

**SCHOOL DISTRICT OF THE  
BOROUGH OF TINTON FALLS  
COUNTY OF MONMOUTH, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**BOARD OF EDUCATION  
BOROUGH OF TINTON FALLS  
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

**PREPARED BY  
TINTON FALLS BOARD OF EDUCATION  
BOARD SECRETARY'S OFFICE**

# OUTLINE OF CAFR

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**INTRODUCTORY SECTION**

**THE TINTON FALLS SCHOOL DISTRICT**  
ADMINISTRATIVE OFFICES  
658 TINTON AVENUE  
TINTON FALLS, NJ 07724  
(732) 460-2400  
FAX (732) 542-1158  
<http://tfs.k12.nj.us>

John P. Russo  
Superintendent of Schools

Richard J. Westler  
Director of Special Services

Tamar R. Sydney-Gens  
Business Administrator/Board Secretary

November 12, 2012

Honorable President and  
Members of the Board of Education  
Tinton Falls Schools  
County of Monmouth, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Tinton Falls School District (District) for the fiscal year ended June 30, 2012. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement No. 34. The District has adopted this financial reporting model which we believe will provide all users of this document with more useful financial and statistical information. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Tinton Falls School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
  - The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
  - The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School district, generally presented on a multi-year basis;
  - The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit act of 1996, as amended, the U.S. Office of Management and budget circular A-133, "Audits of States, 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 independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.
1. Reporting Entity and its Services: Tinton Falls School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included

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in this report. The Tinton Falls 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, as well as a pre-school handicapped program. These include regular as well as handicapped students. The District completed the 2011-2012 fiscal year with an enrollment of 1,572 which is seven (-7) students below the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last 15 years.

## Enrollment

Fiscal Year	Student Enrollment	Percent Change
1997-1998	1,805	+3.08%
1998-1999	1,814	+4.99%
1999-2000	1,909	+5.24%
2000-2001	1,867	- 2.25%
2001-2002	1,810	- 3.15%
2002-2003	1,729	- 4.68%
2003-2004	1,761	+1.85%
2004-2005	1,610	- 8.57%
2005-2006	1,602	-0.005%
2006-2007	1,577	-0.016%
2007-2008	1,578	+0.0007%
2008-2009	1,632	+0.034%
2009-2010	1,585	- 0.028%
2010-2011	1,572	- 0.008%
2011-2012	1,565	-0.004%

- Economic Condition and Outlook: The Tinton Falls area is still experiencing a period of steadiness which is expected to continue due to the economy of the country at this time. The economic conditions have been consistent with that of the country. Fort Monmouth closed completely in September, 2011. The district anticipated a small decrease in enrollment based on families who relocate due to the closure. However, there are also a number of large housing developments that were approved in Tinton Falls and building has begun. The district anticipates an increase in enrollment once those homes are built and occupied. There is a concern regarding the future civilian housing proposed at Earle Naval Weapons Station which will have an impact on any school district's student enrollment and finances. Efforts continue to be made by the Board of Education to limit the exposure to the Tinton Falls School District and their taxpayers.
- Major Initiatives: As a result of a comprehensive review of educational curriculum programs, instruction and services within the district, the following initiatives have been reviewed and/or expanded:

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The 2011-2012 budget supported a comprehensive approach to the district's educational initiatives. It supported the teaching and curriculum process while addressing the physical plant needs of each of our schools. The budget included, but was not limited to the following initiatives:

**Maintaining our School System:**

- Continued the development and implementation of Professional Learning Communities
- Refinement of our Balanced Literacy Program
- Enhancement of the following curricular areas through the review and update of each curriculum based on the Revised 2009 Core Curriculum Content Standards: Science, Social Studies, Health/Physical Education, Technology and Mathematics
- Continued the use of Promethean Interactive White Boards and continued comprehensive training in their use
- Continued implementation of a Parent Portal to enhance communication regarding academic progress
- Enhancement of the District website to support communication with parents and the community
- 

**Raising Standards and Expanding Opportunities:**

- Expanded the capabilities of the Middle School Media Center
- Expanded the implementation of phonics in grades K-5
- Infused the use of Greek and Latin vocabulary building in grades K-5
- Implemented new curricular in the areas of Science and Mathematics K-2

4. Internal Accounting Controls: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line items basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
7. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. Risk Management: The Board carries various forms of insurance, included but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. Other Information: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo & Cuva, P.A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, as amended 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 the individual fund statement 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.
10. Acknowledgments: We would like to express our appreciation to the members of the Tinton Falls School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

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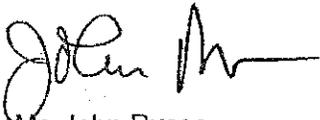
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ADMINISTRATIVE OFFICES  
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TINTON FALLS, NJ 07724  
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Respectfully submitted,

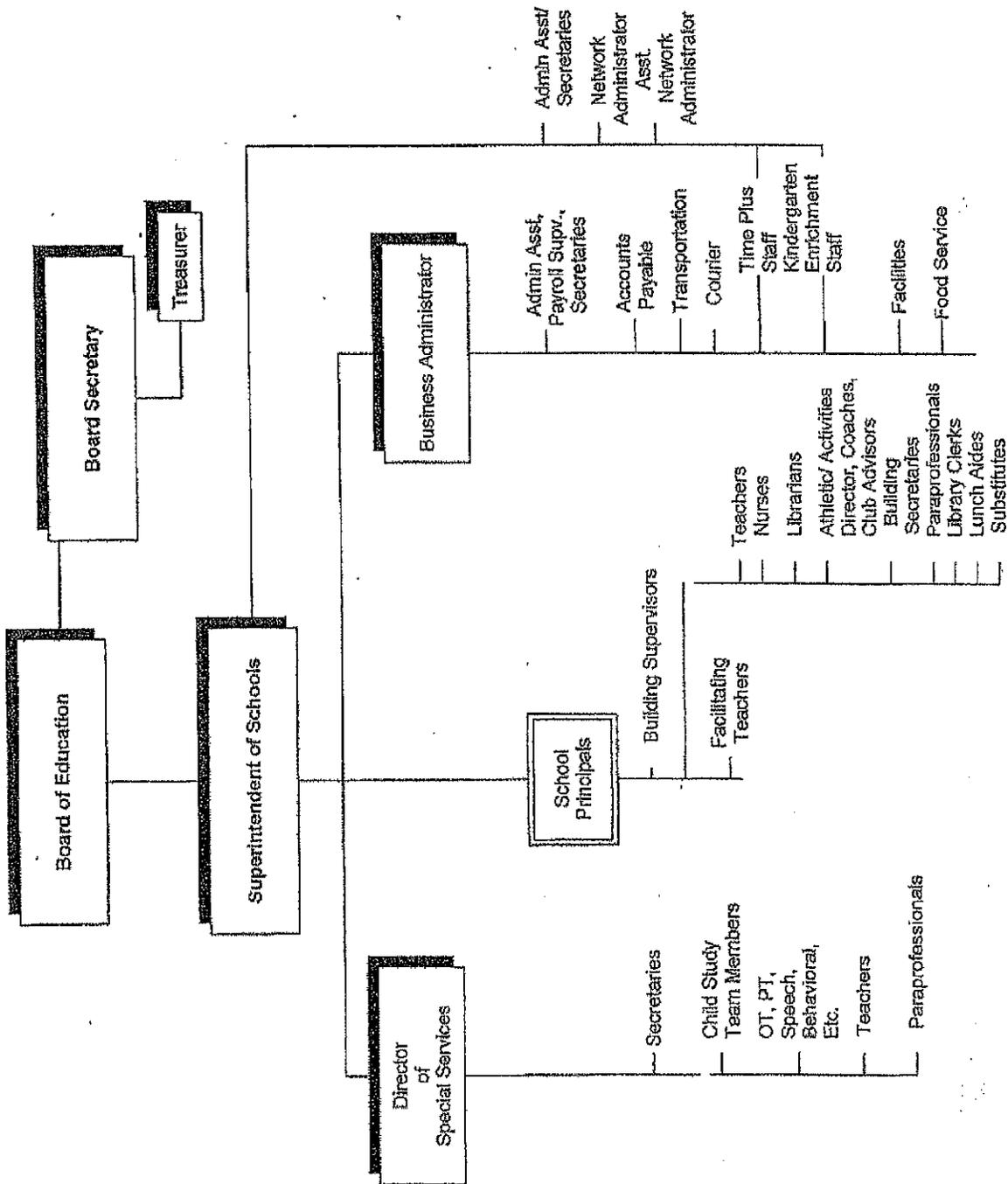


Mr. John Russo  
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Mrs. Tamar R. Sydney-Gens  
Business Administrator/Board Secretary

TINTON FALLS SCHOOL DISTRICT



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## ROSTER OF OFFICIALS as of June 30, 2012

### Members of the Board of Education

### Term Expires

Peter Karavites, President	2014
Kenneth Hager, Vice President	2013
Nicole Alfano	2012
Susan E. Fisher	2013
Paul Ford	2012
Bill Holobowski	2013
Lisa Lucas	2014
Robert Mauro	2012
Frank Pomilla	2014

### Other Officials:

Mr. John Russo, Superintendent of Schools

Tamar R. Sydney-Gens, Business Administrator/Board Secretary

John Paredes, Treasurer of School Monies

Martin M. Barger, Solicitor

**TINTON FALLS BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
401 Wanaque Avenue  
Pompton Lakes, NJ 07442

**Attorney**

Martin M. Barger, Esq.

**Official Depository**

TD Bank N.A.  
New Jersey Cash Management Fund  
Bank of America

**FINANCIAL SECTION**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Borough of Tinton Falls School District  
County of Monmouth, New Jersey  
Tinton Falls, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Tinton Falls School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Tinton Falls School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and each major fund, and the aggregate remaining fund information of the Borough of Tinton Falls Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012 on our consideration of the Borough of Tinton Falls Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Tinton Falls Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Paul J. Cuva, C.P.A.  
Licensed Public School Accountant  
No. CS00076600



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

October 22, 2012



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of the Tinton Falls Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund and Enterprise Fund.

**FINANCIAL HIGHLIGHTS**

- In total, net assets increased \$3,103,369. Net assets of governmental activities increased by \$3,005,934 and net assets of business-type activity increased by \$97,435.
- General revenues accounted for \$25,953,037 in revenue or 91.15 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,520,762 or 8.85 percent of total revenues of \$28,473,799.
- The School District had \$25,467,865 in expenses related to governmental activities; only \$2,520,762 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$25,953,037 were adequate to provide for these programs.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

**District-Wide Financial Statements**

The *statement of net assets and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Tinton Falls Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

In the *Statement of Net Assets and the Statement of Activities*, the 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 Activities** – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service, Enterprise Fund, Time + program and the Kindergarten Enrichment Program are reported as business activities.

The two statements report the District's net assets and changes in them. The change in net assets can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tinton Falls Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities).

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

The Tinton Falls Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Tinton Falls Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service to demonstrate compliance with their budgets.

**Proprietary Funds**

Proprietary funds use the accrual basis of accounting, the same as on the government-wide statements, therefore the statements will essentially match the business-type activities portion of the government-wide statements. The Tinton Falls Board of Education uses proprietary funds to account for its food service program, Kindergarten Enrichment and the Time + program.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

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

The School District's net assets were \$26,464,374 at June 30, 2012 and \$23,361,005 at June 30, 2011. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2012 compared to 2011 (Table 1) and change in net assets (Table 2) of the School District.

**Table 1**

**Net Assets  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>						
Current and Other Assets	17,823,313	21,586,084	899,549	940,184	18,722,862	22,526,268
Capital Assets	<u>24,762,843</u>	<u>22,711,580</u>	—	—	<u>24,762,843</u>	<u>22,711,580</u>
Total Assets	<u>42,586,156</u>	<u>44,297,664</u>	<u>899,549</u>	<u>940,184</u>	<u>43,485,705</u>	<u>45,237,848</u>
<b>Liabilities</b>						
Current Liabilities	5,298,780	7,929,488	112,710	250,780	5,411,490	8,180,268
Noncurrent Liabilities	<u>11,609,841</u>	<u>13,696,575</u>	—	—	<u>11,609,841</u>	<u>13,696,575</u>
Total Liabilities	<u>16,908,621</u>	<u>21,626,063</u>	<u>112,710</u>	<u>250,780</u>	<u>17,021,331</u>	<u>21,876,843</u>
<b>Net Assets</b>						
Invested in Capital Assets- -						
Net of Debt	12,239,035	8,045,100	9,394		12,248,429	8,045,100
Restricted	13,389,529	14,666,358			13,389,529	14,666,358
Unrestricted	<u>48,971</u>	<u>(39,857)</u>	<u>777,445</u>	<u>689,404</u>	<u>826,416</u>	<u>649,547</u>
Total Net Assets	<u>25,677,535</u>	<u>22,671,601</u>	<u>786,839</u>	<u>689,404</u>	<u>26,464,374</u>	<u>23,361,005</u>

This year, the District was able to report a balance of \$826,416 in its unrestricted net assets, which is an increase from the previous years' balance of \$176,869.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS. (continued)**

Table 2 below shows the changes in net assets for fiscal year 2012 compared to 2011.

**Table 2  
Changes in Net Assets  
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and						
Sales			690,811	686,535	690,811	686,535
Operating Grants and						
Contributions	1,563,053	1,780,851	138,602	124,028	1,701,655	1,904,879
Capital Grants and						
Contributions	957,709	910,740			957,709	910,740
General Revenues:						
Taxes:						
Property taxes	20,635,739	19,922,843			20,635,739	19,922,843
Federal and State Aid						
Not Restricted	5,065,716	4,201,864			5,065,716	4,201,864
Tuition Received	93,011	34,161			93,011	34,161
Miscellaneous Income	89,999	51,486			89,999	51,486
Investment Earnings	14,410	26,928			14,410	26,928
Gain on Refunding Bonds	<u>54,162</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>54,162</u>	<u>          </u>
Total Revenues and Transfers	<u>28,473,799</u>	<u>26,928,873</u>	<u>829,413</u>	<u>810,563</u>	<u>29,303,212</u>	<u>27,739,436</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Functions/Program</b>						
Instruction:						
Regular	7,657,700	7,155,788			7,657,700	7,155,788
Special Education	2,268,751	1,869,541			2,268,751	1,869,541
Other Special Instruction	373,591	279,564			373,591	279,564
Other Instruction	115,722	112,936			115,722	112,936
Support Services:						
Tuition	443,585	521,532			443,585	521,532
Student & Instruction						
Related Services	2,903,659	2,762,055			2,903,659	2,762,055
School Administrative						
Services	942,805	923,854			942,805	923,854
General Administrative						
Services	541,409	634,441			541,409	634,441
Central Services and						
Admin. Technology	430,472	384,650			430,472	384,650
Plant Operations and						
Maintenance	1,659,335	1,745,891			1,659,335	1,745,891
Pupil Transportation	1,639,865	1,712,608			1,639,865	1,712,608
Unallocated Benefits	4,993,625	4,517,516			4,993,625	4,517,516
Charter Schools	14,060	16,936			14,060	16,936
Capital Outlay - Non-						
Depreciable	12,942	10,169			12,942	10,169
Unallocated Depreciation	934,218	813,818			934,218	813,818
Interest on Long Term Debt	536,127	569,882			536,127	569,882
Food Service			487,597	444,806	487,597	444,806
Time+			144,880	167,828	144,880	167,828
Kindergarten Enrichment			<u>99,501</u>	<u>89,080</u>	<u>99,501</u>	<u>89,080</u>
Total Expenses and Transfers	<u>25,467,866</u>	<u>24,031,181</u>	<u>731,978</u>	<u>701,714</u>	<u>26,199,844</u>	<u>24,732,895</u>
Increase or (Decrease) in						
Net Assets	<u>3,005,933</u>	<u>2,897,692</u>	<u>97,435</u>	<u>108,849</u>	<u>3,103,368</u>	<u>3,006,541</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

**Governmental and Business- Activities**

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$26,199,843. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$20,635,739 because some of the cost was paid by those who benefitted from the programs \$690,811, by other governments and organizations who subsidized certain programs with grants and contributions \$7,725,080, investment earnings \$14,410 and by miscellaneous sources \$237,172.

Revenues for the District's business-type activities (food service, time + and kindergarten enrichment programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Revenues exceeded expenses by \$97,435.
- ✓ Charges for services provided totaled \$690,811. This represents amounts paid by consumers for charges for services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$138,602.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$20,833,159	73.39%	\$714,422	49.03%
State Sources	6,801,088	23.96%	834,977	57.31%
Federal Sources	<u>751,702</u>	<u>2.65%</u>	<u>(92,323)</u>	<u>(6.34)%</u>
Total	<u>\$28,385,949</u>	<u>100.00%</u>	<u>\$1,457,076</u>	<u>100.00%</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

The increase in local revenue sources can be attributed to the increase in the local tax levy and miscellaneous revenues. The increase in state revenue is a result of an increase in state aid payments to the District.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$10,349,218	35.71%	\$1,007,341	45.17%
Undistributed	13,602,440	46.93%	441,179	19.78%
Charter School	14,060	0.05%		0.00%
Capital Outlay	3,095,904	10.68%	652,802	29.27%
Debt Service	<u>1,920,123</u>	<u>6.63%</u>	<u>128,958</u>	<u>5.78%</u>
<b>Total</b>	<b><u>\$28,981,745</u></b>	<b><u>100.00%</u></b>	<b><u>\$2,230,280</u></b>	<b><u>100.00%</u></b>

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant increase in State On-Behalf payment for pension benefits cost increases combined with increased student special education costs.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund, special revenue fund, and debt service fund.

During the fiscal year ended June 30, 2012, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and medical retirement, is neither a budgeted revenue item nor a budgeted expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$183,972 for increases in federal, state and local grant revenues.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS,  
(continued)**

**General Fund**

The general fund actual revenue was \$24,873,108. That amount is \$2,726,534 above the final amended budget of \$22,146,574. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,826,102 for TPAF social security reimbursements and on-behalf pension and medical retirement payments, an excess in other state and federal aids of \$831,705, and a \$68,727 excess in local anticipated revenues.

