

Comprehensive Annual Financial Report

of the

Township of Colts Neck School District

County of Monmouth

Colts Neck, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Colts Neck Township, Board of Education
Finance Department**

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INTRODUCTORY SECTION



Colts Neck Township Schools

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Phone: (732) 946-0055
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MaryJane Garibay
Superintendent of Schools
Ext. 4104

Vincent S. Marasco
Business Administrator/Board Secretary
Ext. 4101

November 2, 2017

Honorable President and
Members of the Board of Education
Colts Neck Township
Monmouth County, New Jersey

Dear Board Members:

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal ordeals. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the Federal Uniform Guidance and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Colts Neck Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Colts Neck Township Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and preschool, and preschool disabled classes. The District completed the 2016-17 fiscal year with an enrollment of 946 students, which is 6 students below the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last fourteen years.

Fiscal Year	Student Enrollment*	Percent Change
2016-17	938	-1.67%
2015-16	954	0.74%
2014-15	947	-4.8%
2013-14	995	-8.9%
2012-13	1,093	-6.6%
2011-12	1,170	-3.8%
2010-11	1,216	-6.8%
2009-10	1,304	-3.4%
2008-09	1,350	-1.8%
2007-08	1,374	-4.8%
2006-07	1,443	-2.5%
2005-06	1,480	-2.3%
2004-05	1,511	-1.6%
2003-04	1,535	1.1%

*based on October 15th count.

2. ECONOMIC CONDITIONS AND OUTLOOK:

The Colts Neck Township Public School System is located in the east central part of Monmouth County. The township covers 32 square miles and has a population of approximately 10,142 (2010 United States Census) who reside mainly in single-family homes and are above average, socio- economically.

The school system is Pre-K through 8 with three schools, an administration building, and a bus transportation building. The total resident student population at June 30, 2017 was 946 and is estimated to decrease to 906 for the 2017-18 school year: a difference of 40 less students. Since 2003-04 the student enrollment has decreased in the district by approximately thirty-five percent (35%). In order to better understand the population changes in the community, the Board of Education had commissioned

three professional demographic studies during this period. These studies used the basic cohort survival projection methodology to make informed assumptions about population changes within the school community and their impact on enrollment.

3. MAJOR INITIATIVES:

The Colts Neck Township Board of Education is extremely proud of its ongoing efforts to provide its students with a thorough and efficient education through which they have opportunities to reach their highest level of scholastic achievement. The district delivers a rigorous and engaging curriculum designed to meet the educational and developmental needs of its students. A robust balanced literacy program, founded upon the constructs of Readers and Writers Workshop, is the foundation upon which learning ensues. The district utilizes resources from the Center for the Collaborative Classroom in the form of Making Meaning (K-5) for reading comprehension and Systematic Instruction in Phonological Awareness, Phonics, and Sight Words, or SIPPS, to provide a systematic approach to decoding. The district also facilitates a Wilson Reading System as a tier 3 intervention for eligible students. Our EnVisions 2.0 (K-5) and Big Ideas (6-8) mathematics programs stress the development of critical thinking skills and overall problem solving as set forth within the New Jersey Student Learning Standards. Our K-5 science program consists of a unique blend of grade-level units of study, lab time, and Engineering is Elementary kits developed by the Museum of Science, Boston. Additionally, the district launched the implementation of its Innovation Labs at all three schools. This unique learning environment introduces students to the design process and provides activities designed to promote both critical and innovative thinking.

In grades 6-8, students are exposed to three marking periods of grade-level NJSLs aligned curricula and one marking period of a Project Lead the Way - © (PLTW) - Gateway STEM Course. Students in grade 6 participate in Design and Modeling while students in grade 7 engage in the district's Automation and Robotics course. Grade 8 students study science through problem solving in the district's Medical Detectives course. The district is equally proud of its offering content-based enrichment in mathematics and language arts. The district also provides enrichment opportunities through related arts, aligning courses such as computer programs, art, music, media studies, health and physical education to extracurricular offerings that includes clubs, band, chorus, and sports teams. The district has utilized an online curriculum mapping program, Atlas Rubicon, to provide district stakeholders greater access to district curricula and pacing guides.

The district is committed to its expansion of the arts and during the 2016-2017 school year, students in grade 7 were afforded the opportunity to learn introductory guitar through their participation in a related arts cycle class.

The district expanded student accessibility to instructional technology through its deployment of Chromebooks to all students, 3-8 grade. This 1:1 initiative is partnered with a Google in Education initiative in which students and teachers are collaborating

in innovative ways to ultimately impact students’ engagement and achievement. The district has utilizes an online data warehousing program, LinkIt, to provide district stakeholders greater access to local and state student assessment data.

Finally, in ‘16-17, the district embarked upon a pilot in Mindfulness. This program is designed to promote self-awareness, focus, concentration, emotional regulation, impulse control, test anxieties, academic stress, empathy, and understanding for others.

