	
Other State Aid				1,529	1,529
TPAF Pension (On-Behalf - Non-Budgeted)				191,635	191,635
TPAF Post Retirement Medical (PRM) (On-Behalf - Non-Budgeted)				159,675	159,675
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				164	164
TPAF Social Security (Reimbursed - Non-Budgeted)				110,015	110,015
<b>Total State Sources</b>	<b>1,911,978</b>		<b>1,911,978</b>	<b>2,374,996</b>	<b>463,018</b>
<b>TOTAL REVENUES</b>	<b>5,079,327</b>		<b>5,079,327</b>	<b>5,545,000</b>	<b>465,673</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	73,168	(2,764)	70,404	70,404	
Grades 1-5 - Salaries of Teachers	464,405	(32,452)	431,953	430,093	1,860
Grades 6-8 - Salaries of Teachers	416,756	58,870	475,626	475,626	
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Technical Services	22,860	5,882	28,742	28,742	
Other Purchased Services (400-500 series)	49,360	1,220	50,580	48,538	2,042
General Supplies	69,722	(20,047)	49,675	33,706	15,969
Other Objects	650		650	522	128
Employee Benefits	235,133	(86,093)	149,040	85,481	63,559
Tuition Reimbursement	10,000	23,724	33,724	33,724	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,342,054</b>	<b>(51,660)</b>	<b>1,290,394</b>	<b>1,206,836</b>	<b>83,558</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	292,606	1,000	293,606	292,890	716
Other Salaries for Instruction	100,424	(1,000)	99,424	96,749	2,675
General Supplies	1,500		1,500	1,276	224
Employee Benefits	201,551		201,551	201,551	
<b>Total Resource Room/Resource Center</b>	<b>596,081</b>		<b>596,081</b>	<b>592,466</b>	<b>3,615</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>596,081</b>		<b>596,081</b>	<b>592,466</b>	<b>3,615</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	93,350		93,350	91,590	1,760
General Supplies	600		600	568	32
Employee Benefits	38,668		38,668	38,668	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>132,618</b>		<b>132,618</b>	<b>130,826</b>	<b>1,792</b>
<b>School Sponsored Co/Extra Curricular Activities-Instruction:</b>					
Salaries	7,875		7,875	6,950	925
General Supplies	600		600		600
<b>Total School Sponsored Co/Extra Curricular Activities-Instr.</b>	<b>8,475</b>		<b>8,475</b>	<b>6,950</b>	<b>1,525</b>
<b>TOTAL INSTRUCTION</b>	<b>2,079,228</b>	<b>(51,660)</b>	<b>2,027,568</b>	<b>1,937,078</b>	<b>90,490</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Regular	1,130,209		1,130,209	1,130,209	
Tuition to Other LEAs Within the State-Special	80,500	91,233	171,733	159,160	12,573
Tuition to County Voc. School Dist. - Regular	64,600		64,600	64,600	
Tuition to CSSD & Regional Day Schools	96,573		96,573	89,998	6,575
Tuition to Private Schools for the Disabled - Within State	259,022	(83,193)	175,829	162,917	12,912
<b>Total Instruction</b>	<b>1,630,904</b>	<b>8,040</b>	<b>1,638,944</b>	<b>1,606,884</b>	<b>32,060</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Health Services:</b>					
Salaries	56,960	812	57,772	57,147	625
Employee Benefits	33,988		33,988	33,988	
Purchased Professional and Technical Services	1,800	(251)	1,549	1,549	
Supplies and Materials	3,000	1,865	4,865	4,865	
Other Objects	370	(64)	306	306	
<b>Total Health Services</b>	<u>96,118</u>	<u>2,362</u>	<u>98,480</u>	<u>97,855</u>	<u>625</u>
<b>Other Supp. Services Students-Related Services:</b>					
Purchased Professional - Educational Services	90,406		90,406	81,637	8,769
<b>Total Other Supp. Services Students-Related Services</b>	<u>90,406</u>		<u>90,406</u>	<u>81,637</u>	<u>8,769</u>
<b>Other Supp. Services Students-Extra. Services:</b>					
Salaries	12,290		12,290	12,196	94
<b>Other Supp. Services Students-Extra. Services</b>	<u>12,290</u>		<u>12,290</u>	<u>12,196</u>	<u>94</u>
<b>Health Services:</b>					
Salaries of Other Professional Staff	37,833		37,833	37,833	
Supplies and Materials	500		500	80	420
Other Objects	100	(47)	53		53
<b>Total Health Services</b>	<u>38,433</u>	<u>(47)</u>	<u>38,386</u>	<u>37,913</u>	<u>473</u>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	6,000		6,000	380	5,620
Salaries of Secretarial and Clerical Assistants	16,250		16,250	15,300	950
Purchased Professional - Educational Services	60,000		60,000	53,150	6,850
Supplies and Materials	450		450	450	
<b>Total Other Supp. Services Students-Special</b>	<b>82,700</b>		<b>82,700</b>	<b>69,280</b>	<b>13,420</b>
<b>Improvement of Instruction Services:</b>					
Purchased Professional - Educational Services	2,000	22,500	24,500	24,500	
Supplies and Materials	400		400	400	
<b>Total Improvement of Instruction Services</b>	<b>2,400</b>	<b>22,500</b>	<b>24,900</b>	<b>24,900</b>	
<b>Educational Media Services/School Library:</b>					
Salaries	55,180		55,180	51,543	3,637
Employee Benefits	33,988		33,988	33,988	
Purchased Prof. and Tech. Services	1,800		1,800	379	1,421
Other Purchased Services (400-500 series)	1,200		1,200		1,200
Supplies and Materials	2,000		2,000	817	1,183
<b>Total Educational Media Services/School Library</b>	<b>94,168</b>		<b>94,168</b>	<b>86,727</b>	<b>7,441</b>
<b>Instructional Staff Training Services:</b>					