The actual expenditures of the general fund were \$23,756,343, including transfers. This is \$2,588,733 below the final amended budget of \$26,345,075. The variance between the actual expenditures and final budget was due to an unfavorable variance in non-budget on-behalf TPAF social security and pension payments of \$1,826,102, and a favorable variance of \$4,414,835 in unexpended budgeted funds.

The general fund had total revenues of \$24,873,108 and total expenditures of \$23,756,343 with an ending fund balance of \$10,470,921.

**Special Revenue Fund**

The special revenue fund actual revenue was \$668,472. That amount is above the original budget estimate of \$484,500 and equal to the final amended budget. The \$183,972 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved.

The actual expenditures of the special revenue fund were \$668,472, which is above the original budget of \$484,500. The \$183,972 variance between the original budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$39,387,849 invested in land, buildings and building improvements, machinery and equipment, and construction in progress. Of this amount, \$14,625,006 in depreciation has been taken over the years. We currently have a net book value of \$24,762,843. Total depreciable additions for the year were \$7,535,752, the majority of which was for various technology and office equipment and building improvements and depreciable deletions of \$4,452,789, which was transfers from construction in progress to capital assets being depreciated. Table 3 shows fiscal year 2012 balances compared to 2011.

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	239,620	239,620	0	0	239,620	239,620
Buildings and Site Improvements	23,237,091	19,689,372	0	0	23,237,091	19,689,372
Furniture, Equipment and Vehicles	313,367	422,366	9,394	0	322,761	422,366
Construction in Progress	<u>972,765</u>	<u>2,360,222</u>	<u>      </u>	<u>      </u>	<u>972,765</u>	<u>2,360,222</u>
	<u>24,762,843</u>	<u>22,711,580</u>	<u>9,394</u>	<u>0</u>	<u>24,772,237</u>	<u>22,711,580</u>

**Debt Administration**

At June 30, 2012, the district had \$13,013,236 of outstanding debt. Of this amount, \$489,428 is for compensated absences; \$45,808 is for various capital leases; and \$12,478,000 of serial bonds issued for the financing of various school construction projects.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Due to the current state of the economy in New Jersey and across the country, our economic outlook is not as bright as we would hope. This economic reality will have an impact on our ability to advance our program and educational goals. These factors will be considered in preparing the Tinton Falls Board of Education's budget for the 2012-2013 fiscal year.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
TINTON FALLS, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED (CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS, (continued)**

The following factors were considered in preparing the 2012-2013 fiscal year budget:

- Estimated student enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated programs
- Requirements for health and safety issues

**REQUESTS FOR INFORMATION**

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

Tamar Sydney-Gens,  
School Business Administrator  
Tinton Falls School District  
658 Tinton Avenue  
Tinton Falls, New Jersey 07724

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Tinton Falls School District  
Statement of Net Assets  
June 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	7,682,792	856,902	8,539,694
Receivables, net	4,846,453	5,746	4,852,199
Interfund Accounts Receivable		21,150	21,150
Inventory		6,357	6,357
Restricted assets:			
Cash and cash equivalents	5,294,068		5,294,068
Capital assets:			
Land	239,620		239,620
Construction in Process	972,765	9,394	982,159
Depreciable Capital Assets	23,550,458		23,550,458
Total Assets	<u>42,586,156</u>	<u>899,549</u>	<u>43,485,705</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,466,742	72,623	1,539,365
Prepaid Taxes	42,902		42,902
Interfund Accounts Payable	21,150		21,150
Deferred revenue	2,364,591	40,087	2,404,678
Noncurrent liabilities:			
Due within one year	1,403,395		1,403,395
Due beyond one year	11,609,841		11,609,841
Total liabilities	<u>16,908,621</u>	<u>112,710</u>	<u>17,021,331</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,239,035	9,394	12,248,429
Restricted for:			
Debt service	53,375		53,375
Capital projects	4,742,492		4,742,492
Other Purposes	8,593,662		8,593,662
Unrestricted (Deficit)	48,971	777,445	826,416
Total net assets	<u>25,677,535</u>	<u>786,839</u>	<u>26,464,374</u>

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

Tinton Falls School District  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	7,591,154	66,546		543,714		(7,113,986)		(7,113,986)
Special education	2,268,751					(2,268,751)		(2,268,751)
Other special instruction	373,591					(373,591)		(373,591)
Other instruction	115,722					(115,722)		(115,722)
Support services:								
Tuition	443,585					(443,585)		(443,585)
Student & instruction related services	2,883,712	19,947		124,758		(2,778,901)		(2,778,901)
General administrative services	541,409					(541,409)		(541,409)
School administrative services	942,805					(942,805)		(942,805)
Central Services and Administrative Technology	430,472					(430,472)		(430,472)
Plant operations and maintenance	1,648,346					(1,659,335)		(1,659,335)
Pupil transportation	1,639,865	10,989		844,614		(795,251)		(795,251)
Employee Benefits	4,993,625					(4,993,625)		(4,993,625)
Capital outlay-undepreciable	12,942				957,709	944,767		944,767
Charter Schools	14,060					(14,060)		(14,060)
Interest on long-term debt	536,127			49,967		(486,160)		(486,160)
Unallocated depreciation	934,218					(934,218)		(934,218)
Total governmental activities	25,370,383	97,482	-	1,563,053	957,709	(22,947,103)		(22,947,103)
Business-type activities:								
Food Service	487,597		348,374	138,602			(621)	(621)
Time +	144,880		184,447				39,567	39,567
Kindergarten Enrichment Program	99,501		157,990				58,489	58,489
Total business-type activities	731,978		690,811	138,602			97,435	97,435
Total primary government	26,102,361	97,482	690,811	1,701,655	957,709	(22,947,103)	97,435	(22,849,668)
General revenues:								
Property Taxes Levied for:								
General Purposes						18,755,185		18,755,185
Debt Service						1,880,554		1,880,554
Federal and State aid not restricted						5,065,716		5,065,716
Tuition received						93,011		93,011
Investment Earnings						14,410		14,410
Miscellaneous Income						89,999		89,999
Gain on refunding of bonds						54,162		54,162
Total general revenues, special items, extraordinary items and transfers						25,953,037		25,953,037
Change in Net Assets						3,005,934	97,435	3,103,369
Net Assets—beginning						22,671,601	689,404	23,361,005
Net Assets—ending						25,677,535	786,839	26,464,374

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

**FUND FINANCIAL STATEMENTS**

**Tinton Falls School District  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	7,768,075	(146,225)		60,942	7,682,792
Receivables from Other Governments	531,545	257,225	4,015,386		4,804,156
Tuitions Receivable	42,297				42,297
Restricted Cash and Cash Equivalents	2,826,243		2,467,825		5,294,068
Total Assets	<u>11,168,160</u>	<u>111,000</u>	<u>6,483,211</u>	<u>60,942</u>	<u>17,823,313</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	923,278	27,922	379,257		1,330,457
Prepaid Taxes	35,335			7,567	42,902
Interfund Accounts Payable	21,150				21,150
Deferred Revenue	51,163	83,078	2,230,350		2,364,591
Total Liabilities	<u>1,030,926</u>	<u>111,000</u>	<u>2,609,607</u>	<u>7,567</u>	<u>3,759,100</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- current year	1,447,846				1,447,846
Excess Surplus - prior year -designated for subsequent year's expenditures	2,658,008				2,658,008
Emergency Reserve	250,000				250,000
Maintenance Reserve	1,707,355				1,707,355
Capital Reserve	868,888				868,888
Debt Service				53,375	53,375
Committed to:					
Other purposes	1,761,474				1,761,474
Assigned to:					
Debt Service					
Designated by the BOE for subsequent year's expenditures	768,979				768,979
Capital Projects			3,873,604		3,873,604
Unassigned:					
General Fund	674,684				674,684
Total Fund Balances	<u>10,137,234</u>		<u>3,873,604</u>	<u>53,375</u>	<u>14,064,213</u>
Total Liabilities and Fund Balances	<u>11,168,160</u>	<u>111,000</u>	<u>6,483,211</u>	<u>60,942</u>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$39,387,849 and the accumulated depreciation is \$14,625,006.

24,762,843

Interest on Long-term debt accrued

(136,285)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(13,013,236)

Net assets of governmental activities

25,677,535

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

**Tinton Falls School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	18,755,185			1,880,554	20,635,739
Tuition Fees	93,011				93,011
Interest Earned on Capital Reserve Funds	514				514
Interest Earned on Emergency Reserve Funds	-				-
Interest Earned on Investments	8,892		5,004		13,896
Miscellaneous	56,311	33,688			89,999
Total - Local Sources	<u>18,913,913</u>	<u>33,688</u>	<u>5,004</u>	<u>1,880,554</u>	<u>20,833,159</u>
State Sources	5,691,895	101,517	957,709	49,967	6,801,088
Federal Sources	218,435	533,267			751,702
Total Revenues	<u>24,824,243</u>	<u>668,472</u>	<u>962,713</u>	<u>1,930,521</u>	<u>28,385,949</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	7,047,439	543,714			7,591,153
Special Education Instruction	2,268,751				2,268,751
Other Special Instruction	373,591				373,591
Other Instruction	115,722				115,722
Support Services and Undistributed Costs:					
Tuition	443,585				443,585
Student & Instruction Related Services	2,758,954	124,758			2,883,712
General Administrative Services	541,409				541,409
School Administrative Services	942,805				942,805
Central Services and Administrative Technology	430,472				430,472
Plant Operations and Maintenance	1,648,346				1,648,346
Pupil Transportation	1,639,865				1,639,865
Employee Benefits	5,072,247				5,072,247
Debt Service:					
Principal				1,345,000	1,345,000
Interest and Other Charges				575,123	575,123
Capital Outlay	459,097	-	2,636,809		3,095,905
Transfer to Charter School	14,060				14,060
Total Expenditures	<u>23,756,342</u>	<u>668,472</u>	<u>2,636,809</u>	<u>1,920,123</u>	<u>28,981,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,067,901</u>	<u>-</u>	<u>(1,674,096)</u>	<u>10,398</u>	<u>(595,797)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases (non-budgeted)					-
Bond Proceeds			-	34,014	34,014
Transfers in				5,004	5,004
Transfers out			(5,004)		(5,004)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(5,004)</u>	<u>39,018</u>	<u>34,014</u>
<b>SPECIAL ITEM</b>					
Payment to refunding escrow	<u>-</u>	<u>-</u>	<u>(743,836)</u>	<u>-</u>	<u>(743,836)</u>
Net Change in Fund Balances	1,067,901	-	(2,422,936)	49,416	(1,305,619)
Fund Balance—July 1	9,069,333		6,296,540	3,959	15,369,832
Fund Balance—June 30	<u>10,137,234</u>	<u>-</u>	<u>3,873,604</u>	<u>53,375</u>	<u>14,064,213</u>

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

**Tinton Falls School District  
 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, 2012**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	(1,305,619)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation expense	(1,031,700)
Depreciable Capital outlays	3,082,963
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>	
Principal Payments	4,253,000
Capital Lease Principal	48,036
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>	
	(2,150,000)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>	
Decrease in compensated absences payable	78,622
Increase in Capital Leases	(8,364)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition in the reconciliation.</p>	
Accrued interest - current year	(136,285)
Accrued interest - prior year	175,281
 <b>Change in net assets of governmental activities</b>	 <b>3,005,934</b>

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

**Tinton Falls School District**  
**Combining Statement of Net Assets**  
**Enterprise Funds**  
**June 30, 2012**

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	153,531	317,770	385,601	856,902
Accounts Receivable:				
State	220			220
Federal	5,526			5,526
Other				-
Interfund-Accounts Receivable	21,150			21,150
Inventory	6,357			6,357
Total Current Assets	<u>186,784</u>	<u>317,770</u>	<u>385,601</u>	<u>890,155</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	<u>(21,922)</u>			<u>(21,922)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>9,394</u>	-	-	<u>9,394</u>
Total Assets	<u>196,178</u>	<u>317,770</u>	<u>385,601</u>	<u>899,549</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	72,623			72,623
Deferred Revenue	7,587		32,500	40,087
Total Current Liabilities	<u>80,210</u>	-	<u>32,500</u>	<u>112,710</u>
Total Liabilities	<u>80,210</u>	-	<u>32,500</u>	<u>112,710</u>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	9,394			9,394
Unrestricted	106,574	317,770	353,101	777,445
Total Net Assets	<u>115,968</u>	<u>317,770</u>	<u>353,101</u>	<u>786,839</u>

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

**Tinton Falls School District**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Enterprise Funds**  
**For the Year Ended June 30, 2012**

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	192,105			192,105
Daily Sales - Non-Reimbursable Programs	144,367			144,367
Miscellaneous	11,902	184,447	157,990	354,339
Total Operating Revenues	<u>348,374</u>	<u>184,447</u>	<u>157,990</u>	<u>690,811</u>
Operating Expenses:				
Cost of Sales	224,533			224,533
Labor	174,550	119,665	83,944	378,159
Supplies and Materials	37,352	1,770	640	39,762
Employee Benefits	29,999	22,052	14,267	66,318
Miscellaneous Expense	20,119	1,393	650	22,162
Depreciation	1,044			1,044
Total Operating Expenses	<u>487,597</u>	<u>144,880</u>	<u>99,501</u>	<u>731,978</u>
Operating Income (Loss)	(139,223)	39,567	58,489	(41,167)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,997			4,997
Federal Sources:				
National School Lunch Program	118,961			118,961
Food Distribution Program	14,644			14,644
Total Non-operating Revenues (Expenses)	<u>138,602</u>	<u>-</u>	<u>-</u>	<u>138,602</u>
Income (Loss) Before Contributions & Transfers	(621)	39,567	58,489	97,435
Transfers In (Out)				-
Change in Net Assets	(621)	39,567	58,489	97,435
Total Net Assets - Beginning	<u>116,589</u>	<u>278,203</u>	<u>294,612</u>	<u>689,404</u>
Total Net Assets—Ending	<u>115,968</u>	<u>317,770</u>	<u>353,101</u>	<u>786,839</u>

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

**Tinton Falls School District**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2012**

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	349,137	184,447	159,915	693,499
Payments to employees		(119,665)	(83,944)	(203,609)
Payments for Miscellaneous Expenses	(20,119)	(25,315)	(15,557)	(60,991)
Payments to Food Service Management Company	(604,086)			(604,086)
Net Cash Provided by (Used for) Operating Activities	<u>(275,068)</u>	<u>39,467</u>	<u>60,414</u>	<u>(175,187)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	5,001			5,001
Federal Sources	132,839			132,839
Local Sources	(21,150)			(21,150)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>116,690</u>	<u>-</u>	<u>-</u>	<u>116,690</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(10,438)			(10,438)
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(10,438)</u>	<u>-</u>	<u>-</u>	<u>(10,438)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(168,816)	39,467	60,414	(68,935)
Balances—Beginning of Year	322,347	278,303	325,187	925,837
Balances—End of Year	<u>153,531</u>	<u>317,770</u>	<u>385,601</u>	<u>856,902</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	(139,223)	39,567	58,489	(41,167)
Adjustments to reconcile operating income (loss) to net cash provided by				
Depreciation	1,044			1,044
Increase (Decrease) in Deferred Revenue	763		1,925	2,688
(Increase) Decrease in Inventory	3,006			3,006
Increase (Decrease) in Accounts Payable	(140,658)	(100)		(140,758)
Increase (decrease) in other current liabilities				-
Total Adjustments	<u>(135,845)</u>	<u>(100)</u>	<u>1,925</u>	<u>(134,020)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(275,068)</u>	<u>39,467</u>	<u>60,414</u>	<u>(175,187)</u>

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

**Tinton Falls School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	44,215
Total Assets	44,215
<b>LIABILITIES</b>	
Payable to student groups	36,838
Payroll deductions and withholdings	7,377
Total Liabilities	44,215
<b>NET ASSETS</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:**

The Board of Education of the Borough of Tinton Falls ("Board") School District (the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Tinton Falls School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The 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 Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

**A. Basis of Presentation:**

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

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**District-wide Financial Statements:**

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or function and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, including all taxes, are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**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. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**GOVERNMENTAL FUNDS, (continued)**

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all 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.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 sale of bonds, lease purchases and other revenues.

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

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**PROPRIETARY FUNDS, (continued)**

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board 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; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Funds are comprised of the Food Service Fund, the Kindergarten Enrichment Program and the Time Plus Program.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net assets and changes in net assets.

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Agency Funds** - Agency funds are used to account for the assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**B. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Measurement Focus: (continued)**

**Fund Financial Statements, (continued)**

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. Basis of Accounting: (continued)**

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, special revenue funds and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(G)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. During 2011/2012, the Board increased the original budget by \$216,379.

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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**E. Encumbrances:**

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

Open encumbrances in the special revenue fund, for which the Board 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.

**F. Cash, Cash Equivalents and Investments:**

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**G. Tuition Revenues/Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Inventories:**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**I. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**J. Short-Term Interfund Receivables/Payables:**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**K. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 2012 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board currently maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value fo the asset or materially extend an asset's life are not.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**K. Capital Assets: (continued)**

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**L. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as accumulated vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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.