Students in grades 3-8 participated in the spring 2017 PARCC and NJASK State Assessments. Additionally, students in grades 4 and 8 participated in the NJASK Science assessment. Finally, the district’s ELL population completed the ACCESS (Assessing Comprehension and Communication in English State-to-State for English Language Learners) test as a measure to determine English language proficiency. The results are as follows:

English Language Arts Literacy

	# of Valid Test Scores	Level 1	Level 2	Level 3	Level 4	Level 5
Grade 3	79	3%	9%	16%	65%	8%
Grade 4	93	4%	6%	11%	55%	24%
Grade 5	102	0%	4%	15%	58%	24%
Grade 6	109	2%	9%	14%	52%	23%
Grade 7	120	2%	1%	13%	38%	47%
Grade 8	111	0%	2%	7%	55%	36%

Mathematics

	# of Valid Test Scores	Level 1	Level 2	Level 3	Level 4	Level 5
Grade 3	79	0%	5%	19%	56%	20%
Grade 4	91	4%	3%	33%	52%	8%
Grade 5	102	0%	2%	34%	52%	12%
Grade 6	109	4%	8%	24%	50%	15%
Grade 7	119	1%	6%	24%	55%	13%
Grade 8	30	7%	20%	27%	47%	0%
Algebra I	72	0%	0%	11%	86%	3%
Geometry	10	0%	0%	0%	0%	100%

NJASK Science

Grade	# of Valid Test Scores	% Proficient	% Advanced Proficient	% Overall Proficiency
4	195	31%	64%	95%
8	113	54%	39%	93%

Results from the 2017 Spring PARCC have been shared publically and analyzed along with other district performance measures to assess the implementation of curriculum and instructional programs. This data is included within baseline assessment data along with multiple measures of achievement information that makes up a child's academic profile.

The District also takes pride in the learning environments for students and staff. During the 2016-17 school year, the district utilized capital reserve funds to provide renovations to student toilet rooms at Conover Road Elementary School and Cedar Drive Middle School. This renovation project also included the addition of security vestibules at all three schools: Conover Road Primary School, Conover Road Elementary School, and Cedar Drive Middle School.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital project funds. 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 commitments on a line item basis. Open encumbrances at year end are either cancelled or are included

as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balances, June 30, 2017.

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. DEBT ADMINISTRATION:

At June 30, 2017, the District's outstanding debt issues included \$13,480,000.00 of general obligation bonds.

8. 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 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. 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.

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

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

ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Colts Neck Township 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 the Business Office personnel.

Respectfully Submitted,



MaryJane Garibay
Superintendent of Schools



Vincent S. Marasco
Business Administrator/Board Secretary

vsm/dd

COLTS NECK TOWNSHIP BOARD OF EDUCATION

Colts Neck, New Jersey

ROSTER OF OFFICIALS

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kimberly Raymond, President	2019
Kathryn Gizzo	2018
Danielle Alpaugh	2020
Marian Castner	2020
Margaret Hernandez	2018
Jacquelyn Hoagland	2020
Kevin O'Connor	2019
Michael Taylor	2018
Heather Tormey	2019

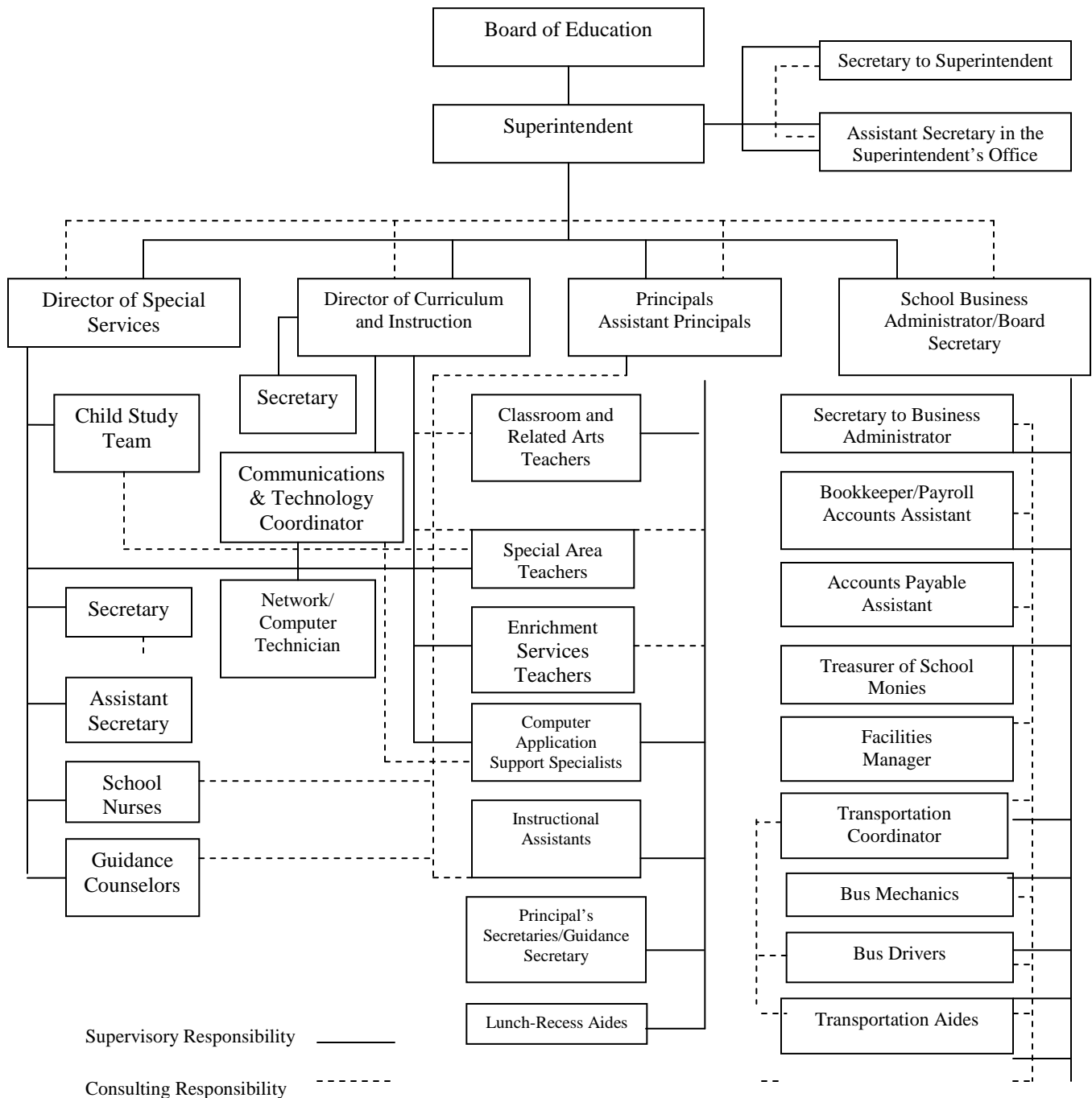
Other Officials

MaryJane Garibay, Superintendent of Schools

Vincent S. Marasco, Business Administrator/Board Secretary

John Antonides, Treasurer

ADMINISTRATION
 1110/page 2 of 2
 Organizational Chart



Adopted: 6 May 2009

**COLTS NECK TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Suplee, Clooney, and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