Salary of Supervisor of Instruction	29,070		29,070	27,501	1,569
Other Purchased Services (400-500 series)	5,000		5,000	4,596	404
<b>Total Instructional Staff Training Services</b>	<b>34,070</b>		<b>34,070</b>	<b>32,097</b>	<b>1,973</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	51,196	11,863	63,059	62,583	476
Employee Benefits	22,338		22,338	22,338	
Legal Services	10,000	(2,064)	7,936	7,936	
Audit Fees	10,500	(1,097)	9,403	9,403	
Other Purchased Professional Services	40,000	(2,500)	37,500	37,050	450
Communications/Telephone	1,930	(1,930)			
BOE Other Purchased Services	2,000	(2,000)			
Other Purchased Services (400-500)	13,294	2,018	15,312	14,962	350
General Supplies	2,000	(100)	1,900	1,900	
BOE Membership Dues and Fees	6,025	(2,840)	3,185	3,185	
<b>Total Supp. Services - General Administration</b>	<b>159,283</b>	<b>1,350</b>	<b>160,633</b>	<b>159,357</b>	<b>1,276</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Asst Princ/Program Dir.	67,830		67,830	64,033	3,797
Salaries of Secretarial and Clerical Assistants	17,250	(296)	16,954	15,300	1,654
Employee Benefits	67,976		67,976	67,976	
Supplies and Materials	1,500	296	1,796	1,772	24
Other Objects	850	(850)			
<b>Total Support Services - School Administration</b>	<b>155,406</b>	<b>(850)</b>	<b>154,556</b>	<b>149,081</b>	<b>5,475</b>
<b>Central Services:</b>					
Purchased Professional Services	60,000		60,000	60,000	
Miscellaneous Expenditures	500	(500)			
<b>Total Central Services</b>	<b>60,500</b>	<b>(500)</b>	<b>60,000</b>	<b>60,000</b>	
<b>Required Maintenance for School Facilities:</b>					
Salaries	50,535		50,535	50,293	242
Cleaning, Repair and Maintenance Services	10,000	395	10,395	9,907	488
General Supplies	5,000	191	5,191	3,066	2,125
<b>Total Required Maintenance for School Facilities</b>	<b>65,535</b>	<b>586</b>	<b>66,121</b>	<b>63,266</b>	<b>2,855</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	96,560	1,834	98,394	89,649	8,745
Employee Benefits	57,958		57,958	57,958	
Purchased Prof. and Tech. Services	5,000		5,000	3,336	1,664
Cleaning, Repair and Maintenance Services	19,700	(69)	19,631	15,043	4,588
Other Purchased Property Services	2,500		2,500	1,326	1,174
Insurance	10,336	(834)	9,502	9,502	
Miscellaneous Purchased Services	1,200	(431)	769	769	
General Supplies	12,000	1,371	13,371	10,883	2,488
Energy (Natural Gas)	300		300	20	280
Energy (Electricity)	70,000		70,000	57,693	12,307
Other Objects	500	(500)			
<b>Total Other Operations and Maintenance of Plant</b>	<b>276,054</b>	<b>1,371</b>	<b>277,425</b>	<b>246,179</b>	<b>31,246</b>
<b>Student Transportation Services</b>					
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	17,680	(3,536)	14,144	14,144	
Contracted Services - (Between Home and School) - Vendors	2,000	(2,000)			
Contracted Services (Other than Bet.Home & School)-Vendors	5,000	1,421	6,421	6,421	
Contracted Services (Between Home and School)-Joint Agrmts.	52,000	21,546	73,546	73,546	
Contracted Services (Special Education Students)-Vendors	140,000	28,368	168,368	168,368	
Contracted Services (Regular Students)-ESC's & CTSA's	5,000	(1,733)	3,267	3,267	
<b>Total Student Transportation Services</b>	<b>221,680</b>	<b>44,066</b>	<b>265,746</b>	<b>265,746</b>	
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	45,000	(7,000)	38,000	35,867	2,133
Other Retirement Contributions-Regular	35,000	(5,000)	30,000	29,290	710
Unemployment Compensation	5,500	7,000	12,500	8,778	3,722
Workmen's Compensation	42,605	(1,040)	41,565	39,562	2,003
Other Employee Benefits	4,000	(2,273)	1,727	1,727	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>132,105</b>	<b>(8,313)</b>	<b>123,792</b>	<b>115,224</b>	<b>8,568</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
On-behalf TPAF pension Contrib. (non-budgeted)				191,635	(191,635)
On-behalf TPAF PRM Contrib. (non-budgeted)				159,675	(159,675)
On-behalf TPAF pension LTD Ins. (non-budgeted)				164	(164)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				110,015	(110,015)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>461,489</b>	<b>(461,489)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>132,105</b>	<b>(8,313)</b>	<b>123,792</b>	<b>576,713</b>	<b>(452,921)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,152,052</b>	<b>70,565</b>	<b>3,222,617</b>	<b>3,569,831</b>	<b>(347,214)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>5,231,280</b>	<b>18,905</b>	<b>5,250,185</b>	<b>5,506,909</b>	<b>(256,724)</b>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction:</b>					
Other Purchased Prof. and Tech. Services	20,000	15,400	35,400	30,090	5,310
Construction Service	200,000	(15,400)	184,600		184,600
Assessment for Debt Service on SDA Funding	357		357	357	
<b>Total Facilities Acquisition and Construction</b>	<b>220,357</b>		<b>220,357</b>	<b>30,447</b>	<b>189,910</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>220,357</b>		<b>220,357</b>	<b>30,447</b>	<b>189,910</b>
<b>TOTAL EXPENDITURES</b>	<b>5,451,637</b>	<b>18,905</b>	<b>5,470,542</b>	<b>5,537,356</b>	<b>(66,814)</b>