**M. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**N. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**N. Accrued Liabilities and Long-term Obligations: (continued)**

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, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**O. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Q. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**R. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**S. 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. 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 as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**T. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**U. Allowance for Uncollectible Accounts:**

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

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, \$0- of the District's bank balance of \$14,300,581 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2012, the District had \$2,909,136 on deposit with the New Jersey Cash Management Fund.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2012, consisted of accounts receivable and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$4,547,599	\$220	\$4,547,819
Federal Aid	253,622	5,526	259,148
Other	<u>45,232</u>	<u>          </u>	<u>45,232</u>
Gross receivables	4,846,453	5,746	4,852,199
Less: Allowance for Uncollectibles	<u>          </u>	<u>          </u>	<u>          </u>
Total Receivables, Net	<u>\$4,846,453</u>	<u>\$5,746</u>	<u>\$4,852,199</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance <u>6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/12</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$239,620	\$	\$	\$239,620
Construction in Progress	<u>2,360,222</u>	<u>3,065,332</u>	<u>4,452,789</u>	<u>972,765</u>
Total Capital Assets, Not Being Depreciated	<u>2,599,842</u>	<u>3,065,332</u>	<u>4,452,789</u>	<u>1,212,385</u>
Capital Assets Being Depreciated				
Sites and Improvements	1,577,610	551,232	<u>          </u>	2,128,842
Buildings and Improvements	30,276,268	3,888,997	<u>          </u>	34,165,265
Furniture, Equipment and Vehicles	<u>1,851,166</u>	<u>30,191</u>	<u>          </u>	<u>1,881,357</u>
Total Capital Assets, Being Depreciated	<u>33,705,044</u>	<u>4,470,420</u>	<u>          </u>	<u>38,175,464</u>
Less Accumulated Depreciation:				
Sites and Improvements	(1,311,347)	(71,633)	<u>          </u>	(1,382,980)
Buildings and Improvements	(10,853,159)	(820,877)	<u>          </u>	(11,674,036)
Furniture, Equipment and Vehicles	<u>(1,428,800)</u>	<u>(139,190)</u>	<u>          </u>	<u>(1,567,990)</u>
Total Accumulated Depreciation	<u>(13,593,306)</u>	<u>(1,031,700)</u>	<u>          </u>	<u>(14,625,006)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,111,738</u>	<u>3,438,720</u>	<u>          </u>	<u>23,550,458</u>
Governmental Activities Capital Assets, Net	<u>\$22,711,580</u>	<u>\$6,504,052</u>	<u>\$4,452,789</u>	<u>\$24,762,843</u>

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 5. CAPITAL ASSETS, (continued)**

	<u>Balance 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/12</u>
<b>Business-Type Activity</b>				
Machinery and Equipment	<u>\$20,878</u>	<u>\$10,438</u>	<u>\$</u>	<u>\$31,316</u>
Totals	<u>20,878</u>	<u>10,438</u>	<u></u>	<u>31,316</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(20,878)</u>	<u>(1,043)</u>	<u></u>	<u>(21,921)</u>
Total Accumulated Depreciation	<u>(20,878)</u>	<u>(1,043)</u>	<u></u>	<u>(21,921)</u>
Business-Type Activity Capital Assets, Net	<u>\$</u>	<u>\$9,395</u>	<u>\$</u>	<u>\$9,395</u>

Depreciation expense was charged to the functions as follows:

Instruction - Regular	\$66,546
Support Services - Administration	19,947
Plant Operations and Maintenance	10,989
Unallocated Depreciation	<u>934,218</u>
Total Depreciation Expense	<u>\$1,031,700</u>

**NOTE 6. LONG-TERM DEBT OBLIGATIONS**

For the fiscal year ended June 30, 2012 the following liabilities are reported in the general long-term debt account group:

	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$568,050	\$40,200	\$118,822	\$489,428	\$
Bonds payable	14,581,000	2,150,000	4,253,000	12,478,000	1,360,000
Capital leases payable	<u>85,480</u>	<u>8,364</u>	<u>48,036</u>	<u>45,808</u>	<u>43,395</u>
	<u>\$15,234,530</u>	<u>\$2,198,564</u>	<u>\$4,419,858</u>	<u>\$13,013,236</u>	<u>\$1,403,395</u>

**A. Bonds Payable:**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 6. LONG-TERM DEBT OBLIGATIONS, (continued)**

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$1,360,000	\$521,103	\$1,881,103
2014	1,415,000	455,702	1,870,702
2015	1,675,000	387,703	2,062,703
2016	1,710,000	309,402	2,019,402
2017	1,305,000	240,428	1,545,428
2018	460,000	203,227	663,227
2019	475,000	184,328	659,328
2020	490,000	164,777	654,777
2021	495,000	144,128	639,128
2022	505,000	123,315	628,315
2023	245,000	106,302	351,302
2024	255,000	96,503	351,503
2025	265,000	86,302	351,302
2026	275,000	75,703	350,703
2027	285,000	64,702	349,702
2028	300,000	53,303	353,303
2029	310,000	40,927	350,927
2030	325,000	27,753	352,753
2031	<u>328,000</u>	<u>13,940</u>	<u>341,940</u>
Total	<u>\$12,478,000</u>	<u>\$3,299,548</u>	<u>\$15,777,548</u>

**Advanced Refunding of Debt**

On July 7, 2011 the District issued \$2,150,000 in School District Refunding Bonds having an interest rate of 3.00% to 5.00%. These Bonds were issued in order to advance refund certain principal maturities of school district bonds. The total bond principal defeased was \$2,908,000. The net proceeds of \$2,301,878 together with an initial cash deposit from the District's Capital Project Fund in the amount of \$743,834 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$252,992 and resulted in a present value gain of \$171,001.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 6. LONG-TERM DEBT OBLIGATIONS, (continued)**

**B. Capital Leases Payable:**

The District is leasing transportation equipment and copying machines under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year</u>	
2013	\$43,395
2014	869
2015	869
2016	869
2017	<u>808</u>
	<u>\$46,810</u>

**NOTE 7. PENSION PLANS**

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

**Public Employees' Retirement System (PERS)** — Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** — Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

**Defined Contribution Retirement Program (DCRP)** — established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 7. PENSION PLANS, (continued)**

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 7. PENSION PLANS, (continued)**

**Significant Legislation**

PL, 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and 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  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS 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.

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).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 7. PENSION PLANS, (continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 7. PENSION PLANS, (continued)**

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2012	\$218,303	\$329,974	\$
2011	222,215	33,014	
2010	171,905	36,042	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$329,974 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$33,014 and \$36,042, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$832,793 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF member as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NOTE 8. POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund — State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund —Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 8. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

**Health Benefits Program Fund (HBPF) — Local Education** (including Prescription Drug Program Fund) — The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets 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 this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 8. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 8. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TFAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$663,335, \$701,212 and \$676,918, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**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  
Valic

State of New Jersey Tax Shelter Annuity  
MetLife

**NOTE 10. RISK MANAGEMENT**

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

**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.

**Workers' Compensation Insurance** - The District is currently a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group provides the District with Workers' Compensation. The Group is a risk-sharing public entity risk pool that is both an insured and self administered group of school boards established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 10. RISK MANAGEMENT, (continued)**

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

**NOTE 11. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Borough of Tinton Falls Board of Education 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:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$568,374
Interest Earnings	514
Deposits:	
Transfer by Board Resolution, June 18, 2012	300,000
Withdrawals	
Budget Appropriation	
Ending Balance, June 30, 2012	<u>\$868,888</u>

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 12. EMERGENCY RESERVE ACCOUNT**

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	<u>\$250,000</u>
Ending balance, June 30, 2012	<u>\$250,000</u>

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Board of Education by inclusion of \$66,599 in the 2002-2003 budget. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCRA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. On June 18, 2012, the Board transferred by resolution \$800,000 to the maintenance reserve account bringing the balance as of June 30, 2012 to \$1,707,355.

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$10,137,234 General Fund fund balance at June 30, 2012, \$1,761,474 is reserved for encumbrances; \$4,105,854 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$2,658,008 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); \$868,888 has been reserved in the Capital Reserve Account; \$1,707,355 has been reserved in the maintenance reserve account; \$250,000 has been reserved in the Emergency Reserve Account; \$768,979 has been appropriated and included as anticipated revenue for the year ending June 30, 2013, and \$674,684 is unreserved and undesignated.

**Debt Service Fund** - Of the \$53,375 Debt Service Fund fund balance at June 30, 2012, \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2012 and \$53,375 is restricted for debt service.

**Borough of Tinton Falls School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2012**

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 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, 2012 is \$2,658,008. Of this amount, \$1,447,846 is the result of current year's operations.

**NOTE 16. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2012 is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise - Food Service Fund	General Fund	<u>\$21,150</u>
	Total Interfund Receivable	<u>\$21,150</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