Kenney, Gross, Kovats & Parton
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Red Bank, NJ 07701

Official Depository

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Highway 34, P. O. Box 63
Colts Neck, NJ 07722

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Township of Colts Neck, New Jersey 07722

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Colts Neck School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 and the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Colts Neck School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2017 on our consideration of the Township of Colts Neck School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Colts Neck School District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

November 2, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

The Management's Discussion and Analysis of the Township of Colts Neck School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2017. The intent of this discussion is to look at the District's financial performance as a whole; therefore, readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments. Certain comparative information between the current fiscal year (2016-2017) and the prior fiscal year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

In the District-Wide Financial Statements:

- Net position of Governmental Activities increased \$596,033.51 or 4.30%
- Net position of the Business-type Activities increased by \$42,436.03 or 37.19%.

In the Major Fund Financial Statements:

- Governmental fund expenditures exceed revenues by \$1,024,600.53
- Among governmental funds, the General Fund's fund balance increased \$1,024,362.12.

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Major Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

District-Wide Financial Statements

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service & preschool tuition accounts are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Fund Financial Statements (Continued)

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the position belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Financial Analysis of the District as a Whole

Table 1 below reflects the District's net position as a whole for the Fiscal years 2017 and 2016.

**TABLE 1
NET POSITION**

	<u>FY2017</u>	<u>FY2016</u>
ASSETS		
Current & Other Assets	\$7,728,810.09	\$6,653,866.83
Capital Assets	<u>29,334,558.44</u>	<u>29,891,765.44</u>
TOTAL ASSETS	37,063,368.53	36,545,632.27
DEFERRED OUTFLOWS OF RESOURCE		
Deferred loss from debt refunding	1,343,798.08	1,474,835.11
Related to pensions	<u>4,571,365.00</u>	<u>2,442,544.00</u>
TOTAL DEFERRED OUTFLOWS	5,915,163.08	3,917,379.11
LIABILITIES		
Long-Term Liabilities	27,363,134.10	25,255,526.04
Other Liabilities	<u>727,401.08</u>	<u>738,557.45</u>
TOTAL LIABILITIES	28,090,535.18	25,994,083.49
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	<u>279,741.00</u>	<u>499,142.00</u>
TOTAL DEFERRED INFLOWS	279,741.00	499,142.00
NET POSITION		
Net investment in capital assets	15,962,119.92	15,408,319.51
Restricted	4,960,254.11	4,307,878.23
Unrestricted (deficit)	<u>(6,314,118.60)</u>	<u>(5,746,411.85)</u>
TOTAL NET POSITION	<u>\$14,608,255.43</u>	<u>\$13,969,785.89</u>

The District's combined net position was \$14,608,255.43 on June 30, 2017.

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Table 2 shows changes in net assets for fiscal years 2017 and 2016.

TABLE 2
CHANGES IN NET POSITION

	<u>FY2017</u>	<u>FY2016</u>
Revenues		
Program Revenues		
Charges for Services	768,427.64	688,009.01
Operating Grants & Contributions	8,118,879.91	5,923,992.26
General Revenues		
Property Taxes	22,108,859.00	21,668,879.00
Grants (includes State Aid) & Entitlements	2,104,851.19	2,463,209.50
Other Revenues	157,431.39	111,605.13
	<u>33,258,449.13</u>	<u>30,855,694.90</u>
Expenses:		
Instruction	18,172,351.39	16,744,610.20
Pupils and Instructional Staff	6,320,735.12	5,310,688.38
General & School Administration, Central Services & Administrative Technology	2,437,118.03	2,222,580.96
Maintenance	2,501,459.27	2,255,042.17
Transportation	1,797,657.20	1,469,008.23
Interest on Long-Term Debt	658,149.22	635,057.61
Business-Type	732,509.36	697,214.50
Total Expenses	<u>32,619,979.59</u>	<u>29,334,202.05</u>
Change in Assets	638,469.54	1,521,492.85
Net Position July 1,	<u>13,969,785.89</u>	<u>12,448,293.04</u>
Net Position June 30,	<u>14,608,255.43</u>	<u>13,969,785.89</u>

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

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Sources of Revenue for Fiscal Year 2017

In the District Wide Financial Statements, the District's total revenue for the 2016-2017 school year was \$33,258,449.13 as reflected in Table 3 below. Property taxes accounted for 67 percent of the total revenue with the other 33 percent consisting of federal & state aid, charges for service, operating grants & contributions, and miscellaneous sources. Table 3 below summarizes these revenues for FY2017 and FY2016.

TABLE 3
DISTRICT-WIDE REVENUES

	<u>FY2017</u>		<u>FY2016</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$22,108,859.00	67.00%	21,668,879.00	70.00%
Federal & State Grants not Restricted	2,104,851.19	6.00%	2,463,209.50	8.00%
Miscellaneous Income	157,431.39		111,605.13	
Charges for Services	768,427.64	2.00%	688,009.01	2.00%
Operating Grants and Contributions	8,118,879.91	25.00%	5,923,992.26	20.00%
	<u>\$33,258,449.13</u>	<u>100.00%</u>	<u>\$30,855,694.90</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2017

The total expenditures for the 2016-2017 fiscal year for all programs and services were \$32,619,979.59. Table 4 below summarizes these program costs.