ALPHA BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(372,310)	(18,905)	(391,215)	7,644	398,859
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(372,310)	(18,905)	(391,215)	7,644	398,859
<b>Fund Balance, July 1</b>	1,089,308		1,089,308	1,089,308	
<b>Fund Balance, June 30</b>	\$ 716,998	\$ (18,905)	\$ 698,093	\$ 1,096,952	\$ 398,859
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 2,322	
Emergency Reserve				120,856	
Excess Surplus				175,026	
Excess Surplus - Designated for Subseq. Year's Expenditures				323,409	
<b>Assigned to:</b>					
Year-End Encumbrances				222,035	
Designated for Subseq. Year's Expenditures				1,775	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>251,529</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				\$ 1,096,952	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(183,903)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 913,049</u>	

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Federal Sources	\$ 138,585	-	\$ 138,585	\$ 138,585	-
<b>Total Revenues</b>	<b>138,585</b>	<b>-</b>	<b>138,585</b>	<b>138,585</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Other Salaries for Instruction	14,700		14,700	14,700	
Purchased Profess. & Tech. Serv.	22,659		22,659	22,659	
Other Purchased Services	6,000		6,000	6,000	
Tuition	67,142		67,142	67,142	
General Supplies	16,300		16,300	16,300	
<b>Total Instruction</b>	<b>126,801</b>		<b>126,801</b>	<b>126,801</b>	
<b>Support Services</b>					
Purchased Educ. Serv.	11,784		11,784	11,784	
<b>Total Support Services</b>	<b>11,784</b>		<b>11,784</b>	<b>11,784</b>	
<b>Total Expenditures</b>	<b>138,585</b>		<b>138,585</b>	<b>138,585</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				None	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				None	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				None	

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

For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
	<u>          </u>	<u>          </u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,545,000	\$ 138,585
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	9,764
Current Year	N/A	(6,312)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	182,198	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(183,903)</u>	<u>          -</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,543,295</u>	<u>\$ 142,037</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,537,356	\$ 138,585
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	9,764
Current Year	N/A	(6,312)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,537,356</u>	<u>\$ 142,037</u>

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

**Exhibit L-3**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	\$ 13,253,182	\$ 11,978,538	\$ 10,188,369	\$ 9,033,101						
Total	\$ 13,253,182	\$ 11,978,538	\$ 10,188,369	\$ 9,033,101						
District's covered employee payroll	\$ 1,522,199	\$ 1,622,768	\$ 1,842,735	\$ 1,911,319						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll **	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

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

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

**Exhibit L-1**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.00329699%	0.00334023%	0.00318977%	0.00395326%						
District's proportionate share of the net pension liability (asset)	\$ 976,474	\$ 749,814	\$ 597,212	\$ 755,546						
District's covered employee payroll	\$ 245,439	\$ 456,860	\$ 379,979	\$ 421,709						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	397.85%	164.12%	157.17%	179.16%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.92%	52.08%	48.72%						

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 1,522,199	\$ 1,622,768	\$ 1,842,735	\$ 1,911,319						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

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

Public Employees' Retirement System (PERS)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 29,290	\$ 28,717	\$ 26,296	\$ 29,787						
Contributions in relation to the contractually required contribution	(29,290)	(28,717)	(26,296)	(29,787)						
Contribution deficiency (excess)	-	-	-	-						
District's covered employee payroll	\$ 245,439	\$ 456,860	\$ 379,979	\$ 421,709						
Contributions as a percentage of covered-employee payroll	11.93%	6.29%	6.92%	7.06%						

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

ALPHA BOROUGH SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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



ALPHA BOROUGH SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2017

	<b>Title I</b>	<b>Title II Part A</b>	<b>IDEA Basic</b>	<b>IDEA Pre-School</b>	<b>Totals</b>
<b>REVENUES</b>					
Federal Sources	\$ 59,659	\$ 11,784	\$ 65,470	\$ 1,672	\$ 138,585
<b>TOTAL REVENUES</b>	<b>59,659</b>	<b>11,784</b>	<b>65,470</b>	<b>1,672</b>	<b>138,585</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Other Salaries for Instruction	14,700				14,700
Purchased Profess. & Tech. Serv.	22,659				22,659
Other Purchased Services	6,000				6,000
Tuition			65,470	1,672	67,142
General Supplies	16,300				16,300
<b>Total Instruction</b>	<b>59,659</b>	<b>-</b>	<b>65,470</b>	<b>1,672</b>	<b>126,801</b>
<b>Support Services:</b>					
Purchased Educ. Serv.		11,784			11,784
<b>Total Support Services</b>	<b>-</b>	<b>11,784</b>	<b>-</b>	<b>-</b>	<b>11,784</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 59,659</b>	<b>\$ 11,784</b>	<b>\$ 65,470</b>	<b>\$ 1,672</b>	<b>\$ 138,585</b>
<b>Total Outflows</b>	<b>\$ 59,659</b>	<b>\$ 11,784</b>	<b>\$ 65,470</b>	<b>\$ 1,672</b>	<b>\$ 138,585</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

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

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

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

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

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

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

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

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

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

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 31,497	\$ 57,982	\$ 89,479
<b>TOTAL ASSETS</b>	<b><u>\$ 31,497</u></b>	<b><u>\$ 57,982</u></b>	<b><u>\$ 89,479</u></b>
<b>LIABILITIES:</b>			
Liabilities:			
Payroll Deductions & Withholdings		\$ 57,982	\$ 57,982
Payable to Student Groups	\$ 31,497		31,497
<b>Total Liabilities</b>	<b><u>31,497</u></b>	<b><u>57,982</u></b>	<b><u>89,479</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 31,497</u></b>	<b><u>\$ 57,982</u></b>	<b><u>\$ 89,479</u></b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2016</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2017</u>
Alpha Elementary School	\$ 32,201	\$ 24,592	\$ 25,296	\$ 31,497
<b>TOTALS</b>	<b>\$ 32,201</b>	<b>\$ 24,592</b>	<b>\$ 25,296</b>	<b>\$ 31,497</b>

ALPHA BOROUGH SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BALANCE</u> <u>July 1, 2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 39,620	\$ 2,242,435	\$ 2,224,073	\$ 57,982
<b>Total Assets</b>	<u>\$ 39,620</u>	<u>\$ 2,242,435</u>	<u>\$ 2,224,073</u>	<u>\$ 57,982</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholdings		\$ 951,371	\$ 951,371	-
Accrued Salaries & Wages		1,231,105	1,231,105	-
Summer Account	41,597	51,197	41,597	\$ 51,197
Imprest Balance	\$ (1,977)	8,762		6,785
<b>Total Liabilities</b>	<u>\$ 39,620</u>	<u>\$ 2,242,435</u>	<u>\$ 2,224,073</u>	<u>\$ 57,982</u>