**NOTE 17. CONTINGENT LIABILITIES**

The Board and the Board's attorney advises us that there are no pending or threatened litigation, unasserted claims or assessments.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	18,755,185		18,755,185	18,755,185		
Tuition				93,011	93,011	
Interest Earned on Capital Reserve Funds				514	514	
Interest Earned on Emergency Reserve Funds						
Interest on Investments	90,001		90,001	8,892	8,892	
Miscellaneous				56,311	(33,690)	
Total - Local Sources	18,845,186		18,845,186	18,913,913	68,727	
Slate Sources:						
Categorical Transportation Aid	844,614		844,614	844,614		
Categorical Special Education Aid	855,191		855,191	855,191		
Categorical Security Aid	145,007		145,007	145,007		
Adjustment Aid	1,312,890		1,312,890	1,574,829	261,939	
Extraordinary Aid				468,037	468,037	
Other State Aid-Reimbursed Nonpublic Transportation				26,980	26,980	
On-behalf IPAF NCGI Premium (non-budgeted)				31,979	31,979	
On-behalf IPAF Post-Retirement Medical (non-budgeted)				663,335	663,335	
On-behalf IPAF Premium				297,995	297,995	
IPAF Social Security (Reimbursed - Non-Budgeted)				832,793	832,793	
Total - Slate Sources	3,157,702		3,157,702	5,740,760	2,583,058	
Federal sources:						
P.L. 81-874 (Impact Aid)				74,749	74,749	
Education Jobs Fund	139,321	4,365	143,686	143,686		
Total - Federal Sources	139,321	4,365	143,686	218,435	74,749	
<b>TOTAL REVENUES</b>	<b>22,142,209</b>	<b>4,365</b>	<b>22,146,574</b>	<b>24,873,108</b>	<b>2,726,534</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool/Kindergarten - Salaries of Teachers	249,949	32,903	282,852	278,895	3,957	
Grades 1-5 - Salaries of Teachers	3,721,792	595,569	4,317,361	3,779,052	538,310	
Grades 6-8 - Salaries of Teachers	2,608,622	402,196	3,010,818	2,635,416	375,401	
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	9,000	900	9,900	1,549	8,351	
Purchased Professional-Educational Services		326	326	75	251	
Other Purchased Services (400-500 series)	800		800	16	784	
<b>Regular Programs - Undistributed Instruction</b>						
Purchased Professional-Educational Services	10,379	1,612	11,991	8,253	3,738	
Purchased Technical Services	3,630	1,400	5,030	5,030		
cleaning repair maintenance	700		700	572	128	
Other Purchased Services (400-500 series)	122,232	(6,740)	115,492	63,385	52,107	
Travel	4,500		4,500	621	3,879	
General Supplies	296,386	4,743	301,129	249,604	51,526	
Textbooks	37,133	(12,852)	24,281	17,268	7,013	
Other Objects	14,340	(821)	13,519	7,704	5,815	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>7,079,463</b>	<b>1,019,236</b>	<b>8,098,699</b>	<b>7,047,440</b>	<b>1,051,259</b>	
<b>SPECIAL EDUCATION - INSTRUCTION</b>						
<b>Learning and/or Language Disabilities:</b>						
Salaries of Teachers	123,306	77,339	200,645	171,289	29,357	
Other Salaries for Instruction	29,540	36,752	66,292	45,521	20,771	
General Supplies	114	537	651	650	0	
<b>Total Learning and/or Language Disabilities</b>	<b>152,960</b>	<b>114,628</b>	<b>267,588</b>	<b>217,460</b>	<b>50,128</b>	
<b>Multiple Disabilities:</b>						
Salaries of Teachers	298,341	(19,521)	278,820	240,483	38,336	
Other Salaries for Instruction	2,000	14,695	16,695	15,643	1,052	
General Supplies	2,000	1,620	3,620	3,592	28	
<b>Total Multiple Disabilities</b>	<b>302,341</b>	<b>(3,207)</b>	<b>299,134</b>	<b>259,718</b>	<b>39,416</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	1,289,038	233,086	1,522,124	1,357,810	164,313	
Other Salaries for Instruction	1,061	24,692	25,753	13,383	12,370	
General Supplies	4,050	274	4,324	4,204	120	
Textbooks	500	(188)	312	312		
<b>Total Resource Room/Resource Center</b>	<b>1,294,649</b>	<b>257,864</b>	<b>1,552,513</b>	<b>1,375,709</b>	<b>176,804</b>	
<b>Autism:</b>						
Salaries of Teachers	72,807	70,126	142,933	108,384	34,550	
Other Salaries for Instruction	29,093	20,486	49,579	39,035	10,544	
General Supplies	397	7,084	7,481	7,322	159	
<b>Total Autism</b>	<b>102,297</b>	<b>97,697</b>	<b>199,994</b>	<b>154,741</b>	<b>45,253</b>	
<b>Preschool Disabilities - Part-Time:</b>						
Salaries of Teachers	91,124	7,588	98,712	93,080	5,632	
Other Salaries for Instruction	56,715	(12,086)	44,629	36,382	8,247	
Other Purchased Services (400-500) Series	100		100	100		
General Supplies	1,400	(954)	446	106	340	
<b>Total Preschool Disabilities - Part-Time</b>	<b>149,339</b>	<b>(5,452)</b>	<b>143,887</b>	<b>129,568</b>	<b>14,319</b>	
<b>Preschool Disabilities - Full-Time:</b>						
Salaries of Teachers	77,504	29,872	107,376	89,666	17,710	
General Supplies	800	483	1,283	1,283		
<b>Total Preschool Disabilities - Full-Time</b>	<b>78,304</b>	<b>30,354</b>	<b>108,658</b>	<b>90,949</b>	<b>17,710</b>	
<b>Special Education - Home Instruction</b>						
Salaries of Teachers	18,000	26,138	44,138	39,759	4,379	
Purchased Professional-Educational Services	1,000	225	1,225	847	378	
Other Purchased Services (400-500) Series	150	(100)	50		50	
<b>Total Home Instruction</b>	<b>19,150</b>	<b>26,263</b>	<b>45,413</b>	<b>40,606</b>	<b>4,807</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,099,040</b>	<b>518,148</b>	<b>2,617,188</b>	<b>2,268,751</b>	<b>348,437</b>	
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	336,026	48,480	384,506	277,481	107,025	
General Supplies	3,125	(322)	2,803	2,505	298	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>339,151</b>	<b>48,157</b>	<b>387,308</b>	<b>279,986</b>	<b>107,323</b>	
<b>Bilingual Education - Instruction</b>						
Salaries of Teachers	81,470	16,399	97,869	93,088	4,781	
General Supplies	1,750		1,750	518	1,232	
<b>Total Bilingual Education - Instruction</b>	<b>83,220</b>	<b>16,399</b>	<b>99,619</b>	<b>93,606</b>	<b>6,014</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>School-Sponsored Co-curricular Activities - Instruction</b>						
Salaries	50,743	13,372	64,115	64,075	40	
Supplies and Materials	1,275	4,856	6,131	5,540	591	
<b>Total School-Sponsored Co-curricular Activities - Instruction</b>	<b>52,018</b>	<b>18,228</b>	<b>70,246</b>	<b>69,615</b>	<b>631</b>	
<b>School-Sponsored Athletics - Instruction</b>						
Salaries	35,069	710	35,779	35,779		
Purchased Services (300-500 series)	13,495		13,495	13,495	9,782	
Supplies and Materials	10,000	1,000	11,000	6,614	4,386	
<b>Total Other Instructional Programs - Instruction</b>	<b>58,564</b>	<b>1,710</b>	<b>60,274</b>	<b>46,106</b>	<b>14,168</b>	
<b>TOTAL INSTRUCTION</b>	<b>9,711,456</b>	<b>1,621,878</b>	<b>11,333,334</b>	<b>9,805,503</b>	<b>1,527,831</b>	
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to State- Regular		74,389	74,389	68,296	6,093	
Tuition to Private Schools for the Handicapped - Within State		(126,100)	437,832	375,289	62,543	
<b>Total Undistributed Expenditures - Instruction:</b>	<b>563,932</b>	<b>(51,711)</b>	<b>512,221</b>	<b>449,585</b>	<b>68,636</b>	
<b>Undist. Expend. - Health Services</b>						
Salaries	259,401	51,492	310,893	282,551	28,342	
Purchased Professional and Technical Services	4,000		4,000	4,000	4,000	
Other Purchased Services (400-500 series)	11,110	1,298	12,408	6,487	5,921	
Supplies and Materials	3,070	702	3,772	3,521	251	
Other Objects	60	(60)				
<b>Total Undistributed Expenditures - Health Services</b>	<b>277,641</b>	<b>53,432</b>	<b>331,073</b>	<b>292,559</b>	<b>38,514</b>	
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>						
Salaries	367,545	42,978	410,523	319,401	91,122	
Purchased Professional - Educational Services	66,549	1,165	67,714	51,766	15,948	
Other Objects	600	(70)	530		530	
Supplies and Materials	3,929	483	4,412	4,336	76	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<b>438,623</b>	<b>44,556</b>	<b>483,179</b>	<b>375,502</b>	<b>107,676</b>	
<b>Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>						
Salaries	859,953	289,156	1,149,109	857,266	291,843	
Purchased Professional - Educational Services	3,000		3,000	1,650	1,350	
Supplies and Materials	250		250	250		
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>	<b>863,203</b>	<b>289,156</b>	<b>1,152,359</b>	<b>859,166</b>	<b>293,193</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>Undist. Expend. - Guidance</b>						
Salaries of Other Professional Staff	153,419	46,411	199,830	151,974	47,856	500
Salaries of Secretarial and Clerical Assistants	500		500	3,354	2,854	2,818
Purchased Professional - Educational Services	6,000	3,871	9,871	7,031	2,840	732
Other Purchased Prof. and Tech. Services	5,978	(18)	5,960	925	4,935	1,033
Other Purchased Services (400-500 series)	1,675		1,675			40
Travel						
Supplies and Materials	1,798	103	1,901	868	1,033	
Other Objects	300		300	260	40	
Miscellaneous Expenditures						
<b>Total Undist. Expend. - Guidance</b>	<b>169,670</b>	<b>50,367</b>	<b>220,037</b>	<b>164,412</b>	<b>55,625</b>	
<b>Undist. Expend. - Child Study Teams</b>						
Salaries of Other Professional Staff	571,419	13,085	584,504	495,929	88,576	3,028
Salaries of Secretarial and Clerical Assistants		3,028	3,028	16,112	13,084	70,428
Other Salaries	49,365	37,174	86,539	19,515	67,024	6,438
Purchased Professional - Educational Services	31,250	(5,297)	25,953	587	25,366	587
Other Purchased Prof. and Tech. Services	1,000	(413)	587		587	
Other Purchased Services (400-500 series O/ than Resid Costs)	10,555	719	11,274	8,239	3,035	204
Supplies and Materials	5,054	1,510	6,564	6,360	204	
Other Objects	6,000	(2,030)	3,970	3,709	260	
Miscellaneous Expenditures						
<b>Total Undist. Expend. - Child Study Team</b>	<b>674,643</b>	<b>47,776</b>	<b>722,419</b>	<b>549,863</b>	<b>172,556</b>	
<b>Undist. Expend. - Improvement of Instructional Services</b>						
Salaries of Supervisor of Instruction	164,942	(8,000)	156,942	145,707	11,235	
Salaries of Secretarial and Clerical Assistants	50,706	1,730	52,436	50,335	2,101	
Other Salaries	99,194	10,491	109,685	70,171	39,514	
Salaries of Facilitators, Math and Literacy Coaches	41,298	13,500	54,798	45,647	9,151	
Purchased Prof. Educational Services	20,000	(806)	19,194	12,065	7,129	
Other Purch Services (400-500)	7,875		7,875	6,925	950	
Supplies and Materials	15,832	(268)	15,564	5,841	9,723	
Other Objects	1,000		1,000		1,000	
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>400,847</b>	<b>16,647</b>	<b>417,494</b>	<b>336,692</b>	<b>80,802</b>	
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>						
Salaries	135,386	27,866	163,252	146,565	16,686	
Purchased Professional and Technical Services	7,800	600	8,400	3,735	4,665	
Other Purchased Services (400-500 series)	1,050	120	1,170	232	938	
Supplies and Materials	10,000	(426)	9,574	6,831	2,743	
Miscellaneous Expenditures						
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>154,236</b>	<b>28,160</b>	<b>182,396</b>	<b>157,363</b>	<b>25,033</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Salaries of Other Professional Staff	25,000	(5,277)	19,723	8,013	11,710	
Travel						
Purchased Professional - Educational Services	4,250	7,375	11,625	5,724	5,901	
Other Purchased Services (400-500 series)	3,900	695	4,595	1,333	3,262	
Other Objects	10,400	280	10,680	8,327	2,354	
Miscellaneous Expenditures						
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>43,550</b>	<b>3,073</b>	<b>46,623</b>	<b>23,396</b>	<b>23,226</b>	
<b>Undist. Expend. - Supp. Serv. - General Administration</b>						
Salaries	155,735	2,795	158,530	158,384	146	
Salaries of Secretarial Assistants	77,182	9,770	86,952	79,620	7,333	
Legal Services	70,000	8,131	78,131	59,035	19,096	
Audit Fees	30,600	1,175	31,775	26,559	5,216	
Architectural/Engineering Services	17,000		17,000	490	16,510	
Other Purchased Professional Services	30,800	4,371	35,171	2,395	32,776	
Purchased Technical Services	24,406	22,240	46,646	17,593	29,054	
Other Purch Prof. and Tech. Services	16,133	8,505	24,638	19,595	5,043	
Communications/Telephone	101,225	(2,744)	98,481	75,838	22,644	
Postage	25,559	293	25,852	10,826	15,025	
Travel	3,175	174	3,349	3,000	349	
Board of Education Travel	4,500	1,948	6,448	3,004	3,444	
Miscellaneous Purchased Services (400-500) [Other than 530 & 585]	58,172	580	58,752	49,926	8,826	
Supplies and Materials	20,500		20,500	9,510	10,990	
BOE Training/Meeting Supplies	2,500		2,500	315	2,185	
Other Objects	300		300		300	
Judgments Against the School District	30,000	13,194	43,194	7,136	36,059	
Miscellaneous Expenditures	8,975	17,000	25,975	5,324	20,651	
BOE Membership Dues/Fees	16,100		16,100	12,861	3,239	
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>692,862</b>	<b>87,432</b>	<b>780,294</b>	<b>541,409</b>	<b>238,885</b>	
<b>Undist. Expend. - Support Serv. - School Administration</b>						
Salaries of Principals/Assistant Principals	363,201	(3,009)	360,192	341,416	18,776	
Salaries of Other Professional Staff	139,716	(370)	139,346	139,346		
Salaries of Secretarial and Clerical Assistants	409,796	45,287	455,083	434,650	20,433	
Other Salaries	8,161	564	8,725	8,100	625	
Purchased Professional and Technical Services	13,700	27,613	41,313		41,313	
Other Purchased Services (400-500 series)	7,050		7,050	1,683	5,367	
Travel	6,200		6,200	175	6,025	
Supplies and Materials	15,971	1,222	17,193	11,549	5,644	
Other Objects	8,128	1,000	9,128	5,886	3,242	
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>971,923</b>	<b>72,307</b>	<b>1,044,230</b>	<b>942,805</b>	<b>101,425</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>Undistributed Expenditures Central Services</b>						
Salaries	125,368	4,078	129,446	129,446	0	
Salaries of Secretarial and Clerical Assistants	161,295	21,208	182,503	174,510	7,993	
Purchased Technical Service	2,700	(983)	1,717	625	1,092	
Other Purchased Services	9,500	10,629	20,129	9,241	10,888	
Travel Expense	1,600	174	1,774	1,004	770	
Supplies and Materials	9,000	(1,083)	7,917	5,836	2,081	
Other Objects	500		500	500		
Miscellaneous Expenditures	3,750	(100)	3,650	2,660	990	
<b>Total Undistributed Expenditures Central Services</b>	<b>313,713</b>	<b>33,923</b>	<b>347,636</b>	<b>323,323</b>	<b>24,313</b>	
<b>Undistributed Expenditures Admin Info Tech</b>						
Salaries	89,000	15,237	104,237	98,591	5,646	
Supplies and Materials	4,000	9,990	13,990	8,559	5,431	
<b>Total Undistributed Expenditures Admin Info Tech</b>	<b>93,000</b>	<b>25,227</b>	<b>118,227</b>	<b>107,149</b>	<b>11,077</b>	
<b>Undist. Expend. - Required Maint. for School Facilities</b>						
Purchased Technical Services	7,000	5,570	12,570	4,729	7,842	
Cleaning, Repair and Maintenance Services	343,058	14,247	357,305	310,730	46,575	
General Supplies	28,500	5,000	33,500	29,731	3,769	
Other Objects	1,000	(900)	100	85	15	
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>379,558</b>	<b>23,917</b>	<b>403,475</b>	<b>345,275</b>	<b>58,200</b>	
<b>Undist. Expend. - Custodial Services</b>						
Salaries	18,250	225	18,475	12,833	5,641	
Salaries of Non-Instructional Aides	79,050	1,689	80,739	44,160	36,579	
Purchased Professional and Technical Services	5,500	4,250	9,750	483	9,267	
Cleaning, Repair and Maintenance Services	690,940	1,754	692,694	682,461	10,233	
Other Purchased Property Services	53,372	3,492	56,864	39,216	17,647	
Insurance	70,597	(4,000)	66,597	52,875	13,722	
General Supplies	41,100	2,744	43,844	18,237	25,607	
Energy (Natural Gas)	275,749	(29,604)	246,145	131,411	114,734	
Energy (Electricity)	485,310	(42,754)	442,556	273,832	168,723	
Other Objects	1,000		1,000	498	502	
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,720,868</b>	<b>(62,206)</b>	<b>1,658,662</b>	<b>1,256,007</b>	<b>402,655</b>	
<b>Undist. Expend. - Care &amp; Upkeep of Grounds</b>						
Purchased Professional and Technical Services	71,400	493	71,893	41,331	30,562	
Cleaning, Repair and Maintenance Services	5,000		5,000	249	4,751	
General Supplies	7,400		7,400	5,484	1,916	
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds</b>	<b>83,800</b>	<b>493</b>	<b>84,293</b>	<b>47,065</b>	<b>37,228</b>	
<b>Undist. Expend. - Security</b>						
Cleaning, Repair and Maintenance Services	5,575		5,575		5,575	
<b>Total Undist. Expend. - Security</b>	<b>5,575</b>		<b>5,575</b>		<b>5,575</b>	
<b>Total Undist. Expend-Oper &amp; Maint of Plant Services</b>	<b>2,189,801</b>	<b>(37,795)</b>	<b>2,152,006</b>	<b>1,648,346</b>	<b>503,659</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>Undist. Expend. - Student Transportation Services</b>						
Contracted Services (Between Home & School)-Vendors	1,086,232	(118,930)	967,322	927,976	39,346	
Contract Services (Other than Between Home & School)-Vendors	5,600	8,347	13,947	9,767	4,180	
Contracted Services (Between Home & School)-Joint Agreements	243,000	35,000	278,000	205,125	72,875	
Contracted Services (Special Ed. Students)-Vendors	379,123	(240)	378,883	327,790	51,093	
Contracted Services (Special Ed. Students)-ESCs & CTASAs	281,152	(82,500)	198,652	149,703	48,949	
Misc. Purchased Services-Transportation	6,000		6,000	3,975	2,025	
Contracted Services (Special Ed. Students)-Joint Agreements	18,250		18,250	15,529	2,721	
Transportation Supplies	4,094		4,094		4,094	
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>2,023,471</b>	<b>(158,323)</b>	<b>1,865,148</b>	<b>1,639,865</b>	<b>225,283</b>	
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	240,000	24,960	264,960	195,348	69,612	
Other Retirement Contributions-PERS	226,965		226,965	218,303	8,662	
Unemployment Compensation	53,822	3,617	57,439	54,043	3,396	
Workmen's Compensation	148,000	(22,713)	125,287	109,011	16,276	
Health Benefits	2,651,560	30,720	2,682,280	2,444,978	237,302	
Tuition Reimbursement	52,500	15,897	68,397	22,158	46,239	
Other Employee Benefits	295,578	(28,378)	267,200	202,303	64,897	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>3,668,425</b>	<b>24,102</b>	<b>3,692,527</b>	<b>3,246,145</b>	<b>446,382</b>	
<b>ON-BEHALF CONTRIBUTIONS</b>						
On-behalf TPAF NCGI Premium (non-budgeted)				31,979	(31,979)	
On-behalf TPAF Post-Retirement Medical (non-budgeted)				663,335	(663,335)	
On-behalf TPAF Premium				297,995	(297,995)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				832,793	(832,793)	
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,826,102</b>	<b>(1,826,102)</b>	
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>3,668,425</b>	<b>24,102</b>	<b>3,692,527</b>	<b>5,072,247</b>	<b>(1,379,720)</b>	
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>13,539,540</b>	<b>528,328</b>	<b>14,067,868</b>	<b>13,477,683</b>	<b>590,185</b>	
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>23,250,996</b>	<b>2,150,206</b>	<b>25,401,202</b>	<b>23,283,186</b>	<b>2,118,016</b>	

Tinton Falls School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2012						
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual	
<b>CAPITAL OUTLAY</b>						
Equipment:						
Administrative Information Technology						
Regular Programs - Instruction:						
Preschool Disabilities-Part Time Grades 6-8	5,000	353	5,353	2,949	2,404	
Auditory Impairments						
Undist. Expend.-Instruction	15,000	(5,160)	9,840	9,830	10	
Undist. Expend.-Custodial Services	15,000	15,000	30,000	17,412	12,588	
Undist. Expend.-Care and Upkeep of Grounds	35,000	10,193	45,193	30,191	15,002	
<b>Total Equipment</b>						
Facilities Acquisition and Construction Services						
Legal Services						
Capital Reserve to CAP Projects	6,710	6,710	6,710	6,710	6,710	
Architectural/Engineering Services	50,000	2,299	52,299	36,298	16,001	
Other Purchased Prof. and Tech. Services	16,726	16,726	16,726	16,726	16,726	
Construction Services	500,000	295,944	795,944	379,665	416,279	
Assessment for Debt Service SDA Funding	12,942	12,942	12,942	12,942	12,942	
<b>Total Facilities Acquisition and Construction Services</b>	550,000	334,620	884,620	428,905	455,715	
<b>TOTAL CAPITAL OUTLAY</b>	585,000	344,813	929,813	459,097	470,717	
<b>TOTAL EXPENDITURES</b>	23,835,996	2,495,019	26,331,015	23,742,283	2,588,733	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,693,787)	(2,490,654)	(4,184,441)	1,130,825	5,315,267	
Other Financing Sources/(Uses):						
Operating Transfer Out:						
Transfer to Charter Schools	(10,407)	(3,653)	(14,060)	(14,060)		
<b>Total Other Financing Sources/(Uses):</b>	(10,407)	(3,653)	(14,060)	(14,060)		

Tinton Falls School District Budgetary Comparison Schedule General Fund					
For the Year Ended June 30, 2012					
	Original Budget	Transfers/ Adjustments	Final Budget	2012 Actual	Variance Final to Actual
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(1,704,194)	(2,494,307)	(4,198,501)	1,116,765	5,315,267
<b>Fund Balance, July 1</b>	9,354,155		9,354,155	9,354,155	
<b>Fund Balance, June 30</b>	7,649,961	(2,494,307)	5,155,654	10,470,920	5,315,267
<b>Reconciliation:</b>					
Adjustment for prior years encumbrances					
Withdrawal from Cap Reserve - Local Share		(2,277,928)	(2,277,928)	(2,277,928)	
Transfer to Capital Reserve				300,000	300,000
Transfer to Maintenance Reserve				800,000	800,000
Budgeted Fund Balances	(1,704,194)	(216,379)	(1,920,573)	2,294,694	4,215,267
Total	(1,704,194)	(2,494,307)	(4,198,501)	1,116,766	5,315,267
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				868,888	
Maintenance Reserve				1,707,355	
Emergency Reserve				250,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,658,008	
Excess Surplus - Current Year				1,447,846	
<b>Committed Fund Balance:</b>					
Year-End Encumbrances				1,761,474	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				768,979	
Total				1,008,371	
<b>Unassigned Fund Balance</b>				10,470,921	
Total					
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(333,687)	
Fund Balance per Governmental Funds (GAAP)				10,137,233	

Tinton Falls School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Fund	139,321	4,365	143,686	143,686	0
Total - Federal Sources	<u>139,321</u>	<u>4,365</u>	<u>143,686</u>	<u>143,686</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<u>139,321</u>	<u>4,365</u>	<u>143,686</u>	<u>143,686</u>	<u>0</u>
<b>EXPENDITURES:</b>					
Federal Sources:					
Education Jobs Fund:					
UNALLOCATED BENEFITS	139,321	4,365	143,686	143,686	0
Health Benefits	<u>139,321</u>	<u>4,365</u>	<u>143,686</u>	<u>143,686</u>	<u>0</u>
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>139,321</u>	<u>4,365</u>	<u>143,686</u>	<u>143,686</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>139,321</u>	<u>4,365</u>	<u>143,686</u>	<u>143,686</u>	<u>0</u>

Tinton Falls School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		33,688	33,688	33,688	
State Sources	51,000	50,517	101,517	101,517	
Federal Sources	433,500	99,767	533,267	533,267	
<b>Total Revenues</b>	<b>484,500</b>	<b>183,972</b>	<b>668,472</b>	<b>668,472</b>	
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers			153,289	153,289	
Salaries of Other Professional Staff	433,500	(280,211)	67,365	67,365	
Other Salaries for Instruction					
Purchased Professional - Educational Services	27,750	(27,750)	194,467	194,467	
Purchased Professional and Technical Services			66,401	66,401	
Other Purchased Services (400-500 series)			25,197	25,197	
General Supplies			23,986	23,986	
Textbooks	23,250	736	13,009	13,009	
Other Objects					
<b>Total Instruction</b>	<b>484,500</b>	<b>59,214</b>	<b>543,714</b>	<b>543,714</b>	
<b>Support Services:</b>					
Other Salaries			19,561	19,561	
Personal Services - Employee Benefits			2,938	2,938	
Purchased Professional & Technical Services			10,340	10,340	
Purchased Professional - Educational Services			77,531	77,531	
Purchased Technical Services			2,800	2,800	
Other Purchased Services (400-500 series)					
Supplies & Materials			11,588	11,588	
Other Objects					
<b>Total Support Services</b>			<b>124,758</b>	<b>124,758</b>	
<b>Facilities Acquisition and Const. Serv.:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Const. Serv.</b>					
<b>Total Expenditures</b>	<b>484,500</b>	<b>183,972</b>	<b>668,472</b>	<b>668,472</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**Tinton Falls School District  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to Required Supplementary Information  
For the Year Ended June 30, 2012**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	24,873,108	668,472
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		NONE	NONE
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		415,583	
State aid payment recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(284,822)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	25,003,869	668,472
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	23,742,282	668,472
Differences - budget to GAAP The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i> 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. Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund		NONE	NONE
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	23,742,282	668,472

**SPECIAL REVENUE FUND**

Tinton Falls School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1a)	Title I ARRA 2009-10	Title I Part A 2011-12	Title I Part A Carryover	Title II Part A 2011-12	Title II Part A Carryover	Title II Part D 2011-12	Title II Part D Carryover	Title III 2011-12	Totals 2011
<b>REVENUES</b>										
Local Sources	33,688									33,688
State Sources	101,517									101,517
Federal Sources	425,323	67,589	9,322	3,755	8,595	21	14,385	4,277	4,277	533,267
<b>Total Revenues</b>	<b>560,528</b>	<b>67,589</b>	<b>9,322</b>	<b>3,755</b>	<b>8,595</b>	<b>21</b>	<b>14,385</b>	<b>4,277</b>		<b>668,472</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	72,101	67,589	9,322					4,277		153,289
Salaries of Other Professional Staff	67,365									67,365
Other Salaries for Instruction										
Purchased Professional - Educational Services	186,082						8,285			194,467
Purchased Professional and Technical Services	66,401						6,000	21		66,401
Other Purchased Services (400-500 series)	19,176									23,197
General Supplies	23,986									23,986
Textbooks	13,009									13,009
Other Objects										
<b>Total Instruction</b>	<b>448,120</b>	<b>67,589</b>	<b>9,322</b>				<b>14,385</b>	<b>21</b>	<b>4,277</b>	<b>543,714</b>
<b>Support Services:</b>										
Other Salaries	16,921					2,640				19,561
Personal Services - Employee Benefits	2,938									2,938
Purchased Professional & Technical Services	689				3,696	5,955				10,340
Purchased Professional - Educational Services	77,531									77,531
Purchased Technical Services	2,800									2,800
Other Purchased Services (400-500 series)						59				11,588
Supplies & Materials	11,529									11,529
Other Objects										
<b>Total Support Services</b>	<b>112,408</b>				<b>3,755</b>	<b>8,595</b>				<b>124,758</b>
<b>Facilities Acquisition and Const. Serv.:</b>										
Instructional Equipment										
<b>Total Facilities Acquisition and Const. Serv.</b>										
<b>Total Expenditures</b>	<b>560,528</b>	<b>67,589</b>	<b>9,322</b>	<b>3,755</b>	<b>8,595</b>	<b>21</b>	<b>14,385</b>	<b>4,277</b>		<b>668,472</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>										