TABLE 4
DISTRICT-WIDE EXPENSES

	<u>FY2017</u>		<u>FY2016</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$18,172,351.39	56.00%	16,744,610.20	57.00%
Pupils and Instructional Staff	6,320,735.12	19.00%	5,310,688.38	18.00%
General & School Adm., Central Services & Adm. Technology	2,437,118.03	7.00%	2,222,580.96	8.00%
Maintenance	2,501,459.27	8.00%	2,255,042.17	8.00%
Transportation	1,797,657.20	6.00%	1,469,008.23	5.00%
Interest on Long-Term Debt	658,149.22	2.00%	635,057.61	2.00%
Business-Type	732,509.36	2.00%	697,214.50	2.00%
	<u>\$32,619,979.59</u>	<u>100.00%</u>	<u>\$29,334,202.05</u>	<u>100.00%</u>

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through eight, which accounts for 75 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under this accounting reporting model; expenses therefore include \$1,128,902.30 for depreciation for Governmental Activities.

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of District activities. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

TABLE 5
NET COST OF SERVICES

	Total Cost of Services <u>FY2017</u>	Total Cost of Services <u>FY2016</u>	Net Cost of Services <u>FY2017</u>	Net Cost of Services <u>FY2016</u>
Instruction	\$18,172,351.39	\$16,744,610.20	\$12,594,654.27	\$12,678,354.34
Pupils and Instructional Staff	6,320,735.12	5,310,688.38	4,313,283.72	3,937,904.42
General & School Adm., Central Services & Administrative Tech.	2,437,118.03	2,222,580.96	2,102,982.86	1,976,024.66
Maintenance	2,501,459.27	2,255,042.17	2,501,459.27	2,255,042.17
Transportation	1,797,657.20	1,469,008.23	1,648,025.50	1,320,224.63
Interest on Long-Term Debt	658,149.22	635,057.61	609,468.22	591,914.61
Business-Type	<u>732,509.36</u>	<u>697,214.50</u>	<u>(37,201.80)</u>	<u>(37,264.05)</u>
Total Expenses	<u>\$32,619,979.59</u>	<u>\$29,334,202.05</u>	<u>\$23,732,672.04</u>	<u>\$22,722,200.78</u>

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

Capital Assets

During the fiscal year 2016-2017 the District's capital acquisitions exceeded depreciation expense, therefore capital assets net of depreciation decreased by \$556,475.60 Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

Table 6
Capital Assets (Net of Depreciation) at June 30,

	<u>2017</u>	<u>2016</u>
Land	\$7,114,624.00	\$7,114,624.00
Construction in Progress	1,805,031.00	1,342,345.00
Site Improvements	326,235.07	368,263.23
Building Improvements	19,031,042.90	19,807,511.58
Machinery and Equipment	1,049,641.02	1,250,305.78
	\$29,326,573.99	\$29,883,049.59
	\$29,326,573.99	\$29,883,049.59

**TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
COLTS NECK, NEW JERSEY**

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

Debt Administration

At June 30, 2017, the District had \$27,363,134.10 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases and Net Pension Liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

Table 7
Long-Term Debt, June 30

	<u>FY 2017</u>	<u>FY 2016</u>
Capital Leases	\$142,525.29	\$237,919.27
Compensated Absences	742,012.50	709,102.00
Bonds Payable	13,480,000.00	14,520,000.00
Unamortized Bond Premium	1,093,711.31	1,200,361.77
Net Pension Expense Payable	<u>11,904,885.00</u>	<u>8,588,123.00</u>
	<u>\$27,363,134.10</u>	<u>\$25,255,526.04</u>

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. Vincent S. Marasco, School Business Administrator/Board Secretary, Colts Neck Township School District, 70 Conover Road, Colts Neck, New Jersey 07722.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2017

DISTRICT-WIDE FINANCIAL STATEMENTS

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$3,026,117.41	\$190,553.40	\$3,216,670.81
Receivables, net	856,656.44	35,000.00	891,656.44
Inventory		7,270.09	7,270.09
Restricted assets:			
Restricted cash and cash equivalents	3,613,212.75		3,613,212.75
Capital assets:			
Land and construction in progress	8,919,655.00		8,919,655.00
Other capital assets net of depreciation	20,406,918.99	7,984.45	20,414,903.44
Total Assets	<u>36,822,560.59</u>	<u>240,807.94</u>	<u>37,063,368.53</u>
DEFERRED OUTFLOW OF RESOURCES:			
Related to loss from debt refunding	1,343,798.08		1,343,798.08
Related to pensions	4,571,365.00		4,571,365.00
Total Deferred Outflows	<u>5,915,163.08</u>		<u>5,915,163.08</u>
LIABILITIES:			
Accounts payable	452,637.44	17,873.75	470,511.19
Interfund Payable	35,000.00		35,000.00
Unearned revenue	12,680.71	66,384.18	79,064.89
Accrued interest payable	142,825.00		142,825.00
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	1,234,583.20		1,234,583.20
Due beyond one year:			
Pension Liability	11,904,885.00		11,904,885.00
Compensated absences payable	742,012.50		742,012.50
Bonds and capital leases payable	13,481,653.40		13,481,653.40
Total liabilities	<u>28,006,277.25</u>	<u>84,257.93</u>	<u>28,090,535.18</u>
DEFERRED INFLOW OF RESOURCES:			
Related to pensions	279,741.00		279,741.00
NET POSITION:			
Net investment in capital assets	15,954,135.47	7,984.45	15,962,119.92
Restricted for:			
Capital projects fund	25,989.80		25,989.80
Debt service fund (deficit)	(142,032.24)		(142,032.24)
Other purposes	5,076,296.55		5,076,296.55
Unrestricted (deficit)	<u>(6,462,684.16)</u>	<u>148,565.56</u>	<u>(6,314,118.60)</u>
Total Net Position	<u><u>14,451,705.42</u></u>	<u><u>\$156,550.01</u></u>	<u><u>14,608,255.43</u></u>