## **LONG-TERM DEBT SCHEDULES**

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

Not Applicable; The District has no long-term debt



Alpha Borough School District  
Statistical Section

<u>Contents</u>	<u>Page</u>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	84-89
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	90-93
<b>Debt Capacity (J-10 thru J-13)</b> 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.	94-97
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	98-99
<b>Operating Information (J-16 thru J-20)</b> 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.	100-104

**Sources:**

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

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

*(accrual basis of accounting)*

**Exhibit J-1**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 452,533	\$ 541,296	\$ 822,778	\$ 812,165	\$ 808,953	\$ 796,490	\$ 794,627	\$ 779,514	\$ 648,240	\$ 615,191
Restricted	126,812	426,963	710,417	768,203	854,696	891,764	1,037,490	827,590	818,628	623,388
Unrestricted	537,787	716,580	56,091	158,805	148,705	24,819	11,511	(752,001)	(767,719)	(599,124)
Total governmental activities net position	<u>\$ 1,117,132</u>	<u>\$ 1,684,839</u>	<u>\$ 1,589,286</u>	<u>\$ 1,739,173</u>	<u>\$ 1,812,354</u>	<u>\$ 1,713,073</u>	<u>\$ 1,843,628</u>	<u>\$ 855,103</u>	<u>\$ 699,149</u>	<u>\$ 639,455</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 14,433	\$ 12,845	\$ 11,257	\$ 9,669	\$ 8,081	\$ 6,493	\$ 4,905	\$ 3,317	\$ 1,729	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,695	15,499	20,960	19,199	27,483	33,200	42,368	30,025	27,639	26,940
Total business-type activities net position	<u>\$ 27,128</u>	<u>\$ 28,344</u>	<u>\$ 32,217</u>	<u>\$ 28,868</u>	<u>\$ 35,564</u>	<u>\$ 39,693</u>	<u>\$ 47,273</u>	<u>\$ 33,342</u>	<u>\$ 29,368</u>	<u>\$ 26,940</u>
District-wide										
Invested in capital assets, net of related debt	\$ 554,141	\$ 834,035	\$ 821,834	\$ 817,034	\$ 802,983	\$ 799,532	\$ 799,532	\$ 782,831	\$ 649,969	\$ 615,191
Restricted	426,963	710,417	768,203	854,696	891,764	1,037,490	1,037,490	827,590	818,628	623,388
Unrestricted	732,079	77,051	178,004	176,188	58,019	53,879	53,879	(721,976)	(740,080)	(572,184)
Total district net position	<u>\$ 1,713,183</u>	<u>\$ 1,621,503</u>	<u>\$ 1,768,041</u>	<u>\$ 1,847,918</u>	<u>\$ 1,752,766</u>	<u>\$ 1,890,901</u>	<u>\$ 1,890,901</u>	<u>\$ 888,445</u>	<u>\$ 728,517</u>	<u>\$ 666,395</u>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	2008		2009		2010		2011		Fiscal Year Ending June 30,		2014		2015		2016		2017	
									2012	2013								
<b>Expenses</b>																		
Governmental activities																		
Instruction																		
Regular	\$ 1,990,607	\$ 1,904,330	\$ 2,165,143	\$ 1,900,236	\$ 1,884,011	\$ 1,764,679	\$ 1,719,139	\$ 1,927,434	\$ 2,045,994	\$ 1,934,514								
Special education	456,035	479,764	479,580	534,303	487,365	615,600	588,195	639,059	676,239	852,112								
Other special education	134,437	118,708	84,705	84,761	159,995	211,807	223,230	254,129	270,312	198,156								
Other Instruction	6,059	5,628	-	-	-	-	-	-	-	-								
Support Services:																		
Tuition	719,298	460,974	666,661	721,694	1,065,478	1,332,947	1,201,172	1,781,588	1,655,924	1,606,884								
Student & instruction related services	616,975	709,918	732,343	641,531	558,160	643,772	613,179	562,729	489,118	662,436								
General administrative services	272,308	236,922	250,480	295,270	322,538	314,115	331,265	482,544	491,604	362,094								
School administrative services	181,946	196,036	139,718	99,722	91,617	122,409	99,836	2,209	3,340	215,840								
Plant operations and maintenance	299,071	285,538	396,815	442,350	451,761	327,994	335,418	339,193	441,079	451,237								
Pupil transportation	120,641	107,227	134,309	125,405	116,219	150,453	175,966	193,326	184,319	265,746								
Total governmental activities expenses	<u>4,797,377</u>	<u>4,505,045</u>	<u>5,049,754</u>	<u>4,845,272</u>	<u>5,137,144</u>	<u>5,483,776</u>	<u>5,287,400</u>	<u>6,182,211</u>	<u>6,257,929</u>	<u>6,549,019</u>								
Business-type activities:																		
Food service	96,596	85,536	90,503	93,765	87,175	86,846	78,405	103,654	78,702	68,951								
Total business-type activities expense	<u>96,596</u>	<u>85,536</u>	<u>90,503</u>	<u>93,765</u>	<u>87,175</u>	<u>86,846</u>	<u>78,405</u>	<u>103,654</u>	<u>78,702</u>	<u>68,951</u>								
Total district expenses	<u>\$ 4,893,973</u>	<u>\$ 4,590,581</u>	<u>\$ 5,140,257</u>	<u>\$ 4,939,037</u>	<u>\$ 5,224,319</u>	<u>\$ 5,570,622</u>	<u>\$ 5,365,805</u>	<u>\$ 6,285,865</u>	<u>\$ 6,336,631</u>	<u>\$ 6,617,970</u>								
<b>Program Revenues</b>																		
Governmental activities:																		
Charges for services:																		
Regular Instruction	1,287	8,830	15,300	-	24,376	26,571	5,950	13,425	6,325	425								
Special Education																		
Other Special Education																		
Other Instruction																		
Student & instruction related services		440																
General administrative services		293																
Plant operations and maintenance																		
Pupil transportation																		
Operating grants and contributions	173,293	147,380	2,094,850	2,181,417	2,315,847	2,431,172	2,407,533	2,863,662	3,088,194	3,319,321								
Capital grants and contributions			154,055	-	-													
Total governmental activities program revenues	<u>174,580</u>	<u>156,943</u>	<u>2,264,205</u>	<u>2,181,417</u>	<u>2,340,223</u>	<u>2,457,743</u>	<u>2,413,483</u>	<u>2,877,087</u>	<u>3,094,519</u>	<u>3,319,746</u>								
Business-type activities:																		
Charges for services:																		
Food service	65,280	57,335	55,303	52,754	50,285	44,818	39,153	40,716	36,242	33,926								
Operating grants and contributions	24,377	29,403	39,059	37,657	43,584	46,155	45,555	47,777	38,454	32,533								
Total business type activities program revenues	<u>89,657</u>	<u>86,738</u>	<u>94,362</u>	<u>90,411</u>	<u>93,869</u>	<u>90,973</u>	<u>84,708</u>	<u>88,493</u>	<u>74,696</u>	<u>66,459</u>								
Total district program revenues	<u>\$ 264,237</u>	<u>\$ 243,681</u>	<u>\$ 2,358,567</u>	<u>\$ 2,271,828</u>	<u>\$ 2,434,092</u>	<u>\$ 2,548,716</u>	<u>\$ 2,498,191</u>	<u>\$ 2,965,580</u>	<u>\$ 3,169,215</u>	<u>\$ 3,386,205</u>								
<b>Net (Expense)/Revenue</b>																		
Governmental activities	\$ (4,348,102)	\$ (2,785,549)	\$ (2,663,855)	\$ (2,796,921)	\$ (3,026,033)	\$ (2,873,917)	\$ (2,873,917)	\$ (3,305,124)	\$ (3,163,410)	\$ (3,229,273)								
Business-type activities	1,202	3,859	(3,354)	6,694	4,127	6,303	6,303	(15,161)	(4,006)	(2,492)								
Total district-wide net expense	<u>\$ (4,346,900)</u>	<u>\$ (2,781,690)</u>	<u>\$ (2,667,209)</u>	<u>\$ (2,790,227)</u>	<u>\$ (3,021,906)</u>	<u>\$ (2,867,614)</u>	<u>\$ (2,867,614)</u>	<u>\$ (3,320,285)</u>	<u>\$ (3,167,416)</u>	<u>\$ (3,231,765)</u>								