Timon Falls School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1b)	Title III Carryover	IDEA Part B, Basic 2011-12	IDEA Part B, Basic Carryover	IDEA Basic, ARRA 2009-11	IDEA Preschool 2011-12	Teacher Excellence Award	Total Carried Forward
<b>REVENUES</b>								
Local Sources	33,688							33,688
State Sources	101,517							101,517
Federal Sources	47,343	382	118,573	258,698		327		423,323
<b>Total Revenues</b>	<b>182,548</b>	<b>382</b>	<b>118,573</b>	<b>258,698</b>		<b>327</b>		<b>560,528</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	-			72,101				72,101
Salaries of Other Professional Staff	-			67,365				67,365
Other Salaries for Instruction	-							-
Purchased Professional - Educational Services	31,675		112,809	41,598				186,082
Purchased Professional and Technical Services	15,668		5,075	45,658				66,401
Other Purchased Services (400-500 series)	17,630	382		1,164				19,176
General Supplies	23,986							23,986
Textbooks	13,009							13,009
Other Objects								
<b>Total Instruction</b>	<b>101,968</b>	<b>382</b>	<b>117,884</b>	<b>227,886</b>				<b>448,120</b>
<b>Support services:</b>								
Other Salaries	-			16,921				16,921
Personal Services - Employee Benefits	-			2,938				2,938
Purchased Professional & Technical Services	-		689					689
Purchased Professional - Educational Services	77,531			2,800				77,531
Purchased Technical Services	-							-
Other Purchased Services (400-500 series)	3,049			8,153		327		11,529
Supplies & Materials								
Other Objects								
<b>Total Support Services</b>	<b>80,580</b>		<b>689</b>	<b>30,812</b>		<b>327</b>		<b>112,408</b>
<b>Facilities Acquisition and Const. Serv.:</b>								
Instructional Equipment	-							-
<b>Total Facilities Acquisition and Const. Serv.</b>								
<b>Total Expenditures</b>	<b>182,548</b>	<b>382</b>	<b>118,573</b>	<b>258,698</b>		<b>327</b>		<b>560,528</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								

Tinton Falls School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2012

	Ch. 193 - Handicapped Services										
	IDEA Preschool Carryover	IDEA Preschool, ARRA 2011-12	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Nonpublic Home Instruction	Local Sources	Total Carried Forward	
<b>REVENUES</b>											
Local Sources	31,675	15,668	23,986	36,845	26,078	7,346	6,594	668	33,688	33,688	
State Sources										101,517	
Federal Sources										47,343	
<b>Total Revenues</b>	<b>31,675</b>	<b>15,668</b>	<b>23,986</b>	<b>36,845</b>	<b>26,078</b>	<b>7,346</b>	<b>6,594</b>	<b>668</b>	<b>33,688</b>	<b>182,548</b>	
<b>EXPENDITURES:</b>											
<b>Instruction:</b>											
Salaries of Teachers										-	
Salaries of Other Professional Staff										-	
Other Salaries for Instruction										-	
Purchased Professional - Educational Services	31,675	15,668								31,675	
Purchased Professional and Technical Services										15,668	
Other Purchased Services (400-500 series)									17,630	17,630	
General Supplies			23,986							23,986	
Textbooks											
Other Objects									13,009	13,009	
<b>Total Instruction</b>	<b>31,675</b>	<b>15,668</b>	<b>23,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,639</b>	<b>101,968</b>	
<b>Support Services:</b>											
Other Salaries										-	
Personal Services - Employee Benefits										-	
Purchased Professional & Technical Services				36,845	26,078	7,346	6,594	668		77,531	
Purchased Professional - Educational Services										-	
Purchased Technical Services										-	
Other Purchased Services (400-500 series)									3,049	3,049	
Supplies & Materials										-	
Other Objects										-	
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,845</b>	<b>26,078</b>	<b>7,346</b>	<b>6,594</b>	<b>668</b>	<b>3,049</b>	<b>80,580</b>	
<b>Facilities Acquisition and Const. Serv.:</b>											
Instructional Equipment										-	
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Expenditures</b>	<b>31,675</b>	<b>15,668</b>	<b>23,986</b>	<b>36,845</b>	<b>26,078</b>	<b>7,346</b>	<b>6,594</b>	<b>668</b>	<b>33,688</b>	<b>182,548</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**CAPITAL PROJECTS FUND**

**Tinton Falls School District**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2012**

**Revenues and Other Financing Sources**

State Sources - SCC Grant	\$	957,709
Bond proceeds and transfers		
Interest on Investments		5,004
Transfer from capital reserve		
Transfer from capital outlay		-
Total revenues		962,713

**Expenditures and Other Financing Uses**

Purchased professional and technical services		
Land and Improvements		-
Construction Services		2,636,809
Equipment Purchases		-
Total expenditures		2,636,809
Excess (deficiency) of revenues over (under) expenditures		(1,674,096)
Transfers out		(748,840)
Fund balance - beginning		6,296,540
Fund balance - ending	\$	3,873,604

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Addition to Middle School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 1,596,306	\$ -	\$ 1,596,306	\$ 1,596,306
Bond proceeds and transfers	4,463,000	-	4,463,000	4,463,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>6,059,306</u>	<u>-</u>	<u>6,059,306</u>	<u>6,059,306</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	4,915,472	-	4,915,472	6,059,306
Equipment purchases	-	-	-	-
Total expenditures	<u>4,915,472</u>	<u>-</u>	<u>4,915,472</u>	<u>6,059,306</u>
<b>Transferred to Debt Service\Escrow Fund</b>	<u>400,000</u>	<u>743,834</u>	<u>1,143,834</u>	
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 743,834</u>	 <u>\$ (743,834)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional project information:**

Project Number	SP 20221
Grant Date	12/11/2001
Bond Authorization Date	3/15/2002
Bonds Authorized	\$4,463,000
Bonds Issued	\$4,463,000
Original Authorized Cost	\$6,060,000
Revised Authorized Cost	\$6,060,000

## Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	100%
Original target completion date	5/31/2006
Revised target completion date	5/31/2007

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Middle School Roof Replacement**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 137,367	\$ -	\$ 137,367	\$ 137,367
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	266,000	-	266,000	266,000
Total revenues	<u>403,367</u>	<u>-</u>	<u>403,367</u>	<u>403,367</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	393,158	-	393,158	403,367
Equipment purchases	-	-	-	-
Total expenditures	<u>393,158</u>	<u>-</u>	<u>393,158</u>	<u>403,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,209</u>	<u>\$ -</u>	<u>\$ 10,209</u>	<u>\$ -</u>

**Additional project information:**

Project Number	5185-070-04-2000
Grant Date	7/19/2004
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$343,418
Revised Authorized Cost	\$403,367

## Percentage Increase over Original

Authorized Cost	17.46%
Percentage completion	97%
Original target completion date	8/15/2005
Revised target completion date	8/15/2005

**Tinton Falls School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
Mahala F. Atchinson Roof Project  
For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 299,943	\$ -	\$ 299,943	\$ 299,943
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	450,000	-	450,000	450,000
Total revenues	749,943	-	749,943	749,943
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	48,092		48,092	48,092
Land and Improvements	-	-	-	-
Construction Services	500,000	-	500,000	701,851
Equipment purchases	-	-	-	-
Total expenditures	548,092	-	548,092	749,943
Excess (deficiency) of revenues over (under) expenditures	\$ 201,851	\$ -	\$ 201,851	\$ -

**Additional project information:**

Project Number	5185-030-05-1000
Grant Date	2/2/2006
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$749,858
Revised Authorized Cost	\$749,943
Percentage Increase over Original Authorized Cost	0.01%
Percentage completion	100%
Original target completion date	6/30/2006
Revised target completion date	9/15/2006

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Mahala F. Atchinson School Fire Alarm**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 38,093	\$ -	\$ 38,093	\$ 38,093
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	85,033	-	85,033	85,033
Transfer from capital outlay	-	-	-	-
Total revenues	<u>123,126</u>	<u>-</u>	<u>123,126</u>	<u>123,126</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	119,306	-	119,306	123,126
Equipment purchases	-	-	-	-
Total expenditures	<u>119,306</u>	<u>-</u>	<u>119,306</u>	<u>123,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,820</u>	<u>\$ -</u>	<u>\$ 3,820</u>	<u>\$ -</u>

**Additional project information:**

Project Number	5185-030-04-1000
Grant Date	4/28/2005
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$95,233
Revised Authorized Cost	\$123,126

## Percentage Increase over Original

Authorized Cost	29.29%
Percentage completion	100%
Original target completion date	6/30/2006
Revised target completion date	12/31/2006

**Tinton Falls School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
Swimming River School Fire Alarm  
For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 33,563	\$ -	\$ 33,563	\$ 33,563
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	78,228	-	78,228	78,228
Transfer from capital outlay	-	-	-	-
Total revenues	<u>111,791</u>	<u>-</u>	<u>111,791</u>	<u>111,791</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	111,791	-	111,791	111,791
Equipment purchases	-	-	-	-
Total expenditures	<u>111,791</u>	<u>-</u>	<u>111,791</u>	<u>111,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

Project Number	5185-050-04-1000
Grant Date	11/18/2005
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$83,908
Revised Authorized Cost	\$111,791
Percentage Increase over Original Authorized Cost	33.23%
Percentage completion	100%
Original target completion date	6/30/2006
Revised target completion date	12/31/2006

**Tinton Falls School District  
Capital Projects Fund  
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
Tinton Falls Middle School Fire Alarm  
For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 41,922	\$ -	\$ 41,922	\$ 41,922
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>41,922</u>	<u>-</u>	<u>41,922</u>	<u>41,922</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	-	-	-	41,922
Equipment purchases	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 41,922</u>	<u>\$ -</u>	<u>\$ 41,922</u>	<u>\$ -</u>

**Additional project information:**

Project Number	5185-070-05-0BAV
Grant Date	
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$41,922
Revised Authorized Cost	\$41,922
Percentage Increase over Original	
Authorized Cost	0.00%
Percentage completion	0.00%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Swimming River School Roof Projects**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	338,038	-	338,038	338,038
Transfer from capital outlay	-	-	-	-
Total revenues	<u>338,038</u>	<u>-</u>	<u>338,038</u>	<u>338,038</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	138,787	-	138,787	338,038
Equipment purchases	-	-	-	-
Total expenditures	<u>138,787</u>	<u>-</u>	<u>138,787</u>	<u>338,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 199,251</u>	<u>\$ -</u>	<u>\$ 199,251</u>	<u>\$ -</u>

**Additional project information:**

Project Number	NA
Grant Date	NA
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$338,038
Revised Authorized Cost	\$338,038
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	41.06%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Improvements to Mahala F. Atchison Elementary School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 464,883	\$ 284,879	\$ 749,762	\$ 749,762
Bond proceeds and transfers	1,627,000		1,627,000	1,627,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	777,165		777,165	777,165
Transfer from capital outlay	-	-	-	-
Total revenues	<u>2,869,048</u>	<u>284,879</u>	<u>3,153,927</u>	<u>3,153,927</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	130,183		130,183	130,183
Land and Improvements	-	-	-	-
Construction Services	1,032,024	712,198	1,744,222	1,744,222
Equipment purchases	-	-	-	-
Total expenditures	<u>1,162,207</u>	<u>712,198</u>	<u>1,874,405</u>	<u>1,874,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,706,841</u>	<u>\$ (427,319)</u>	<u>\$ 1,279,522</u>	<u>\$ 1,279,522</u>

**Additional project information:**

Project Number	5185-030-10-1001
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,627,635
Bonds Issued	\$1,627,000
Original Authorized Cost	\$4,008,000
Revised Authorized Cost	\$4,008,000

## Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	59.43%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Improvements to Swimming River Elementary School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 290,020	\$ 367,227	\$ 657,247	\$ 657,247
Bond proceeds and transfers	1,336,480		1,336,480	1,336,480
Contribution from private source	-	-	-	-
Transfer from capital reserve	773,300		773,300	773,300
Transfer from capital outlay	-	-	-	-
Total revenues	<u>2,399,800</u>	<u>367,227</u>	<u>2,767,027</u>	<u>2,767,027</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	90,291		90,291	90,291
Land and Improvements	-	-	-	-
Construction Services	634,759	918,068	1,552,827	1,552,827
Equipment purchases	-	-	-	-
Total expenditures	<u>725,050</u>	<u>918,068</u>	<u>1,643,118</u>	<u>1,643,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,674,750</u>	<u>\$ (550,841)</u>	<u>\$ 1,123,909</u>	<u>\$ 1,123,909</u>

**Additional project information:**

Project Number	5185-050-10-1002
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,336,780
Bonds Issued	\$1,336,480
Original Authorized Cost	\$3,516,800
Revised Authorized Cost	\$3,516,800

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	59.38%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Improvements to Swimming River Elementary School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 106,737	\$ 113,755	\$ 220,492	\$ 220,492
Bond proceeds and transfers	541,320		541,320	541,320
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>648,057</u>	<u>113,755</u>	<u>761,812</u>	<u>761,812</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	50,054		50,054	50,054
Land and Improvements	-	-	-	-
Construction Services	216,790	284,388	501,178	501,178
Equipment purchases	-	-	-	-
Total expenditures	<u>266,844</u>	<u>284,388</u>	<u>551,232</u>	<u>551,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 381,213</u>	<u>\$ (170,633)</u>	<u>\$ 210,580</u>	<u>\$ 210,580</u>

**Additional project information:**

Project Number	5185-050-10-1005
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$541,320
Bonds Issued	\$541,320
Original Authorized Cost	\$902,200
Revised Authorized Cost	\$902,200

## Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	72.36%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Improvements to Tinton Falls Middle School**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 49,100	\$ 191,847	\$ 240,947	\$ 240,947
Bond proceeds and transfers	1,061,200		1,061,200	1,061,200
Contribution from private source	-	-	-	-
Transfer from capital reserve	30,800		30,800	30,800
Transfer from capital outlay	-	-	-	-
Total revenues	<u>1,141,100</u>	<u>191,847</u>	<u>1,332,947</u>	<u>1,332,947</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	39,100		39,100	39,100
Land and Improvements	-	-	-	-
Construction Services	83,650	479,618	563,268	563,268
Equipment purchases	-	-	-	-
Total expenditures	<u>122,750</u>	<u>479,618</u>	<u>602,368</u>	<u>602,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,018,350</u>	<u>\$ (287,771)</u>	<u>\$ 730,579</u>	<u>\$ 730,579</u>

**Additional project information:**

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,061,200
Bonds Issued	\$1,061,200
Original Authorized Cost	\$1,820,000
Revised Authorized Cost	\$1,820,000

## Percentage Increase over Original

Authorized Cost	0.00%
Percentage completion	45.19%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Improvements to Administration Building**  
**For the Year Ended June 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	202,000		202,000	202,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	137,500		137,500	137,500
Transfer from capital outlay	-	-	-	-
Total revenues	<u>339,500</u>	<u>-</u>	<u>339,500</u>	<u>339,500</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	13,685		13,685	13,685
Land and Improvements	-	-	-	-
Construction Services	11,317	242,537	253,854	253,854
Equipment purchases	-	-	-	-
Total expenditures	<u>25,002</u>	<u>242,537</u>	<u>267,539</u>	<u>267,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 314,498</u>	<u>\$ (242,537)</u>	<u>\$ 71,961</u>	<u>\$ 71,961</u>

**Additional project information:**

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$202,000
Bonds Issued	\$202,000
Original Authorized Cost	\$339,500
Revised Authorized Cost	\$339,500

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	78.80%
Original target completion date	N/A
Revised target completion date	6/30/2013

**PROPRIETARY FUNDS**

**Tinton Falls School District**  
**Combining Statement of Net Assets**  
**Enterprise Funds**  
**June 30, 2012**

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	153,531	317,770	385,601	856,902
Accounts Receivable:				
State	220			220
Federal	5,526			5,526
Interfund-Accounts Receivable	21,150			21,150
Inventory	6,357			6,357
Total Current Assets	<u>186,784</u>	<u>317,770</u>	<u>385,601</u>	<u>890,155</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	<u>(21,922)</u>			<u>(21,922)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>9,394</u>	<u>-</u>	<u>-</u>	<u>9,394</u>
Total Assets	<u>196,178</u>	<u>317,770</u>	<u>385,601</u>	<u>899,549</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	72,623			72,623
Deferred Revenue	7,587		32,500	40,087
Total Current Liabilities	<u>80,210</u>	<u>-</u>	<u>32,500</u>	<u>112,710</u>
Total Liabilities	<u>80,210</u>	<u>-</u>	<u>32,500</u>	<u>112,710</u>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	9,394			9,394
Unrestricted	106,574	317,770	353,101	777,445
Total Net Assets	<u>115,968</u>	<u>317,770</u>	<u>353,101</u>	<u>786,839</u>

Tinton Falls School District  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Enterprise Funds  
For the Year Ended June 30, 2012