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2016

Functions/Programs	Expenses	Indirect Cost Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ 11,984,370.41	\$ 933,911.10	\$	\$ 3,766,822.31	\$	\$ (9,151,459.20)
Special	4,636,379.87			1,760,640.36		(2,875,739.51)
Other Instruction	617,690.01			50,234.45		(567,455.56)
Support services:						
Student and instruction related services	6,308,863.92	11,871.20		2,007,451.40		(4,313,283.72)
General administrative services	718,760.18	2,550.00				(721,310.18)
School administrative services	1,028,112.11	23,554.19		334,135.17		(717,531.13)
Central service	557,648.92	(550.00)				(557,098.92)
Administrative information technology	107,042.63					(107,042.63)
Plant operations and maintenance	2,465,101.49	36,357.78				(2,501,459.27)
Pupil transportation	1,643,558.67	154,098.53				(1,648,025.50)
Interest on long-term debt	658,149.22			149,631.70		(609,468.22)
Unallocated Compensated Absences	32,890.50	(32,890.50)		48,681.00		
Unallocated depreciation	1,128,902.30	(1,128,902.30)				
Total governmental activities	31,887,470.23			8,117,596.39		(23,769,873.84)
Business-type activities						
Food service	330,037.77					(12,033.61)
Preschool tuition program	402,471.59			316,720.64		49,235.41
Total business-type activities	732,509.36			768,427.64		37,201.80
Total primary government	\$ 32,619,979.59	\$	\$ 768,427.64	\$ 8,118,879.91	\$ 37,201.80	\$ (23,732,672.04)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 20,599,297.00	\$ 20,599,297.00
Taxes levied for debt service					1,509,562.00	1,509,562.00
Federal and state aid not restricted					2,104,851.19	2,104,851.19
Miscellaneous income					157,385.51	157,385.51
Transfers					(5,188.35)	45.88
Total general revenues and special items					24,365,907.35	24,371,141.58
Change in net position					596,033.51	638,469.54
Net position - beginning					13,855,671.91	13,969,785.89
Net position - ending					14,451,705.42	14,608,255.43

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

MAJOR FUND FINANCIAL STATEMENTS

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 3,025,324.65	\$	\$	792.76	\$ 3,026,117.41
Cash, restricted reserves	3,613,212.75				3,613,212.75
Due from other funds	453,916.26	1,284.91			455,201.17
Other receivables	14,692.02				14,692.02
Receivables from other governments	<u>325,696.04</u>	<u>15,425.58</u>	<u>500,842.80</u>		<u>841,964.42</u>
Total assets	\$ <u>7,432,841.72</u>	\$ <u>16,710.49</u>	\$ <u>500,842.80</u>	\$ <u>792.76</u>	\$ <u>7,951,187.77</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 70,075.83	\$ 4,029.78	\$ 19,651.83	\$	\$ 93,757.44
Interfund payables	35,000.00		455,201.17		490,201.17
Unearned revenue		<u>12,680.71</u>			<u>12,680.71</u>
Total liabilities	<u>105,075.83</u>	<u>16,710.49</u>	<u>474,853.00</u>		<u>596,639.32</u>
Fund balances:					
Restricted:					
Capital reserve account	2,457,846.75				2,457,846.75
Emergency reserve account	93,000.00				93,000.00
Maintenance reserve account	345,345.00				345,345.00
Impact Aid reserve account	717,021.00				717,021.00
Excess Surplus - Designated for Subsequent Year's Expenditures	858,577.79				858,577.79
Excess surplus	604,506.01				604,506.01
Capital projects fund			25,989.80		25,989.80
Debt service fund				792.76	792.76
Assigned:					
Designated for subsequent years expenditures	550,000.21				550,000.21
Encumbrances	354,727.78				354,727.78
Unassigned	<u>1,346,741.35</u>				<u>1,346,741.35</u>
Total fund balances	<u>7,327,765.89</u>		<u>25,989.80</u>	<u>792.76</u>	<u>7,354,548.45</u>
Total liabilities and fund balances	\$ <u>7,432,841.72</u>	\$ <u>16,710.49</u>	\$ <u>500,842.80</u>	\$ <u>792.76</u>	\$ <u>7,951,187.77</u>

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

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Total Fund Balances (Brought Forward)		\$7,354,548.45
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$51,979,300.22	
Accumulated Depreciation	<u>(22,652,726.23)</u>	29,326,573.99
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net Pension Liability	(11,904,885.00)	
Compensated Absences	(742,012.50)	
Bonds Payable	(\$13,480,000.00)	
Unamortized of Refunding Bond Premium	<u>(1,093,711.31)</u>	
Capital Leases	<u>(142,525.29)</u>	(27,363,134.10)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related	4,212,485.00	
Employer Contribution related to pensions	<u>358,880.00</u>	4,571,365.00
Deferred Inflows:		
Pension related		(279,741.00)
Refunding Bonds:		
Deferred Outflow:		
Loss on Refunding Bonds		1,343,798.08
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related	(358,880.00)	
Accrued Interest Payable	<u>(142,825.00)</u>	<u>(501,705.00)</u>
Net Position of Governmental Activities		<u>\$14,451,705.42</u>