Continued

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,765,358	\$ 2,748,105	\$ 2,756,804	\$ 2,812,073	\$ 2,868,314	\$ 2,925,681	\$ 2,984,194	\$ 3,043,877	\$ 3,104,754	\$ 3,166,849
Unrestricted grants and contributions	2,183,883	2,146,742	-	-	-	-	-	-	-	-
Investment earnings	34,751	21,513	6,612	1,543	1,508	1,071	1,415	1,176	926	1,016
Miscellaneous income	24,815	658	1,873	126	280	-	18,863	-	1	1,714
Transfers	(9,098)									
Special Items	(743)	(1,209)	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>4,998,966</b>	<b>4,915,809</b>	<b>2,765,289</b>	<b>2,813,742</b>	<b>2,870,102</b>	<b>2,926,752</b>	<b>3,004,472</b>	<b>3,045,053</b>	<b>3,105,681</b>	<b>3,169,579</b>
Business-type activities:										
Investment earnings	9	14	14	5	2	2	1,277	1,230	32	64
Miscellaneous Income	303									
Transfers	9,098									
<b>Total business-type activities</b>	<b>9,410</b>	<b>14</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>1,277</b>	<b>1,230</b>	<b>32</b>	<b>64</b>
<b>Total district-wide</b>	<b>\$ 5,008,376</b>	<b>\$ 4,915,823</b>	<b>\$ 2,765,303</b>	<b>\$ 2,813,747</b>	<b>\$ 2,870,104</b>	<b>\$ 2,926,754</b>	<b>\$ 3,005,749</b>	<b>\$ 3,046,283</b>	<b>\$ 3,105,713</b>	<b>\$ 3,169,643</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,130,260	\$ 101,434	\$ 16,821	\$ (155,931)	\$ 52,835	\$ 130,555	\$ 130,555	\$ (57,729)	\$ (57,729)	\$ (59,694)
Business-type activities	3,873	(3,340)	6,699	4,129	6,305	7,580	7,580	(3,974)	(3,974)	(2,428)
<b>Total district</b>	<b>\$ 2,134,133</b>	<b>\$ 98,094</b>	<b>\$ 23,520</b>	<b>\$ (151,802)</b>	<b>\$ 59,140</b>	<b>\$ 138,135</b>	<b>\$ 138,135</b>	<b>\$ (61,703)</b>	<b>\$ (61,703)</b>	<b>\$ (62,122)</b>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 585,965	\$ 1,169,581	\$ 822,781	\$ 912,960	\$ 1,009,117	\$ 916,836	\$ 1,055,862	\$ 834,975	\$ 837,533	\$ 845,423
Unreserved	167,862	68,997	59,857	89,080	81,893	74,174	68,801	65,086	69,577	67,626
Total general fund	<u>\$ 753,827</u>	<u>\$ 1,238,578</u>	<u>\$ 882,638</u>	<u>\$ 1,002,040</u>	<u>\$ 1,091,010</u>	<u>\$ 991,010</u>	<u>\$ 1,124,663</u>	<u>\$ 900,061</u>	<u>\$ 907,110</u>	<u>\$ 913,049</u>
All Other Governmental Funds										
Reserved								-	-	-
Unreserved, reported in:										
Special revenue fund	(1,590)	-	-	-	-	-	-	-	-	-
Capital projects fund		-	-	-	-	-	-	-	-	-
Debt service fund		-	-	-	-	-	-	-	-	-
Permanent fund		-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>(1,590)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Tax levy	\$ 2,765,358	\$ 2,748,105	\$ 2,756,804	\$ 2,812,073	\$ 2,868,314	\$ 2,925,681	\$ 2,984,194	\$ 3,043,877	\$ 3,104,754	\$ 3,166,849
Tuition Charges		8,000	15,300	75	24,376	26,571	5,950	13,425	6,325	425
Interest on Investments	34,751	21,513	-	-	-	-	-	-	-	-
Miscellaneous	27,815	2,248	8,485	1,594	1,788	1,071	20,278	1,176	927	2,730
State sources	2,216,195	2,147,198	1,791,463	1,999,804	2,115,325	2,279,126	2,241,232	2,295,537	2,323,815	2,373,291
Federal sources	137,981	145,924	457,442	181,613	200,522	152,046	166,301	122,357	167,867	142,037
Total revenue	<u>5,182,100</u>	<u>5,072,988</u>	<u>5,029,494</u>	<u>4,995,159</u>	<u>5,210,325</u>	<u>5,384,495</u>	<u>5,417,955</u>	<u>5,476,372</u>	<u>5,603,688</u>	<u>5,685,332</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,370,013	1,404,570	1,921,210	1,739,887	1,655,512	1,549,029	1,507,214	1,456,962	1,471,791	1,333,866
Special education instruction	305,308	347,415	433,833	480,406	433,769	538,853	519,747	499,136	504,337	592,466
Other special instruction	67,203	67,934	76,625	76,211	142,400	185,401	197,253	198,487	201,598	137,776
Other instruction	4,424	4,268	-	-	-	-	-	-	-	-
Support Services:										
Tuition	711,535	399,056	666,661	721,694	1,065,478	1,332,947	1,201,172	1,781,588	1,655,924	1,606,884
Student & instruction related services	381,498	515,156	661,530	575,863	495,656	562,391	540,463	438,158	361,809	457,612
General Administrative services	147,536	141,059	150,548	186,988	210,899	198,695	216,361	300,535	299,137	159,357
School Administrative services	121,728	142,362	126,072	89,345	81,168	106,774	87,765	1,272	1,500	149,081
Central Services	86,651	78,424	75,296	77,754	75,297	75,387	75,297	75,297	65,186	60,000
Plant operations and maintenance	252,755	242,656	357,583	396,349	400,460	285,483	294,420	262,961	324,659	309,445
Pupil transportation	120,641	107,227	134,309	125,405	116,219	150,453	175,966	193,326	184,319	265,746
Unallocated employee benefits	1,040,024	886,498	405,289	403,307	434,986	498,725	455,037	492,895	526,022	576,713
Capital outlay	55,932	102,483	376,478	2,548	9,511	357	13,607	357	357	30,447
Special Revenue	173,981	147,380	-	-	-	-	-	-	-	-
Total expenditures	<u>4,839,229</u>	<u>4,586,488</u>	<u>5,385,434</u>	<u>4,875,757</u>	<u>5,121,355</u>	<u>5,484,495</u>	<u>5,284,302</u>	<u>5,700,974</u>	<u>5,596,639</u>	<u>5,679,393</u>
Excess (Deficiency) of revenues over (under) expenditures	342,871	486,500	(355,940)	119,402	88,970	(100,000)	133,653	(224,602)	7,049	5,939
<b>Other Financing Sources (uses)</b>										
Prior Year Receivable Canceled	-518									
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow	(225)	(159)								
Transfers in	-	-	206,764							
Transfers out	(9,098)	-	(206,764)							
Total other financing sources (uses)	<u>(9,841)</u>	<u>(159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 333,030</u>	<u>\$ 486,341</u>	<u>\$ (355,940)</u>	<u>\$ 119,402</u>	<u>\$ 88,970</u>	<u>\$ (100,000)</u>	<u>\$ 133,653</u>	<u>\$ 133,653</u>	<u>\$ 133,653</u>	<u>\$ 5,939</u>