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	192,105			192,105
Daily Sales - Non-Reimbursable Programs	144,367			144,367
Miscellaneous	11,902	184,447	157,990	354,339
Total Operating Revenues	<u>348,374</u>	<u>184,447</u>	<u>157,990</u>	<u>690,811</u>
Operating Expenses:				
Cost of Sales	224,533			224,533
Labor	174,550	119,665	83,944	378,159
Supplies and Materials	37,352	1,770	640	39,762
Employee Benefits	29,999	22,052	14,267	66,318
Miscellaneous Expense	20,119	1,393	650	22,162
Depreciation	1,044			1,044
Total Operating Expenses	<u>487,597</u>	<u>144,880</u>	<u>99,501</u>	<u>731,978</u>
Operating Income (Loss)	(139,223)	39,567	58,489	(41,167)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	4,997			4,997
Federal Sources:				
National School Lunch Program	118,961			118,961
Food Distribution Program	14,644			14,644
Total Non-operating Revenues (Expenses)	<u>138,602</u>	<u>-</u>	<u>-</u>	<u>138,602</u>
Income (Loss) Before Contributions & Transfers	(621)	39,567	58,489	97,435
Transfers In (Out)				
Change in Net Assets	(621)	39,567	58,489	97,435
Total Net Assets - Beginning	<u>116,589</u>	<u>278,203</u>	<u>294,612</u>	<u>689,404</u>
Total Net Assets—Ending	<u><u>115,968</u></u>	<u><u>317,770</u></u>	<u><u>353,101</u></u>	<u><u>786,839</u></u>

**Tinton Falls School District**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2012**

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	349,137	184,447	159,915	693,499
Payments to employees		(119,665)	(83,944)	(203,609)
Payments for Miscellaneous Expenses	(20,119)	(25,315)	(15,557)	(60,991)
Payments to Food Service Management Company	(604,086)			(604,086)
Net Cash Provided by (Used for) Operating Activities	<u>(275,068)</u>	<u>39,467</u>	<u>60,414</u>	<u>(175,187)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	5,001			5,001
Federal Sources	132,839			132,839
Local Sources	(21,150)			(21,150)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>116,690</u>	<u>-</u>	<u>-</u>	<u>116,690</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(10,438)			(10,438)
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(10,438)</u>	<u>-</u>	<u>-</u>	<u>(10,438)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(168,816)	39,467	60,414	(68,935)
Balances—Beginning of Year	322,347	278,303	325,187	925,837
Balances—End of Year	<u>153,531</u>	<u>317,770</u>	<u>385,601</u>	<u>856,902</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	(139,223)	39,567	58,489	(41,167)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:				
Depreciation	1,044			1,044
Increase (Decrease) in Deferred Revenue	763		1,925	2,688
(Increase) Decrease in Inventory	3,006			3,006
Increase (Decrease) in Accounts Payable	(140,658)	(100)		(140,758)
Total Adjustments	<u>(135,845)</u>	<u>(100)</u>	<u>1,925</u>	<u>(134,020)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(275,068)</u>	<u>39,467</u>	<u>60,414</u>	<u>(175,187)</u>

**FIDUCIARY FUND**

**Tinton Falls School District  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	44,215
Total assets	44,215
<b>LIABILITIES</b>	
Payable to student groups	36,838
Payroll deductions and withholdings	7,377
Total liabilities	44,215
<b>NET ASSETS</b>	-

**Tinton Falls School District  
Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2012**

N/A

**Tinton Falls School District  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Year Ended June 30, 2012**

	<u>Balance</u> July 1, 2011	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> June 30, 2012
<b>ELEMENTARY SCHOOLS:</b>				
Atchinson	15,696	5,337	3,041	17,992
Swimming River	6,567	1,449		8,016
Tinton Falls	48,370	19,206	56,746	10,830
Tinton Falls Athletic Fund	-	8,123	8,123	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>70,633</u>	<u>34,115</u>	<u>67,910</u>	<u>36,838</u>

**Tinton Falls School District  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2012</u>
Net Payroll	6	9,004,516	9,004,519	3
Payroll Deductions and Withholdings	4,757	6,774,825	6,772,208	7,374
	<u>4,763</u>	<u>15,779,341</u>	<u>15,776,727</u>	<u>7,377</u>

**LONG-TERM DEBT**

**Tinton Falls School District  
General Long Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2012**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
School Refunding Bonds of 2004	7/15/2004	\$ 13,295,000	10/15/2012	1,155,000	5.000%	6,905,000		1,115,000	5,790,000
			10/15/2013	1,215,000	5.000%				
			10/15/2014	1,265,000	5.000%				
			10/15/2015	1,285,000	5.000%				
			10/15/2016	870,000	5.000%				
School Bonds of 2002	3/15/2002	\$ 4,463,000				2,908,000		2,908,000	
School Refunding Bonds of 2011	7/7/2011	\$ 2,150,000	3/15/2013	35,000	3.000%				
			3/15/2014	25,000	3.000%				
			3/15/2015	225,000	4.000%				
			3/15/2016	235,000	4.000%				
			3/15/2017	240,000	4.000%				
			3/15/2018	255,000	5.000%				
			3/15/2019	265,000	5.000%				
			3/15/2020	270,000	5.000%				
		3/15/2021	270,000	5.000%					
		3/15/2022	265,000	3.250%					
						2,150,000		65,000	2,085,000

**Tinton Falls School District  
General Long Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2012**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
School Bonds of 2011	2/1/2011	\$ 4,768,000	3/15/2013	170,000	3.000%			
			3/15/2014	175,000	3.000%			
			3/15/2015	185,000	3.000%			
			3/15/2016	190,000	3.000%			
			3/15/2017	195,000	3.000%			
			3/15/2018	205,000	3.000%			
			3/15/2019	210,000	3.000%			
			3/15/2020	220,000	3.250%			
			3/15/2021	225,000	3.250%			
			3/15/2022	240,000	3.500%			
			3/15/2023	245,000	4.000%			
			3/15/2024	255,000	4.000%			
			3/15/2025	265,000	4.000%			
			3/15/2026	275,000	4.000%			
			3/15/2027	285,000	4.000%			
			3/15/2028	300,000	4.125%			
			3/15/2029	310,000	4.250%			
		3/15/2030	325,000	4.250%				
		3/15/2031	328,000	4.250%				
						4,768,000	165,000	4,603,000
						14,581,000	4,253,000	12,478,000

Exhibit I-2

Tinton Falls School District  
 General Long Term Debt Account Group  
 Statement of Obligations under Capital Leases  
 June 30, 2012

SERIES	Amount	Issued in	Retired in	Amount
	Outstanding on July 1, 2011	Current Year	Current Year	Outstanding on June 30, 2012
Xerox Copiers	128,435		42,955	85,480
TOTAL	128,435	-	42,955	85,480

**Tinton Falls School District  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	1,880,554	-	1,880,554	1,880,554	-
State Sources:					
Debt Service Aid Type II	49,967	-	49,967	49,967	-
Miscellaneous Revenue	-	-	-	-	-
<b>Total Revenues</b>	<b>1,930,521</b>	<b>-</b>	<b>1,930,521</b>	<b>1,930,521</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	650,667	-	650,667	575,123	75,544
Redemption of Principal	1,495,000	-	1,495,000	1,345,000	150,000
Total Regular Debt Service	2,145,667	-	2,145,667	1,920,123	225,544
<b>Total expenditures</b>	<b>2,145,667</b>	<b>-</b>	<b>2,145,667</b>	<b>1,920,123</b>	<b>225,544</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,146)	-	(215,146)	10,398	225,544
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund	215,000	-	215,000	-	(215,000)
Miscellaneous from Bond Refunding	-	-	-	34,014	34,014
Interest Earned in Capital Projects Fund	-	-	-	5,004	5,004
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(146)	-	(146)	49,416	49,562
Fund Balance, July 1	3,959	-	3,959	3,959	-
Fund Balance, June 30	3,813	-	3,813	53,375	49,562

**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

### J SERIES

#### Contents

#### Page

#### **Financial Trends**

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

**J-1 to J-5**

#### **Revenue Capacity**

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

**J-6 to J-9**

#### **Debt Capacity**

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

**J-10 to J-13**

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

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

**J-14 to J-15**

#### **Operating Information**

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

**J-16 to J-20**

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

## STATISTICAL SECTION (UNAUDITED)

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**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**Unaudited**

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	3,430,367	4,048,954	4,517,972	5,938,317	6,894,281	7,547,803	8,362,663	9,883,688	8,045,100	12,239,035
Restricted	2,922,492	5,182,126	6,945,594	8,532,105	9,972,636	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529
Unrestricted	1,357,971	1,196,682	866,042	370,562	10,840	107,311	560,969	110,138	(39,857)	48,971
<b>Total Governmental Activities Net Assets</b>	<b>7,710,830</b>	<b>10,427,772</b>	<b>12,329,608</b>	<b>14,840,984</b>	<b>16,877,757</b>	<b>18,662,428</b>	<b>19,542,674</b>	<b>19,773,909</b>	<b>22,671,601</b>	<b>25,677,535</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-	-	9,394
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	162,092	116,775	159,516	243,527	322,198	390,501	474,656	580,555	689,404	777,445
<b>Total Business-type Activities Net Assets</b>	<b>162,092</b>	<b>116,775</b>	<b>159,516</b>	<b>243,527</b>	<b>322,198</b>	<b>390,501</b>	<b>474,656</b>	<b>580,555</b>	<b>689,404</b>	<b>786,839</b>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	3,430,367	4,048,954	4,517,972	5,938,317	6,894,281	7,547,803	8,362,663	9,883,688	8,045,100	12,248,429
Restricted	2,922,492	5,182,126	6,945,594	8,532,105	9,972,636	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529
Unrestricted	1,520,063	1,313,467	1,025,558	614,089	333,038	497,812	1,035,625	690,693	649,547	826,416
<b>Total District Net Assets</b>	<b>7,872,922</b>	<b>10,544,547</b>	<b>12,489,124</b>	<b>15,084,511</b>	<b>17,289,955</b>	<b>19,052,929</b>	<b>20,017,330</b>	<b>20,354,484</b>	<b>23,361,005</b>	<b>28,464,374</b>

Source: District Audits

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**Unaudited**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	6,398,115	5,836,589	7,026,123	6,901,868	7,138,074	7,314,967	7,663,566	7,438,363	7,155,788	7,657,700
Special Education	1,785,801	1,689,933	1,750,651	1,952,497	2,131,103	2,366,441	2,462,588	2,059,213	1,869,541	2,298,751
Other Special Instruction	274,385	231,557	262,310	245,636	317,976	379,687	374,905	317,664	279,564	373,591
Other Instruction	85,876	96,020	92,163	97,548	104,979	113,457	111,262	124,842	112,936	115,722
Support Services:										
Tuition	307,138	431,568	1,018,136	932,772	728,272	666,895	554,227	544,104	538,468	457,644
Student & Instruction Related Services	2,338,712	2,428,106	2,242,653	2,275,081	2,442,347	2,648,756	2,888,643	2,905,987	2,762,055	2,903,659
General Administrative Services	580,284	422,766	615,421	608,983	605,198	617,402	589,948	582,216	634,441	541,409
School Administrative Services	1,118,425	987,730	989,271	795,663	799,893	822,457	887,085	906,499	923,854	942,805
Central Services & Admin. Info. Technology	1,538,835	1,523,574	1,710,736	1,709,152	1,921,887	1,336,764	1,965,540	1,843,435	1,745,891	430,472
Plant Operations and Maintenance	1,702,968	1,724,329	1,898,887	1,698,862	1,723,554	1,845,817	1,929,737	1,853,934	1,712,608	1,659,335
Pupil Transportation	217,355	233,029	19,711	-	1,723,554	1,845,817	1,929,737	1,853,934	1,712,608	1,659,335
Business and Other Support Services	3,200,241	3,291,143	3,455,752	3,842,717	4,564,022	4,700,705	4,352,444	4,465,189	4,517,516	4,993,625
Unallocated Benefits	4,679	4,679	1,171,587	96,910	194,514	194,514	45,688	45,688	10,169	12,942
Capital outlay-depreciable	1,294,788	1,055,219	611,568	864,622	729,938	683,791	628,340	563,946	569,892	536,127
Interest on Long-term Debt	527,552	597,868	648,491	634,287	688,281	705,673	725,378	779,482	813,818	934,218
Unallocated Depreciation	21,375,054	20,548,421	23,503,460	22,952,665	24,164,751	25,326,749	25,480,214	24,826,589	24,031,181	25,467,865
<b>Total Governmental Activities Expenses</b>	<b>22,021,470</b>	<b>21,186,249</b>	<b>24,107,955</b>	<b>23,684,795</b>	<b>24,981,668</b>	<b>26,038,432</b>	<b>26,207,263</b>	<b>25,529,516</b>	<b>24,732,895</b>	<b>26,199,843</b>
Business-type Activities:										
Food Service	430,420	424,714	443,041	462,949	451,519	457,132	466,979	457,353	444,806	487,597
Time+	215,996	215,114	161,454	180,683	181,478	159,006	155,410	151,532	167,828	144,880
Kindergarten Enrichment Program				88,498	83,920	95,545	104,650	94,042	89,080	99,501
<b>Total Business-type Activities Expenses</b>	<b>646,416</b>	<b>639,828</b>	<b>604,495</b>	<b>732,130</b>	<b>716,917</b>	<b>711,683</b>	<b>727,039</b>	<b>702,927</b>	<b>701,714</b>	<b>731,978</b>
<b>Total District Expenses</b>	<b>22,021,470</b>	<b>21,186,249</b>	<b>24,107,955</b>	<b>23,684,795</b>	<b>24,981,668</b>	<b>26,038,432</b>	<b>26,207,263</b>	<b>25,529,516</b>	<b>24,732,895</b>	<b>26,199,843</b>
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	1,749,239	1,632,998	1,756,665	1,816,327	1,758,617	1,890,794	1,508,265	1,459,399	2,691,591	2,520,762
<b>Total Governmental Activities Program Revenues</b>	<b>1,749,239</b>	<b>1,632,998</b>	<b>1,756,665</b>	<b>1,816,327</b>	<b>1,758,617</b>	<b>1,890,794</b>	<b>1,508,265</b>	<b>1,459,399</b>	<b>2,691,591</b>	<b>2,520,762</b>
Business-type Activities:										
Charges for Services:										
Food Service	300,520	299,837	307,769	366,895	365,812	362,350	373,031	363,976	346,008	348,374
Operating Grants and Contributions	116,215	124,894	116,315	108,083	95,513	97,248	105,729	114,424	124,028	136,602
Kindergarten Enrichment	244,509	194,965	206,818	117,263	131,349	132,520	154,829	155,968	158,418	157,990
Time+	661,344	619,636	630,902	798,080	791,793	773,815	807,915	808,826	810,563	829,413
<b>Total Business-type Activities Program Revenues</b>	<b>2,410,583</b>	<b>2,252,694</b>	<b>2,387,567</b>	<b>2,614,337</b>	<b>2,550,410</b>	<b>2,664,609</b>	<b>2,316,180</b>	<b>2,268,225</b>	<b>3,502,154</b>	<b>3,350,175</b>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(19,625,615)	(18,915,423)	(21,746,795)	(21,136,338)	(22,406,134)	(23,435,955)	(23,971,949)	(23,367,190)	(21,339,590)	(22,947,103)
Business-type Activities	14,928	(20,132)	26,407	65,930	74,876	62,132	80,876	105,899	108,849	97,435
Total District-wide Net Expense	(19,610,687)	(18,935,555)	(21,720,388)	(21,070,408)	(22,331,258)	(23,373,823)	(23,891,073)	(23,261,291)	(21,230,741)	(22,849,668)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	13,549,951	14,324,771	16,421,284	16,172,448	16,576,450	17,282,133	17,580,444	17,680,228	18,387,437	18,755,185
Taxes Levied for Debt Service	2,103,480	2,037,798	1,891,837	1,910,667	1,745,469	1,781,871	1,723,472	1,527,327	1,535,406	1,880,564
Unrestricted Federal and State Aid	4,335,078	4,768,963	4,876,823	5,128,948	5,330,029	5,563,284	5,146,911	4,134,280	4,201,864	5,065,716
Tuition Received	101,132	74,146	57,611	108,374	167,380	134,678	100,582	136,707	34,161	93,011
Interest on Investments	102,035	44,466	146,666	314,282	589,576	430,984	130,048	39,121	26,928	14,410
Miscellaneous Income	109,994	386,214	390,764	31,076	40,379	111,742	81,683	65,459	51,486	39,999
Gain/(Loss) on refunding of long-term debt			(120,000)							54,162
Capital Asset Adjustment					(18,306)	(167,895)	106,032	15,303		
Gain / (Loss) on Disposal of Assets	(8,500)	(3,993)	(16,334)	(18,081)	(3,795)	(6,171)	(16,977)			
Transfers										
Total Governmental Activities	20,293,170	21,632,365	23,648,631	23,647,714	24,427,182	25,130,626	24,852,195	23,598,425	24,237,282	25,953,037
Business-type Activities:										
Transfers	8,500		16,334	19,081	3,795	6,171	3,279			
Total Business-type Activities	8,500		16,334	19,081	3,795	6,171	3,279			
Total District-wide	20,301,670	21,632,365	23,664,965	23,665,795	24,430,977	25,136,797	24,855,474	23,598,425	24,237,282	25,953,037
<b>Change in Net Assets</b>										
Governmental Activities	667,355	2,716,942	1,901,836	2,511,376	2,021,048	1,694,671	880,246	231,235	2,897,692	3,005,934
Business-type Activities	23,428	(20,132)	42,741	84,011	78,671	68,303	84,155	105,899	108,849	97,435
Total District	690,783	2,696,810	1,944,577	2,595,387	2,099,719	1,762,974	964,401	337,134	3,006,541	3,103,369