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

COLTS NECK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 20,599,297.00	\$	\$	1,509,562.00	\$ 22,108,859.00
Transportation Fees from other LEAs	149,631.70				149,631.70
Miscellaneous	156,291.85	53,550.44		238.41	210,080.70
Interest on capital reserve	855.25				855.25
Total - local sources	<u>20,906,075.80</u>	<u>53,550.44</u>		<u>1,509,800.41</u>	<u>22,469,426.65</u>
State sources	4,131,090.67			139,088.00	4,270,178.67
Federal sources	717,021.19	254,453.58			971,474.77
Total revenues	<u>25,754,187.66</u>	<u>308,004.02</u>		<u>1,648,888.41</u>	<u>27,711,080.09</u>
EXPENDITURES:					
Current expense:					
Regular instruction	9,619,930.22				9,619,930.22
Special instruction	3,430,571.64	270,351.80			3,700,923.44
Other Instruction	586,157.77				586,157.77
Support services:					
Student and instruction related services	5,034,765.72	37,652.22			5,072,417.94
General administrative services	582,914.68				582,914.68
School administrative services	818,374.95				818,374.95
Central services	421,803.42				421,803.42
Administrative information technology	77,932.88				77,932.88
Plant operations and maintenance	2,096,377.99				2,096,377.99
Pupil transportation	1,342,757.92				1,342,757.92
Debt service:					
Principal	95,393.98			1,040,000.00	1,135,393.98
Interest	4,760.32			608,650.00	613,410.32
Capital outlay	612,895.70				612,895.70
Total expenditures	<u>24,724,637.19</u>	<u>308,004.02</u>		<u>1,648,650.00</u>	<u>26,681,291.21</u>
Excess (deficiency) of revenues over (under) expenditures	1,029,550.47			238.41	1,029,788.88
Other financing sources (uses):					
Transfers to cover deficit (Enterprise Fund)	(5,188.35)				(5,188.35)
Total other financing sources (uses)	<u>(5,188.35)</u>				<u>(5,188.35)</u>
Net change in fund balances	1,024,362.12			238.41	1,024,600.53
Fund balances, July 1, 2016	6,303,403.77		25,989.80	554.35	6,329,947.92
Fund balances, June 30, 2017	<u>\$ 7,327,765.89</u>	<u>\$ -0-</u>	<u>\$ 25,989.80</u>	<u>\$ 792.76</u>	<u>\$ 7,354,548.45</u>

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds (from B-2)		\$1,024,600.53
<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		(1,128,902.30)
Capital outlays	\$612,895.70	
Less: Capital Outlays not capitalized	<u>(40,469.00)</u>	572,426.70
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		1,040,000.00
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
Payment of capital lease payable		95,393.98
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		20,116.67
<p>Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities the costs are amortized over the life of the Bonds Amortization Expense</p>		
		(24,386.57)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	357,095.00	
Less: Pension expense	<u>(1,327,420.00)</u>	(970,325.00)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>(32,890.50)</u>
Change in net position of governmental activities (A-2)		<u><u>\$596,033.51</u></u>

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

OTHER FUNDS

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>PRESCHOOL TUITION PROGRAM FUND</u>	<u>TOTAL JUNE 30, 2017</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$43,632.62	\$146,920.78	\$190,553.40
Interfund	35,000.00		35,000.00
Inventories	7,270.09		7,270.09
	<hr/>	<hr/>	<hr/>
Total current assets	85,902.71	146,920.78	232,823.49
Noncurrent assets:			
Furniture, machinery and equipment	241,305.00		241,305.00
Less accumulated depreciation	(233,320.55)		(233,320.55)
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	7,984.45		7,984.45
	<hr/>	<hr/>	<hr/>
Total assets	93,887.16	146,920.78	240,807.94
LIABILITIES:			
Current liabilities:			
Accounts Payable	17,813.75	60.00	17,873.75
Unearned revenue	8,034.18	58,350.00	66,384.18
	<hr/>	<hr/>	<hr/>
Total current liabilities	25,847.93	58,410.00	84,257.93
	<hr/>	<hr/>	<hr/>
Total liabilities	25,847.93	58,410.00	84,257.93
NET POSITION:			
Net investment in capital assets	7,984.45		7,984.45
Unrestricted	60,054.78	88,510.78	148,565.56
	<hr/>	<hr/>	<hr/>
Total net position	<u>\$68,039.23</u>	<u>\$88,510.78</u>	<u>\$156,550.01</u>

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>PRESCHOOL TUITION PROGRAM FUND</u>	<u>TOTAL JUNE 30, 2017</u>
OPERATING REVENUES:			
Charges for services:			
Daily sales	\$313,851.69		\$313,851.69
Special Functions	2,868.95		2,868.95
Tuition - individuals		\$405,479.00	405,479.00
Miscellaneous		46,228.00	46,228.00
Total operating revenues	<u>316,720.64</u>	<u>451,707.00</u>	<u>768,427.64</u>
OPERATING EXPENSES:			
Cost of sales	132,910.29		132,910.29
Salaries	110,726.45	308,541.51	419,267.96
Employee benefits	32,594.90	83,254.77	115,849.67
Supplies and materials	14,155.80	10,675.31	24,831.11
Management Fees	20,300.00		20,300.00
Miscellaneous	18,618.93		18,618.93
Depreciation	731.40		731.40
Total operating expenses	<u>330,037.77</u>	<u>402,471.59</u>	<u>732,509.36</u>
Operating income (loss)	<u>(13,317.13)</u>	<u>49,235.41</u>	<u>35,918.28</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal sources:			
National food distribution commodities	1,283.52		1,283.52
Interest	45.88		45.88
Total non-operating revenues (expenses)	<u>1,329.40</u>		<u>1,329.40</u>
Income/(loss) before contributions and transfers	<u>(11,987.73)</u>	<u>49,235.41</u>	<u>37,247.68</u>
Other financing sources			
Transfers in	5,188.35		5,188.35
Total other financing sources	<u>5,188.35</u>		<u>5,188.35</u>
Change in net position	(6,799.38)	49,235.41	42,436.03
Total net position - beginning	<u>74,838.61</u>	<u>39,275.37</u>	<u>114,113.98</u>
Total net position - ending	<u>\$68,039.23</u>	<u>\$88,510.78</u>	<u>\$156,550.01</u>