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Refunds</u>	<u>Tuition</u>	<u>Book</u> <u>Fines</u>	<u>Cancelled</u> <u>Checks</u>	<u>Donations</u>	<u>Sale of</u> <u>Equipment</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 34,751	\$ 6,701			\$ 145	\$ 17,375	\$ 194	\$ 400	\$ 59,566
2009	21,513	-	\$ 8,000		658			590	30,761
2010	576	1,874	15,300					6,035	23,785
2011	1,543	51	75						1,669
2012	1,508	280	24,376						26,164
2013	1,071		26,571						27,642
2014	1,415		5,950					18,863	26,228
2015	1,176		13,425						14,601
2016	926		6,325					1	7,252
2017	1,016		425					1,714	3,155

SOURCE: District Records

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

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2008	\$5,411,100	\$144,173,900	\$1,009,300	\$236,067	\$28,283,600	\$20,844,400	\$6,665,100	\$224,599,037	\$17,570,900	\$404,670	\$207,028,137	\$1.290	\$229,623,044
2009	11,230,200	145,397,400	692,200	218,181	28,118,600	20,844,400	6,665,100	231,333,798	17,757,926	409,791	213,575,872	1.287	248,459,600
2010	9,799,220	146,424,100	692,200	218,181	28,502,000	20,844,400	6,665,100	231,567,155	17,970,026	451,928	213,597,129	1.291	237,172,029
2011	9,833,720	146,215,700	692,200	218,181	28,502,000	20,844,400	6,665,100	231,398,755	17,975,526	451,928	213,423,229	1.318	233,647,891
2012	9,729,220	146,209,000	692,200	218,907	28,114,000	20,844,400	6,665,100	230,621,244	17,781,600	366,817	212,839,644	1.348	224,290,020
2013	9,269,820	146,412,000	692,200	224,008	28,117,200	20,970,700	6,614,000	230,440,247	17,780,900	359,419	212,659,347	1.376	217,432,090
2014	9,229,720	146,461,600	692,200	224,008	28,231,800	20,660,800	6,614,000	230,415,061	17,782,700	518,233	212,632,361	1.403	209,830,166
2015	9,229,720	145,874,800	692,200	462,164	28,541,800	21,206,000	6,614,000	230,662,655	17,782,700	259,271	212,879,955	1.432	208,369,398
2016	9,229,820	145,680,900	692,200	227,608	28,531,000	21,208,000	6,614,000	228,670,023	16,224,400	262,095	212,445,623	1.461	198,686,035
2017	8,498,300	145,484,900	911,000	590,208	28,274,300	21,004,200	6,614,000	228,148,877	16,532,100	239,869	211,616,777	1.497	211,101,403