Source: District Audits

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**  
**Fund Balances Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>										
Reserved	1,102,193	3,435,639	5,409,169	6,727,809	8,448,729	9,518,854	9,205,113	8,543,862	5,602,013	6,932,097
Unreserved	1,878,542	1,639,188	1,228,987	863,981	636,579	754,923	1,209,313	475,869	2,277,928	1,761,474
Restricted									485,918	768,979
Committed									703,474	674,684
Assigned										
Unassigned										
<b>Total General fund</b>	<b>2,980,735</b>	<b>5,074,827</b>	<b>6,638,166</b>	<b>7,591,790</b>	<b>9,085,308</b>	<b>10,273,777</b>	<b>10,414,426</b>	<b>9,019,731</b>	<b>9,069,333</b>	<b>10,137,234</b>
<b>All Other Governmental Funds</b>										
Reserved	146,725	293,936	30,797	196,171	88,650					
Unreserved, Reported in:										
Special Revenue Fund	(4,042)	(2,934)	(2,934)	(2,934)	(2,934)					
Capital Projects Fund	1,607,005	1,444,767	1,393,406	1,446,765	1,332,284	1,420,914	1,401,637	1,405,888		
Debt Service	70,811	10,818	115,156	164,294	105,927	67,546	12,292	1,681		
Restricted, Reported in:										
Capital Projects Fund									6,296,540	3,873,604
Debt Service Fund									3,999	53,375
<b>Total Business-type Activities Net Assets</b>	<b>1,820,299</b>	<b>1,748,487</b>	<b>1,536,425</b>	<b>1,804,296</b>	<b>1,523,907</b>	<b>1,488,460</b>	<b>1,413,929</b>	<b>1,407,569</b>	<b>6,300,499</b>	<b>3,926,979</b>

Note: This schedule only covers the years subsequent to the implementation of GASB #34

Source: District Audits

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Governmental Fund Expenditures by Function  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax Levy	15,653,431	16,362,569	18,313,101	18,083,115	18,321,919	19,064,004	19,303,916	19,207,555	19,922,843	20,635,739
Other Local Revenue	313,161	504,826	595,041	458,529	677,404	877,404	329,309	259,445	195,894	197,420
State Sources	4,837,105	5,223,923	5,993,896	5,993,138	6,344,483	6,549,403	5,710,103	4,740,322	5,966,111	6,801,088
Federal Sources	1,247,212	1,178,038	1,069,592	949,340	744,143	904,675	928,077	838,199	844,025	751,702
<b>Total Revenues</b>	<b>22,050,909</b>	<b>23,269,356</b>	<b>25,541,630</b>	<b>25,482,122</b>	<b>25,410,585</b>	<b>27,195,486</b>	<b>28,271,405</b>	<b>25,042,521</b>	<b>26,928,873</b>	<b>28,395,949</b>
<b>Expenditures</b>										
Instruction:										
Regular	6,317,920	5,755,125	6,943,799	6,748,840	6,995,405	7,185,127	7,536,311	7,333,207	7,079,836	7,591,154
Special	1,785,801	1,689,933	1,750,851	1,852,497	2,131,103	2,366,441	2,462,588	2,059,213	1,869,541	2,268,751
Other Special Instruction	274,385	231,557	262,310	245,638	317,976	379,837	374,905	317,664	279,564	373,591
Other Instruction	85,876	95,020	92,163	97,548	104,979	113,457	111,262	124,842	112,936	115,722
School-Sponsored/Other Instructional Support Services:										
Instruction - Tuition	307,138	431,568	1,018,136	932,772	728,272	666,895	554,227	544,104	521,532	443,585
Student Related Services	1,468,754	2,428,106	2,242,853	2,275,081	2,442,347	2,906,861	2,908,608	2,980,152	2,785,430	2,883,712
Instructional Staff	869,958	869,958								
General Administration	541,067	566,412	615,421	604,926	603,607	616,915	589,948	582,216	634,441	541,409
School Administration	1,017,887	1,037,924	1,093,176	795,663	799,893	822,457	887,935	908,499	923,854	942,805
Central Services & Adm'n. Info. Technology	1,529,631	1,520,987	1,708,796	296,087	269,227	329,273	326,551	389,127	384,650	430,472
Operators and Maintenance	1,702,868	1,724,329	1,822,399	1,822,399	1,919,984	1,934,547	1,940,740	1,841,218	1,738,766	1,843,346
Student Transportation	217,355	233,029	1,888,887	1,698,862	1,862,169	1,845,817	1,929,737	1,853,934	1,712,608	1,639,865
Business and Other Support Services	3,200,241	3,291,143	3,455,752	3,794,652	4,421,489	4,668,448	4,318,657	4,483,265	4,459,981	5,072,247
Employee Benefits	4,460,642	4,629,930	1,237,287	1,000,549	469,373	306,043	405,296	1,234,000	2,443,102	3,095,904
Transfer to Charter School	1,060,000	1,070,000	1,325,000	1,195,000	1,165,000	1,200,000	1,200,000	1,210,000	1,270,000	1,345,000
Debt Service:	1,129,388	1,063,960	682,221	782,223	740,151	694,175	641,395	582,135	521,165	575,123
Principal										
Interest and Other Charges	25,960,611	21,602,033	24,335,963	24,242,545	24,990,975	26,036,293	26,188,310	26,443,576	26,737,405	28,981,746
<b>Total Governmental Fund Expenditures</b>	<b>(3,909,702)</b>	<b>1,667,323</b>	<b>1,205,667</b>	<b>1,239,577</b>	<b>419,590</b>	<b>1,159,193</b>	<b>83,095</b>	<b>(1,401,055)</b>	<b>191,468</b>	<b>(595,797)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures										
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In	(8,500)	10,818	22,602	662,398	(3,795)	10,757	(16,977)	539,184	1,926,678	5,004
Operating Transfers Out		(14,811)	(38,936)	(680,479)		(16,928)		(533,184)	(1,943,614)	(5,004)
Proceeds from Borrowing									4,768,000	34,014
Payment to refunding escrow										(743,836)
Capital Leases (non-budgeted)		356,950	163,844							
<b>Total Other Financing Sources (Uses)</b>	<b>(8,500)</b>	<b>352,957</b>	<b>147,610</b>	<b>(18,081)</b>	<b>(3,795)</b>	<b>(6,171)</b>	<b>(16,977)</b>	<b>(1,401,055)</b>	<b>4,751,064</b>	<b>(709,822)</b>
<b>Net Changes in Fund Balance</b>	<b>(3,918,202)</b>	<b>2,020,280</b>	<b>1,353,277</b>	<b>1,221,496</b>	<b>415,795</b>	<b>1,153,022</b>	<b>66,118</b>	<b>(1,401,055)</b>	<b>4,842,532</b>	<b>(1,305,619)</b>
Debt Service as a percentage of noncapital expenditures	10.16%	10.09%	8.69%	8.51%	7.85%	7.36%	7.14%	7.11%	7.37%	7.42%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

## BOROUGH OF TINTON FALLS SCHOOL DISTRICT

General Fund Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Sale of Land</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	101,132	102,035		109,994	313,161
2004	74,146	44,466	301,500	84,714	504,826
2005	57,611	146,666		390,764	595,041
2006	108,374	314,282		33,873	456,529
2007	167,380	506,780		33,186	707,346
2008	134,678	420,227		77,663	632,568
2009	100,582	130,048		98,679	329,309
2010	136,707	38,975		65,459	241,141
2011	34,161	24,015		51,486	109,662
2012	93,011	9,406		56,311	158,728

Source: District records.

Tinton Falls School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2003	39,243,604	808,801,143	3,693,000	275,500	189,507,400	16,401,300	79,192,400	1,138,114,947	0	2,677,578	1,140,791,925	1.398	1,764,191,813
2004	34,382,304	853,176,443	3,368,100	275,500	191,618,300	16,401,300	89,104,800	1,187,326,747	0	2,262,675	1,189,589,422	1.498	2,134,674,218
2005	36,489,704	897,285,943	3,108,800	209,000	190,298,500	16,401,300	99,635,200	1,243,428,447	0	1,860,866	1,245,289,313	1.412	2,501,717,012
2006	42,013,900	909,550,000	2,838,700	198,100	189,808,700	17,596,900	97,242,400	1,259,348,700	0	1,546,453	1,260,895,153	1.411	2,542,770,410
2007	41,155,900	930,617,300	2,938,700	198,100	191,731,300	15,274,600	97,242,400	1,279,158,300	0	1,444,988	1,280,603,288	1.447	2,985,510,952
2008	119,373,500	2,097,157,300	6,307,800	238,200	439,797,200	36,222,500	219,667,600	2,918,765,100	0	3,722,489	2,922,487,599	0.644	3,277,610,613
2009	96,684,100	2,096,852,400	6,307,800	239,200	520,712,800	38,601,400	242,240,100	3,001,637,800	0	4,276,316	3,005,914,118	0.623	3,241,270,014
2010	96,028,200	2,061,510,100	5,773,200	235,700	553,538,700	38,136,900	239,172,900	2,894,395,700	0	4,447,519	2,998,843,219	0.648	3,167,733,563
2011	81,442,000	1,979,718,700	5,732,500	229,100	526,100,300	35,757,400	239,172,900	2,868,152,900	0	4,457,320	2,872,610,220	0.703	3,094,264,906
2012	73,089,000	1,895,100,800	5,732,500	229,200	509,307,800	32,164,200	239,172,900	2,754,796,400	0	3,862,979	2,758,659,379	0.739	2,911,474,837

Source: District records Tax list summary, Municipal Tax Assessor and Monmouth County Abstract of Rates

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

R Denotes revaluation.

Tinton Falls School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Shrewsbury Township:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q/farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2003	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	26,496	\$27,264,596	1.521	44,877,640
2004	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	50,501	\$27,288,601	1.517	55,121,467
2005	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	66,336	\$27,304,436	1.709	63,030,044
2006	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	47,361	27,285,461	1.826	63,041,570
2007	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	40,437	\$27,278,537	1.946	75,297,009
2008	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	140,814	\$72,717,014	0.671	79,818,479
2009	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	149,178	\$72,725,378	0.670	79,314,947
2010	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.663	75,611,792
2011	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.637	69,659,242
2012	\$0	\$20,494,700	\$0	\$0	\$0	\$0	\$36,002,600	\$56,497,300	0	358,313	\$56,855,613	0.779	53,374,413

Source: District records Tax list summary, Municipal Tax Assessor and Monmouth County Abstract of Rates

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

R Denotes revaluation.

**Tinton Falls School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

**Borough of Tinton Falls:**

Fiscal Year Ended June 30,	Tinton Falls School District					Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Local School District	Monmouth Regional School District	Total Direct	Tinton Falls Borough	Library/Other		Monmouth County	
							County Library	Other		
2003	1.191	0.019	1.398	0.633	1.398	0.617	0.563		0.563	3.211
2004	1.311	0.187	1.498	0.725	1.498	0.611	0.579		0.579	3.413
2005	1.266	0.146	1.412	0.793	1.412	0.611	0.600		0.600	3.416
2006	1.262	0.149	1.411	0.797	1.411	0.785	0.597		0.597	3.590
2007	1.333	0.114	1.447	0.824	1.447	0.785	0.627		0.627	3.683
R 2008	0.586	0.058	0.644	0.369	0.644	0.383	0.283		0.283	1.679
2009	0.569	0.054	0.623	0.336	0.623	0.410	0.277		0.277	1.846
2010	0.592	0.056	0.648	0.344	0.648	0.416	0.285		0.285	1.893
2011	0.649	0.054	0.703	0.366	0.703	0.439	0.300		0.300	1.808
2012	0.672	0.067	0.739	0.409	0.739	0.464	0.306		0.306	1.917

**Township of Shrewsbury:**

Fiscal Year Ended June 30,	Tinton Falls School District					Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Local School District	Monmouth Regional School District	Total Direct	Shrewsbury Township	County Library/Other		Monmouth County	
							County Library	Other		
2003	1.317	0.204	1.521	0.504	1.521	1.450	0.546		0.546	4.021
2004	1.315	0.187	1.517	0.614	1.517	1.501	0.572		0.572	4.204
2005	1.483	0.187	1.670	0.623	1.670	1.580	0.614		0.614	4.487
2006	1.613	0.183	1.806	0.724	1.806	1.780	0.675		0.675	4.965
2007	1.740	0.190	1.930	0.570	1.930	1.915	0.685		0.685	5.100
R 2008	0.655	0.060	0.715	0.322	0.715	0.859	0.265	0.015	0.015	2.176
2009	0.612	0.088	0.670	0.324	0.670	0.925	0.266		0.266	2.201
2010	0.608	0.057	0.663	0.315	0.663	1.019	0.267	0.014	0.014	2.278
2011	0.588	0.048	0.637	0.318	0.637	1.042	0.255	0.014	0.014	2.264
2012	0.559	0.078	0.637	0.318	0.637	1.042	0.255	0.014	0.014	2.264

Source: District Records and Municipal Tax Collector

N/A=NOT AVAILABLE

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.

R. Revaluation year.

Tinton Falls School District  
Principal Property Taxpayers,

Exhibit J-8a

Unaudited

TINTON FALLS BOROUGH

	2009			1997		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Tinton Falls Campus/Seabrook	\$194,755,600	1	6.48%	\$30,500,000	1	3.19%
CPG Tinton Falls	\$86,244,500	2		\$17,436,900	2	1.83%
Tinton Ave Developers	\$38,703,400	3	1.29%	\$10,500,000	3	1.10%
Stavola Realty	\$35,664,700	4	1.19%	\$8,342,100	4	0.87%
Mid Monmouth Realty	\$25,424,500	5	0.85%			
Avalon Bay Communities Inc	\$23,280,000	6	0.77%			
Putnam @ Tinton Falls	\$18,476,600	7	0.61%			
Reidhall, LP etal c/o Hudson Equities	\$18,416,600	8	0.61%			
Hovsons, Inc.	\$15,623,600	9	0.52%	\$7,829,500	5	0.82%
Kapson TF Corp	\$15,367,100	10	0.51%	\$7,283,000	6	0.76%
XPD (NJ) L.L.C.-Thomson				\$6,958,400	7	0.73%
Tinton Pines Construction				\$6,496,200	8	0.68%
Palumbo, Attilio & Valerie				\$5,734,800	9	0.60%
Shrewsbury 35 asso/A&P				\$4,200,000	10	0.44%
Hovsons, inc						
	\$471,956,600		12.83%	\$105,280,900		11.02%

Source: Municipal Tax Assessor

Tinton Falls School District  
Principal Property Taxpayers

Exhibit J-8b

SHREWSBURY TOWNSHIP

	2009			1997		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Alfred Vail Mutual	\$ 41,010,000		56.51%	\$ 13,264,600		48.69%
Coolidge Shrewsbury, LLC	6,596,300		9.09%	4,800,000		17.62%
Taxpayer 3	219,700		0.30%	77,900		0.28%
Taxpayer 4	219,700		0.30%	77,900		0.28%
Taxpayer 5	219,700		0.30%	77,900		0.28%
Taxpayer 6	219,700		0.30%	77,900		0.28%
Taxpayer 7	219,700		0.30%	77,900		0.28%
Taxpayer 8	219,700		0.30%	77,900		0.28%
Taxpayer 9	219,700		0.30%	77,900		0.28%
Taxpayer 10	219,400		0.30%	77,900		0.28%
Total	\$ 49,363,600		68.02%	\$ 18,687,800		68.55%

Source: Municipal Tax Assessor

Tinton Falls School District  
Property Tax Levies and Collections,  
Last Nine Fiscal Years

TINTON FALLS BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	16,390,264	16,390,264	100.00%	-
2005	17,819,138	17,819,138	100.00%	-
2006	17,584,478	17,584,478	100.00%	-
2007	17,792,345	17,792,345	100.00%	-
2008	18,525,689	18,525,689	100.00%	-
2009	18,815,939	18,815,939	100.00%	-
2010	18,720,023	18,720,023	100.00%	-
2011	19,445,362	19,445,362	100.00%	-
2012	20,203,280	20,203,280	100.00%	-

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

a

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

Tinton Falls School District  
 Property Tax Levies and Collections,  
 Last Seven Fiscal Years

SHREWSBURY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	493,962	493,962	100.00%	-
2006	498,637	498,637	100.00%	-
2007	529,574	529,574	100.00%	-
2008	538,315	538,315	100.00%	-
2009	487,977	487,977	100.00%	-
2010	487,532	487,532	100.00%	-
2011	477,481	477,481	100.00%	-
2012	432,459	432,459	100.00%	-

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

a

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

Tinton Falls School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Borough of Tinton Falls:

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>a</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita <sup>a</sup>			
2002	19,022,548	0	355,215	0	19,377,763	2.61%	1,101		
2003	18,895,257	0	305,266	0	19,200,523	2.56%	1,089		
2004	16,799,854	0	136,908	0	16,936,762	2.05%	949		
2005	15,644,447	0	350,202	0	15,994,649	1.73%	823		
2006	14,492,540	0	406,919	0	14,899,459	1.53%	764		
2007	13,337,257	0	292,369	0	13,629,626	1.30%	697		
2008	13,161,107	0	310,214	0	13,471,321	1.20%	668		
2009	11,990,060	0	218,865	0	12,208,925	1.13%	617		
2010	10,816,959	0	128,435	0	10,945,394	1.07%	612		
2011	14,289,380	0	85,480	0	14,374,860	N/A	N/A		
2012	12,228,440	0	45,808	0	12,274,248	N/A	N/A		

Shrewsbury Township:

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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita <sup>a</sup>			
2003	452,743	0	305,266	0	758,009	1.59%	687		
2004	428,346	0	136,908	0	565,254	1.10%	513		
2005	398,553	0	350,202	0	748,755	1.41%	684		
2006	370,460	0	406,919	0	777,379	1.39%	716		
2007	335,743	0	292,369	0	628,112	1.07%	584		
2008	331,893	0	310,214	0	642,107	1.06%	601		
2009	302,940	0	218,865	0	521,805	0.89%	490		
2010	266,041	0	128,435	0	394,476	0.16%	346		
2011	291,620	0	85,480	0	377,100	N/A	N/A		
2012	249,560	0	45,808	0	295,368	N/A	N/A		

N/A= Not Available

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

<sup>a</sup> See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

Tinton Falls School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Calendar Years  
Unaudited

Borough of Tinton Falls:

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		
2003	18,895,257.00	-	18,895,257	1.66%	\$ 1,089
2004	16,799,654.00	-	16,799,654	1.41%	\$ 949
2005	15,644,447.00	-	15,644,447	1.26%	\$ 823
2006	14,492,540.00	-	14,492,540	1.15%	\$ 764
2007	13,337,257.00	-	13,337,257	1.04%	\$ 697
2008	13,161,107.00	-	13,161,107	0.45%	\$ 668
2009	11,990,060.00	-	11,990,060	0.40%	\$ 606
2010	10,816,959.00	-	10,816,959	0.36%	\$ 604
2011	14,289,380.00	-	14,289,380	0.50%	\$ 798
2012	12,228,440.00	-	12,228,440	0.44%	N/A

Shrewsbury Township:

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		
2003	452,743	-	452,743	1.66%	\$ 410
2004	428,346	-	428,346	1.57%	\$ 389
2005	398,553	-	398,553	1.46%	\$ 364
2006	370,460	-	370,460	1.36%	\$ 341
2007	335,743	-	335,743	1.23%	\$ 312
2008	331,893	-	331,893	0.46%	\$ 311
2009	302,940	-	302,940	0.42%	\$ 284
2010	266,041	-	266,041	0.37%	\$ 233
2011	291,620	-	291,620	0.40%	\$ 256
2012	249,560	-	249,560	0.44%	N/A

<sup>a</sup> See Exhibit NJ J-6 for property tax data.