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>PRESCHOOL TUITION PROGRAM FUND</u>	<u>TOTAL JUNE 30, 2017</u>
Cash flows from operating activities:			
Receipts from customers	\$319,076.80	\$501,276.00	\$820,352.80
Payments to employees	(105,417.96)	(308,481.51)	(413,899.47)
Payments to employee benefits	(33,786.93)	(83,254.77)	(117,041.70)
Payments to suppliers	(194,350.28)	(10,675.31)	(205,025.59)
Net cash provided by (used for) operating activities	<u>(14,478.37)</u>	<u>98,864.41</u>	<u>84,386.04</u>
Cash flows from noncapital financing activities:			
State sources	199.89		199.89
Federal sources	2,438.61		2,438.61
Operating subsidies and transfers to other funds	5,188.35		5,188.35
Net cash provided by noncapital financing activities	<u>7,826.85</u>		<u>7,826.85</u>
Cash flows from investing activities:			
Interest and dividends	45.88		45.88
Net cash provided by investing activities	<u>45.88</u>		<u>45.88</u>
Net increase/(deficit) in cash and cash equivalents	(6,605.64)	98,864.41	92,258.77
Cash and cash equivalents, July 1, 2016	<u>50,238.26</u>	<u>48,056.37</u>	<u>98,294.63</u>
Cash and cash equivalents, June 30, 2017	<u>43,632.62</u>	<u>146,920.78</u>	<u>190,553.40</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(13,317.13)	49,235.41	35,918.28
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	731.40		731.40
Change in assets and liabilities:			
Increase (decrease) in unearned revenue	1,072.64	8,020.00	9,092.64
Increase in accounts payable	(4,775.72)	60.00	(4,715.72)
Decrease in inventories	526.92		526.92
	<u>(1,161.24)</u>	<u>49,629.00</u>	<u>48,467.76</u>
Net cash provided by (used for) operating activities	<u>(\$14,478.37)</u>	<u>\$98,864.41</u>	<u>\$84,386.04</u>

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	STATE UNEMPLOYMENT COMPENSATION <u>TRUST FUND</u>	<u>AGENCY FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$ <u>250,439.24</u> \$	<u>666,166.52</u>
Total assets	\$ <u><u>250,439.24</u></u> \$	<u><u>666,166.52</u></u>
LIABILITIES:		
Payroll deductions and withholdings	\$	\$ 63,323.36
Wages payable - summer payroll		571,259.72
Due to student groups		<u>31,583.44</u>
Total liabilities		<u>666,166.52</u>
NET POSITION:		
Held in trust for unemployment claims and other purposes	<u>250,439.24</u>	
Total net position	\$ <u><u>\$250,439.24</u></u> \$	

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST FUND</u>
ADDITIONS:	
Contributions:	
Plan members	\$ 40,956.91
Other	21,000.00
Total contributions	61,956.91
Investment earnings:	
Interest	116.76
Net investment earnings	116.76
Total additions	62,073.67
DEDUCTIONS:	
Unemployment claims	56,008.75
Total deductions	56,008.75
Change in net position	6,064.92
Net position beginning of year	244,374.32
Net position end of year	\$ 250,439.24

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and middle schools for Grades K thru 8, located in the Township of Colts Neck. The Township is part of the Freehold Regional High School District for Grades 9 thru 12. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

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

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

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 debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

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

Fiduciary Funds

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

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 totaled \$68,088.08.

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

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In fiscal year 2016, the District implemented GASS 72. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15
Buses	12

Compensated Absences

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

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

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary fund.

Unearned Revenue

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance – Governmental Funds

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

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

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

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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

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

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

Revenues Exchange and Non-Exchange Transactions

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

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

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

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities.

Extraordinary and Special Items

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the district-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Colts Neck School District had the following cash and cash equivalents at June 30, 2017:

<u>Fund Type</u>	<u>Cash in Bank</u>
Governmental	\$ 7,099,627.60
Proprietary	81,952.05
Fiduciary	939,747.95
Total Cash on Deposit	<u>8,121,327.60</u>
Less: Reconciling Items	<u>(374,838.28)</u>
 Total Book Balance 06/30/17	 \$ <u><u>7,746,489.32</u></u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$8,121,327.60, \$250,000.00 was covered by Federal Depository Insurance and \$7,871,327.60 was covered under the provisions of NJGUDPA.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2017, the District had no outstanding investments.