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100



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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Alpha Borough School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt		Borough	Warren County	
		Service <sup>b</sup>	Total Direct			
2008	\$1.290	N/A	\$1.290	\$0.830	\$0.650	\$2.770
2009	\$1.287	N/A	\$1.287	\$0.828	\$0.651	\$2.766
2010	\$1.291	N/A	\$1.291	\$0.860	\$0.620	\$2.771
2011	\$1.318	N/A	\$1.318	\$0.890	\$0.617	\$2.825
2012	\$1.348	N/A	\$1.348	\$0.862	\$0.654	\$2.864
2013	\$1.376	N/A	\$1.376	\$0.897	\$0.635	\$2.908
2014	\$1.403	N/A	\$1.403	\$0.898	\$0.653	\$2.954
2015	\$1.432	N/A	\$1.432	\$0.896	\$0.702	\$3.030
2016	\$1.461	N/A	\$1.461	\$0.899	\$0.676	\$3.036
2017	\$1.497	N/A	\$1.497	\$0.897	\$0.709	\$3.103

Source: District Records and Municipal Tax Collector

**Note:**

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

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

**Exhibit J-8**

Taxpayer	2015			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BWS Properties LLC	\$ 8,283,300	1	3.91%			
GJ Oliver Inc.	4,999,700	2	2.36%	\$ 3,198,500	2	2.64%
Baramax LLC	4,359,700	3	2.06%	2,710,800	3	2.24%
962 High Street LLC	3,522,200	4	1.66%	3,230,000	1	2.67%
Hunterdon Transformer Co., Inc.	3,278,300	5	1.55%			
Trapaziod Associates	2,793,700	6	1.32%			
Alpha Press Company	1,389,900	7	0.66%			
Alpha Lehigh Tool and Machine Shop and Save Shopping Center	1,337,700	8	0.63%	866,340	7	0.72%
Alphawarren Properties	1,006,200	10	0.48%			
Individual Property Owner				1,706,700	4	1.41%
Sheridan printing Company				1,075,800	5	0.89%
Woodhill Alpha LLC				899,790	6	0.74%
Alma School Landfill Inc.				805,000	8	0.67%
Alpha Lumber Co.				725,000	9	0.60%
Glen Magnetics				640,000	10	0.53%
<b>Total</b>	<b>\$ 32,120,700</b>		<b>15.18%</b>	<b>\$ 15,857,930</b>		<b>13.11%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 2,765,358	\$ 2,765,358	100.00%	-
2009	\$ 2,748,105	\$ 2,748,105	100.00%	-
2010	\$ 2,756,804	\$ 2,756,804	100.00%	-
2011	\$ 2,812,073	\$ 2,812,073	100.00%	-
2012	\$ 2,868,314	\$ 2,868,314	100.00%	-
2013	\$ 2,925,681	\$ 2,925,681	100.00%	-
2014	\$ 2,984,194	\$ 2,984,194	100.00%	-
2015	\$ 3,043,877	\$ 3,043,877	100.00%	-
2016	\$ 3,104,754	\$ 3,104,754	100.00%	-
2017	\$ 3,166,849	\$ 3,166,849	100.00%	-

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2008								
2009								
2010								
2011								
2012	Not Applicable; The district has no bonded debt for the last ten fiscal years							
2013								
2014								
2015								
2016								
2017								

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

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008					
2009					
2010					
2011					
2012	Not Applicable; The district has no bonded debt for the last ten fiscal years				
2013					
2014					
2015					
2016					
2017					

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

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

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

\* Current data unavailable

**Alpha Borough School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2017**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Alpha Borough	\$ 2,846,895	100.000%	\$ 2,846,895
<b>Other debt</b>			
Warren County	3,435,000	1.980%	<u>68,001</u>
Subtotal, overlapping debt			2,914,896
<b>Alpha Borough School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 2,914,896</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2014	197,786,683
	2015	210,666,728
	2016	211,419,192
	<b>[A]</b>	<u>\$ 619,872,603</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 206,624,201
Debt limit (3 % of average equalization value)	<b>[B]</b>	6,198,726
Net bonded school debt	<b>[C]</b>	-
Legal debt margin	<b>[B-C]</b>	<u>\$ 6,198,726</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$6,598,148	\$6,959,577	\$7,091,482	\$6,919,702	\$6,713,362	\$6,476,149	\$6,311,437	\$6,128,710	\$6,151,758	\$6,198,726
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$6,598,148</u>	<u>\$6,959,577</u>	<u>\$7,091,482</u>	<u>\$6,919,702</u>	<u>\$6,713,362</u>	<u>\$6,476,149</u>	<u>\$6,311,437</u>	<u>\$6,128,710</u>	<u>\$6,151,758</u>	<u>\$6,198,726</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2008	2,392	\$104,905,944	\$43,857 R	7.8%
2009	2,391	\$102,078,963	\$42,693 R	13.5%
2010	2,377	\$102,655,499	\$43,187 R	13.9%
2011	2,365	\$106,228,705	\$44,917 R	12.9%
2012	2,349	\$108,458,028	\$46,172 R	12.9%
2013	2,328	\$108,240,360	\$46,495 R	12.5%
2014	2,307	\$112,224,015	\$48,645 R	5.5%
2015	2,306	\$117,380,012	\$50,902 R	5.6%
2016	2,303	\$117,227,306	\$50,902 *	4.3%
2017	2,296	\$116,870,992	\$50,902 *	*

**Source:**

<sup>a</sup> Combined Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by NJ Dept of Labor

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

P =Projected

\* Current figure unavailable



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

Exhibit J-15

Employer	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		N/A			N/A	
	-		0.00%	-		0.00%

**Source:**  
Information not available at municipal or county level

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

**Exhibit J-16**

<b><u>Function/Program</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Instruction										
Regular	25.0	25.0	25.0	22.0	22.0	21.0	20.5	20.5	17.8	20.0
Special education	2.0	2.0	2.0	4.0	4.0	5.8	6.0	4.5	4.5	4.5
Other Special Education	1.3	1.3	1.3	2.8	2.8	2.0	2.0	2.0	1.0	1.0
Support Services:										
Student & instruction related services	3.2	3.2	3.2	6.4	6.4	6.6	1.0	0.5	0.5	4.0
General administrative services	1.0	1.0	1.0	1.0	1.0	1.5	2.0	2.0	2.0	1.0
School administrative services	1.0	1.0	1.0	1.5	1.5	1.0	1.0	1.0	1.5	2.0
Central services	1.0	1.0	1.0	1.0	1.0	-	-	-	-	
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.3	2.3	3.0	2.5	2.5
<b>Total</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>40.7</b>	<b>40.7</b>	<b>40.2</b>	<b>34.8</b>	<b>33.5</b>	<b>29.8</b>	<b>35.0</b>