<sup>b</sup> Population data can be found in Exhibit NJ J-14.

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

Tinton Falls School District  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2011

Exhibit J-12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Borough of Tinton Falls</b>			
Debt repaid with property taxes			
Tinton Falls Borough (Net Debt)	\$ 20,866,574	100.000%	\$ 20,866,574
Monmouth County General Obligation Debt (Net Debt)	456,874,186	2.555%	11,673,135
Monmouth Regional High School	1,785,000	56.465%	1,007,896
<b>Tinton Falls School District Direct Debt</b>			
Authorized but not issued	0	97.70%	0
Outstanding	12,708,000	97.78%	12,426,236
<b>Total direct and overlapping debt</b>			<u>\$ 45,973,841</u>

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Township of Shrewsbury</b>			
Debt repaid with property taxes			
Township of Shrewsbury (Net Debt)	-	100.000%	-
Monmouth County General Obligation Debt	456,874,186	0.058%	263,160
Monmouth Regional High School	1,785,000	1.280%	22,854
<b>Shrewsbury Township School District Direct Debt</b>			
Authorized but not issued	0	2.30%	-
Outstanding	12,708,000	2.22%	281,764
<b>Total direct and overlapping debt</b>			<u>\$ 567,778</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.  
 Debt outstanding data provided by each governmental unit annual debt statement.

**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.

<sup>a</sup> 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.

Tinton Falls School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2011

	Total Equalized Valuation		Borough of Tinton Falls		Township of Shrewsbury	
	2007	2008	2009	2010	2011	
Debt limit	\$ 39,185,245	\$ 45,069,294	\$ 53,441,299	\$ 65,566,677	\$ 77,535,619	\$ 88,710,399
Total net debt applicable to limit	19,348,000	18,278,000	17,073,000	15,878,000	14,693,000	13,493,000
Legal debt margin	\$ 19,837,245	\$ 26,791,294	\$ 36,368,299	\$ 49,688,677	\$ 62,842,619	\$ 75,217,399
Total net debt applicable to the limit as a percentage of debt limit	49.38%	40.56%	31.95%	24.22%	18.95%	15.21%
				13.10%	11.56%	15.19%
						12.82%

Equalized valuation basis	
2011	3,084,909,523
2010	3,283,716,304
2009	3,234,674,359
[A]	\$ 9,602,700,186
[A]3	\$ 3,200,900,062

Average equalized valuation of taxable property	
[B]	96,027,002
[C]	14,786,000
[B-C]	\$ 81,241,002

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

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

Tinton Falls School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

Borough of Tinton Falls:

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	17,270	\$ 742,178,250	42,975	3.8%
2003	17,356	\$ 749,900,692	43,207	3.8%
2004	17,711	\$ 824,765,848	46,568	3.2%
2005	19,012	\$ 922,196,072	48,506	4.0%
2006	18,958	\$ 975,483,890	51,455	4.1%
2007	19,139	\$ 1,048,836,339	54,801	3.7%
2008	19,703	\$ 1,118,243,765	56,755	4.8%
2009	19,772	\$ 1,082,932,212	54,771	7.9%
2010	17,907	\$ 1,019,893,185	56,955	8.1%
2011	17,911	N/A	N/A	8.1%

Shrewsbury Township:

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	1,103	\$ 47,401,425	42,975	4.8%
2003	1,104	\$ 47,700,528	43,207	4.8%
2004	1,102	\$ 51,317,936	46,568	4.0%
2005	1,094	\$ 53,065,564	48,506	7.2%
2006	1,085	\$ 55,828,675	51,455	7.2%
2007	1,075	\$ 58,911,075	54,801	6.6%
2008	1,068	\$ 60,614,340	56,755	8.4%
2009	1,065	\$ 58,331,115	54,771	13.5%
2010	1,141	\$ 64,985,655	56,955	13.7%
2011	1,141	N/A	N/A	13.8%

N/A= Not Available

a US Bureau of the Census, Population Division

b Population times per capita income

c Bureau of Economic Analysis April 2012

d New Jersey Department of Labor and Workforce Development

Tinton Falls School District  
Principal Employers

Exhibit J-15a

Unaudited

TINTON FALLS BOROUGH

Employer	2010		1999			
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
Seabrook Village	778	1	9.82%			
Red Bank Veterinary Hospital	301	2	3.80%			
United Parcel Service	250	3	3.16%			
Healthsouth	250	4	3.16%			
Tinton Falls Borough School District	216	5	2.73%			
Monmouth Regional BOE	207	6	2.61%			
Tinton Falls Borough	145	7	1.83%			
Ranney School	140	8	1.77%		N/A	
Liberty Royal	120	9	1.51%			
Garden State Veterinary Specialists	105	10	1.33%			
			31.71%			0.00%

N/A= NOT AVAILABLE

Tinton Falls School District  
Principal Employers,

Unaudited

SHREWSBURY TOWNSHIP

Employer	2010		1999		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment
	-	N/A	0.00%	N/A	0.00%

N/A= NOT AVAILABLE

Tinton Falls School District  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	114	97	97	98	105	102	106	99	95	97
Special education	26	26	24	26	34	42	35	37	38	38
Other special education	29	19	22	31	19	38	38	35	31	31
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	2	2	4	6	10	4	4	3	3	3
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	19	20	17	18	29	19	20	27	21	22
General administrative services	5	5	5	5	6	5	5	5	5	5
School administrative services	18	14	13	13	13	13	13	15	15	16
Business administrative services	4	4	4	4	4	4	4	4	5	4
Plant operations and maintenance	13	17	16	17	16	15	10	6	5	4
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>231</b>	<b>203</b>	<b>202</b>	<b>218</b>	<b>236</b>	<b>242</b>	<b>235</b>	<b>231</b>	<b>213</b>	<b>216</b>

Source: District Personnel Records

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Elementary School	Middle School	Average Daily Enrollment ©	Average Daily Attendance ©	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	1,729	19,593,848	\$ 11,332.47	N/A	140	101.0	39.6	1,741.90	1,665.10	-5.65	95.60
2004	1,726	19,405,488	\$ 11,243.03	-0.79%	140	87.2	33.5	1,725.40	1,649.10	-0.95	95.60
2005	1,618	21,658,453	\$ 13,385.94	19.06%	128	91.3	31.2	1,627.20	1,549.40	0.95	95.22
2006	1,594	21,528,798	\$ 13,506.15	0.90%	134	94.0	50.0	1,576.30	1,505.10	0.97	95.55
2007	1,559	21,987,960	\$ 14,103.89	4.43%	150	97	53	1,561.40	1,488.70	0.89	95.30
2008	1,583	23,194,661	\$ 14,652.34	3.85%	159	105	54	1,575.30	1,505.40	1.01	95.60
2009	1,632	23,604,953	\$ 14,463.82	-1.29%	159	105	54	1,611.70	1,539.50	1.02	95.50
2010	1,585	23,093,165	\$ 14,569.82	-0.56%	150	95.8	54.2	1,562.30	1,511.20	0.98	95.50
2011	1,580	24,946,240	\$ 15,788.76	9.16%	145	85	59	1,580.00	1,537.32	1.00	95.43
2012	1,565	23,965,719	\$ 15,313.56	5.10%	149	98	51	1,554.10	1,487.30	0.98	95.70

Source:

- a Operating expenditures equal total expenditures less debt service.
- 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.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

School Building Information  
Last Ten Fiscal Years  
*Unaudited*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Elementary										
Mahalia F. Atkinson(Year)										
Square Feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950
Capacity (students)										
Enrollment										
Swimming River (Year)										
Square Feet	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692
Capacity (students)										
Enrollment										
Middle School										
Tinton Falls Middle School (Year)										
Square Feet	84,655	84,655	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255
Capacity (students)										
Enrollment										
Other										
Central Administration (Year)										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Number of Schools at June 30, 2012										
Elementary										
Middle School										
Other										
Total	241,297	241,297	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**Unaudited**

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

School Facilities	Project #'s	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Mahala F. Atchinson	N/A	132,929	105,152	82,462	100,980	118,075	106,949	113,828	113,355	85,564	89,584
Swimming River School	N/A	93,569	96,051	84,359	113,422	106,642	88,771	88,412	96,393	79,924	83,679
Tinton Falls Middle School	N/A	108,725	100,696	107,060	104,479	100,536	119,234	101,753	90,471	83,661	87,591
Administration Building	N/A	10,052	17,270	35,454	8,915	28,864	8,950	7,893	10,841	3,270	3,424
<b>Total School Facilities</b>		<b>345,275</b>	<b>319,169</b>	<b>309,335</b>	<b>327,796</b>	<b>354,117</b>	<b>323,904</b>	<b>311,886</b>	<b>311,060</b>	<b>252,419</b>	<b>264,278</b>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT**

**Insurance Schedule  
June 30, 2012  
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property - Blanket Building & Contents	42,917,553	1,000
Comprehensive General Liability	1M OCC./2M AGG.	
Comprehensive Automobile Liability	1,000,000	
Automobile Physical Damage	1,000,000	500
Comprehensive Crime Coverage	25,000	0
Disappearance, Destruction, Forgery	100,000	
Computers and Schedule Equipment -		
Data Processing-Hardware	935,359	500
Data Processing-Media/Data	55,000	500
Other (Audio Visual)Equip.& Software	199,984	250
Boiler and Machinery - Property Damage	Incl. In Property	100
Umbrella Liability - Umbrella Policy	10,000,000	0
School Board Legal Liability -		
Directors' and Officers' Policy	2,000,000	Each loss 5,000
Public Employee Faithful Performance	100,000	0
Business Administrator Bond	250,000	0
Treasurer Bond	250,000	0
Workers Compensation	Statutory	
Employers Liability	2,000,000	
Supplemental Workers Compensation	52 Week Limit	7 Day
Employee Benefit Liability	1M OCC./3M AGG.	1,000

Source: District Records.

**SINGLE AUDIT SECTION**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

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## 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

Honorable President and  
Members of the Board of Education  
Borough of Tinton Falls School District  
County of Monmouth, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Tinton Falls School District in the County of Monmouth as of and for the fiscal year ended June 30, 2012 which collectively comprise the basic financial statements of the Board of Education of the Borough of Tinton Falls School District in the County of Monmouth, and have issued our report thereon dated October 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Borough of Tinton Falls School District is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Borough of Tinton Falls School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Tinton Falls School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Tinton Falls School District Board of Education's internal control over financial reporting.

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



Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

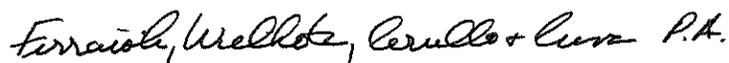
As part of obtaining reasonable assurance about whether the Borough of Tinton Falls School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

However, we noted certain immaterial instances of noncompliance that we have reported to the Board of Education of the Borough of Tinton Falls in the separate Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance dated October 22, 2012.

This report is intended solely for the information of management, the Borough of Tinton Falls Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.  
Licensed Public School Accountant  
No. CS00076600



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

October 22, 2012

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
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Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and  
Members of the Board of Education  
Borough of Tinton Falls School District  
County of Monmouth, New Jersey

### Compliance

We have audited the compliance of the Board of Education of the Borough of Tinton Falls School District in the County of Monmouth with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. Borough of Tinton Falls School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Tinton Falls School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Tinton Falls School District Board of Education's compliance based on our audit.

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; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions the New Jersey State Treasury Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Tinton Falls School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Tinton Falls School District Board of Education's compliance with those requirements.



In our opinion, the Borough of Tinton Falls School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Borough of Tinton Falls School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Tinton Falls School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Borough of Tinton Falls 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 federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the management and the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.  
Licensed Public School Accountant  
No. CS00076600

*Ferraioli, Wielkotz, Cerullo & Cuva P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

BOROUGH OF TINTON FALLS SCHOOL DISTRICT													MEMO		
Schedule of Expenditures of Federal Awards													Total		
for the Fiscal Year Ended June 30, 2012													Expenditures		
Federal Grant or Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2011	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Balance at June 30, 2012	
														Total	Expenditures
<b>U.S. Department of Education</b>															
<b>Passed-through State Department of Education</b>															
<b>Special Revenue Fund:</b>															
Title I	84.010	NCLB518312	111,130	9/1/11	8/31/12										
Title I	84.010	NCLB518311	111,130	9/1/10	8/31/11	(104,768)									
Title I	84.010	NCLB518310	118,715	9/1/09	8/31/10	(19,446)									
Title II, Part A	84.367	NCLB518312	98,311	9/1/11	8/31/12										
Title II, Part A	84.367	NCLB518311	25,705	9/1/10	8/31/11	(16,438)									
Title II, Part A	84.367	NCLB518310	24,715	9/1/09	8/31/10	(6,699)									
Title II, Part A	84.367	NCLB518309	32,079	9/1/08	8/31/09	(155)									
Title II, Part D	84.318	NCLB518312	21,436	9/1/11	8/31/12										
Title II, Part D	84.318	NCLB518311	11,574	9/1/10	8/31/11	(11,553)									
Title II, Part D	84.318	NCLB518310	10,700	9/1/09	8/31/10	(646)									
Title III, Part A	84.365	NCLB518312	21,436	9/1/11	8/31/12										
Title III, Part A	84.365	NCLB518311	10,717	9/1/10	8/31/11	(8,334)									
Title III, Part A	84.365	NCLB518310	6,056	9/1/09	8/31/10	(1,692)									
Title III, Part A	84.027	IDEA518312	488,713	9/1/11	8/31/12										
ID.E.A. Part B, Basic Regular	84.027	IDEA518311	598,186	9/1/10	8/31/11	(144,299)									
ID.E.A. Part B, Basic Regular	84.027	IDEA518310	475,434	9/1/09	8/31/10	(43,663)									
ARRA - ID.E.A., Part B	84.391	IDEA518310	438,621	9/1/09	8/31/12	(160,389)									
ID.E.A. Part B, Preschool	84.173	IDEA518312	15,487	9/1/11	8/31/12										
ID.E.A. Part B, Preschool	84.173	IDEA518311	19,239	9/1/10	8/31/11	(1,134)									
ID.E.A. Part B, Preschool	84.173	IDEA518310	14,830	9/1/09	8/31/10	(1,165)									
ARRA - Preschool Grants	84.392	IDEA518310	35,428	9/1/09	8/31/12	(338)									
ARRA - Preschool Grants	84.392	IDEA518311	15,668	9/1/11	8/31/12	(439)									
ARRA - Preschool Grants	84.392	IDEA518310	16,579	9/1/09	8/31/11	(439)									
Total Special Revenue Fund						(519,755)									
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education</b>															
<b>Enterprise Fund:</b>															
Food Distribution Program	10.550	n/a	14,644	9/1/11	8/31/12										
National School Lunch Program	10.555	n/a	101,942	7/1/10	6/30/11	(4,760)									
National School Lunch Program	10.555	n/a	118,961	7/1/11	6/30/12										
Total Enterprise Fund						(4,760)									
Total Federal Financial Awards						(524,515)									
						338									
						\$ 1,145,700									
						\$ (855,307)									
						\$ 1,656									
						\$ (259,148)									
						\$									
						\$ 2,102,141									

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



**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award activity of the Board of Education, Borough of Tinton Falls School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the 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 Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison 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:22-42-2.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$48,865 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$218,435	\$5,691,895	\$5,910,330
Special Revenue Fund	533,267	101,517	634,784
Capital Projects Fund		957,709	957,709
Debt Service Fund		49,967	49,967
Food Service Fund	<u>133,605</u>	<u>4,997</u>	<u>138,602</u>
Total Financial Awards	<u>\$885,307</u>	<u>\$6,806,085</u>	<u>\$7,691,392</u>

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the U.S.D.A. 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, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1. Significant deficiencies identified that are not considered to be material weaknesses?            yes       X       none reported
- 2. Material weakness(es) identified?            yes       X       no

Noncompliance material to basic financial statements noted?            yes       X       no

**Federal Awards**

Internal Control over major programs:

- 1. Significant deficiencies identified that are not considered to be material weaknesses?            yes       X       none reported
- 2. Material weakness(es) identified?            yes       X       no

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?            yes       X       no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.041</u>	<u>Impact Aid</u>
<u>84.410A</u>	<u>Education Jobs Fund</u>
<u>84.392</u>	<u>ARRA - Preschool Grants</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?       X       yes            no

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)**

*Section I - Summary of Auditor's Results, (continued)*

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:     \$ 300,000

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

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses?     \_\_\_\_\_ yes       X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?                             \_\_\_\_\_ yes       X   no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-014</u>	(A) <u>Transportation Aid</u>
<u>12-495-034-5120-089</u>	(A) <u>Special Education Categorical Aid</u>
<u>12-495-034-5120-085</u>	(A) <u>Adjustment Aid</u>
<u>12-495-034-5120-044</u>	(A) <u>Extraordinary Aid</u>
<u>12-495-034-5095-002</u>	(A) <u>Reimbursed TPAF Social Security Contributions</u>
<u>12-495-034-5095-001</u>	(A) <u>TPAF Post Retirement Medical</u>
<u>5180-030-10-1001/5185-050-10-1002/ 5185-050-10-1005/5185-070-10-1003</u>	<u>SDA School Facilities Projects</u>

Note: (A) - Tested as major program.

*Section II - Financial Statement Findings*

None

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

No matters were reported.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Status of Prior Year Findings**

There were no prior year audit findings.