**Source:** District Personnel Records

Alpha Borough School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2008	264	\$4,783,297	\$18,119	5.53%	34.00	1:7.76		277.0	253.2	-0.04%	91.41%
2009	264	4,484,055	16,985	-6.26%	34.00	1:7.76		261.1	251.4	-5.74%	96.28%
2010	262	5,008,956	19,118	12.56%	34.00	1:7.06		263.8	252.6	1.03%	95.76%
2011	261	4,873,209	18,671	-2.34%	34.00	1:7.06		256.2	245.5	-2.88%	95.84%
2012	271	5,111,844	18,863	1.03%	35.20	1:7.70		271.4	261.3	5.93%	96.28%
2013	264	5,484,138	20,773	10.13%	40.20	1:6.56		256.1	244.5	-5.62%	95.46%
2014	239	5,270,695	22,053	6.16%	35.00	1:6.8		238.9	227.8	-6.73%	95.35%
2015	242	5,700,617	23,556	6.82%	35.00	1:6.9		221.9	213.6	-7.12%	96.26%
2016	209	5,596,282	26,776	13.67%	30.00	1:7.0		204.0	195.9	-8.05%	96.03%
2017	193	5,648,946	29,269	9.31%	35.00	1:5.5		193.3	183.6	-5.26%	94.98%

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

**Note:** Enrollment based on annual October district count.

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

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

**Exhibit J-18**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Alpha Public School (1917)										
Square Feet	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	266	257	262	261	271	264	239	242	209	193

Number of Schools at June 30, 2017  
Elementary & Middle = 1

**Source:** District Facilities Office

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

Alpha Borough School District

**GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2017**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Alpha Borough School	040	\$ 32,606	\$ 7,770	\$ 100,830	\$ 153,949	\$ 155,985	\$ 64,122	\$ 56,780	\$ 46,723	\$ 66,587	\$ 63,266	\$ 748,618
<b>Grand Total</b>		<b>\$ 32,606</b>	<b>\$ 7,770</b>	<b>\$ 100,830</b>	<b>\$ 153,949</b>	<b>\$ 155,985</b>	<b>\$ 64,122</b>	<b>\$ 56,780</b>	<b>\$ 46,723</b>	<b>\$ 66,587</b>	<b>\$ 63,266</b>	<b>\$ 748,618</b>

ALPHA BOROUGH SCHOOL DISTRICT

**INSURANCE SCHEDULE**  
**June 30, 2017**  
**UNAUDITED**

**Exhibit J-20**

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

SOURCE: District Records

**Single Audit Section**







## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alpha Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Alpha Borough School District Board of Education's basic financial statements, and have issued our report thereon dated August 31, 2017.

#### **Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Ardito & Co., LLP*

ARDITO & CO., LLP

August 31, 2017

*Cynthia Corder*

Licensed Public School Accountant No.2369



## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

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

#### Independent Auditor's Report

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

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

We have audited the Alpha Borough School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. The Alpha Borough School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

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

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

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

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the Alpha Borough School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

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

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

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

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

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
August 31, 2017

*Carmen Corder*

Licensed Public School Accountant No.2369

Alpha Borough School District

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2017

K-4

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 1,676,814			\$ 1,676,814	\$ (1,676,814)							\$ 161,284	\$ 1,676,814
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	16,483			16,483	(16,483)							1,585	16,483
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	199,203			199,203	(199,203)							19,160	199,203
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	10,077			10,077	(10,077)							969	10,077
Add'l Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1			1	(1)								1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	3,270			3,270	(3,270)							315	3,270
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	3,270			3,270	(3,270)							315	3,270
Professional Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	2,860			2,860	(2,860)							275	2,860
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16		\$ (1,775)		1,775									
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	1,529				(1,529)		\$ (1,529)						1,529
On Behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	191,635			191,635	(191,635)								191,635
On Behalf TPAF Pension PRM	17-495-034-5094-001	7/1/16-6/30/17	159,675			159,675	(159,675)								159,675
On Behalf TPAF Pension LTD Ins	17-495-034-5094-004	7/1/16-6/30/17	164			164	(164)								164
Reimbursed TPAF Soc. Secur. Contrib.	17-495-034-5094-003	7/1/16-6/30/17	110,015	(5,324)		110,092	(110,015)			(5,247)					110,015
<b>Total General Fund</b>				<b>(7,099)</b>		<b>2,375,319</b>	<b>(2,374,996)</b>			<b>(6,776)</b>				<b>183,903</b>	<b>2,374,996</b>
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16		(28)		28									
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17	683			654	(683)			(29)					683
<b>Total Enterprise Fund</b>				<b>(28)</b>		<b>682</b>	<b>(683)</b>			<b>(29)</b>					<b>683</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (7,127)</b>		<b>\$ 2,376,001</b>	<b>\$ (2,375,679)</b>			<b>\$ (6,805)</b>				<b>\$ 183,903</b>	<b>\$ 2,375,679</b>
					Less: On-behalf TPAF Pension Amounts		351,474								
					Total State Expenditures Subject to Major Program Determination		\$ (2,024,205)								

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2017

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Alpha Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,705) for the general fund and \$3,452 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2017

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,373,291	\$ 2,373,291
Special Revenue Fund	\$ 142,037	-	142,037
Food Service Fund	<u>31,850</u>	<u>683</u>	<u>32,533</u>
Total Financial Assistance	<u>\$ 173,887</u>	<u>\$ 2,373,974</u>	<u>\$ 2,547,861</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

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

Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

N/A

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

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

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

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

Identification of major programs:

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

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

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





SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**Section II-Financial Statement Findings**

N/A

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

**Section III - State Financial Assistance Findings and Questioned Costs**

N/A

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**STATUS OF PRIOR YEAR FINDINGS**

N/A

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