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 3: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$7,114,624.00		\$7,114,624.00
Construction in Progress	1,342,345.00	\$462,686.00	1,805,031.00
Total Capital Assets not being depreciated	<u>8,456,969.00</u>	<u>462,686.00</u>	<u>8,919,655.00</u>
Site improvements	862,499.10		862,499.10
Buildings & Building Improvements	38,602,226.61	70,665.00	38,672,891.61
Machinery & Equipment	3,485,178.81	39,075.70	3,524,254.51
Totals at historical cost	<u>42,949,904.52</u>	<u>109,740.70</u>	<u>43,059,645.22</u>
Gross Assets (Memo only)	<u>51,406,873.52</u>	<u>572,426.70</u>	<u>51,979,300.22</u>
Less: Accumulated Depreciation			
Site improvements	(494,235.87)	(42,028.16)	(536,264.03)
Buildings & Building Improvements	(18,794,715.03)	(847,133.68)	(19,641,848.71)
Machinery & Equipment	(2,234,873.03)	(239,740.46)	(2,474,613.49)
Total Depreciation	<u>(21,523,823.93)</u>	<u>(1,128,902.30)</u>	<u>(22,652,726.23)</u>
Total capital assets being depreciated, net of depreciation	<u>21,426,080.59</u>	<u>(1,019,161.60)</u>	<u>20,406,918.99</u>
Total Governmental Fund Activities	<u>29,883,049.59</u>	<u>(556,475.60)</u>	<u>29,326,573.99</u>
Proprietary Activities:			
Machinery & Equipment	\$241,305.00		\$241,305.00
Totals at historical cost	<u>241,305.00</u>		<u>241,305.00</u>
Less: Accumulated Depreciation			
Machinery & Equipment	(232,589.15)	(\$731.40)	(233,320.55)
Total Depreciation	<u>(232,589.15)</u>	<u>(731.40)</u>	<u>(233,320.55)</u>
Total Proprietary Fund Activities	<u>\$8,715.85</u>	<u>(\$731.40)</u>	<u>\$7,984.45</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

Instruction:	
Regular	(\$900,241.10)
Support services:	
Student and instruction related services	(5,981.20)
School administrative services	(23,554.19)
Plant operations and maintenance	(35,780.28)
Pupil transportation	<u>(163,345.53)</u>
	<u><u>(\$1,128,902.30)</u></u>

NOTE 4: LONG-TERM LIABILITIES

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	Amount <u>Outstanding June 30, 2017</u>	Bonds Authorized But <u>Not Issued</u>
\$13,250,000.00 in School Bonds dated February 1, 2002, due in remaining annual installments ranging between \$80,000.00 and \$1,170,000.00 beginning February 1, 2018 and ending February 1, 2021 with interest from 4.50% to 5.00% ²	\$2,960,000.00	-0-
\$4,895,000.00 in Refunding School Bonds dated July 1, 2005, due in one remaining installment of \$965,000.00 on July 1, 2018 with interest at 4.00%	965,000.00	-0-
\$9,715,000.00 in Refunding School Bonds dated April 30, 2015 due in remaining annual installments ranging between \$35,000.00 and \$1,615,000.00 beginning February 1, 2018 and ending February 1, 2027 with interest from 2.00% to 5.00%	<u>9,555,000.00</u>	<u>-0-</u>
	<u>\$13,480,000.00</u>	<u>-0-</u>

Bonds Authorized But Not Issued

As of June 30, 2017, the District had no Bonds Authorized but not issued.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing school buses totaling \$482,131.02 under capital leases. This capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ended	<u>Amount</u>
<u>June 30,</u>	
2018	\$49,469.44
2019	49,469.44
2020	<u>49,469.44</u>
Total Minimum Lease Payments	148,408.32
Less: Amount Representing Interest	<u>5,883.03</u>
 Present Value of Lease Payments	 <u><u>\$142,525.29</u></u>

The following schedule lists the gross amount of the equipment recorded under the capital lease, along with the accumulated depreciation.

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Remaining Value</u>
3 - 54 Passenger Bus	\$245,131.02	\$117,351.68	\$127,779.34
2 - 54 Passenger Bus	<u>237,000.00</u>	<u>45,095.84</u>	<u>191,904.16</u>
 Transportation Equipment	 <u><u>\$482,131.02</u></u>	 <u><u>\$162,447.52</u></u>	 <u><u>\$319,683.50</u></u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS

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

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

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

Contribution Requirements:

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2017	\$357,095.00	100%	\$357,095.00
2016	328,915.00	100%	328,915.00
2015	265,659.00	100%	265,659.00

Three Year Trend Information for TPAF (On-Behalf Contributions)

<u>Year Ended</u> <u>June 30,</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2017	\$1,082,513.00	100%	\$1,082,513.00
2016	799,103.00	100%	799,103.00
2015	517,915.00	100%	517,915.00

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District for the years ended June 30, 2017, 2016 and 2015 \$775,996.67, \$758,426.27 and \$745,121.55 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported a liability of \$11,904,885.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0401959412 percent, which was an increase of 0.0019380800 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,327,400.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$221,395.00
Changes of assumptions		2,466,056.00
Net difference between projected and actual earnings on pension plan investments		453,944.00
Changes in proportion and differences between District contributions and proportionate share of contributions	\$279,741.00	1,071,090.00
District contributions subsequent to the measurement date		<u>358,880.00</u>
	<u>\$279,741.00</u>	<u>\$4,571,365.00</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS) (Continued)

The \$358,880.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$902,584.00
2019	\$902,584.00
2020	\$992,473.00
2021	\$871,058.00
2022	\$264,045.00

Actuarial Assumptions

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

Inflation	3.08 Percent
Salary Increases	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employer contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current rate:

	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$14,588,047.00	\$11,904,885.00	\$9,689,702.00

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position.

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

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$78,515,500</u>
	<u>\$78,515,500</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .0998082185% which was a increase of .0040109678 percent from its proportion measured as of June 30, 2015.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$5,899,347 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions

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

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rate

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
High Yield Bonds	2.00%	4.70%
US Equities Markets	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmlands	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Pension Plan Fiduciary Net Position.

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 7: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016 there were 110,512 retirees receiving for post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 or county college with 25 years of service. The state paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The State will set the contribution rate based 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.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 7: OTHER POST-RETIREMENT BENEFITS (Continued)

The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2017, 2016 and 2015 were, \$934,660.00, \$951,512.00 and \$822,188.00 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 Commission was not determined or made available by the State of New Jersey.

NOTE 8: LITIGATION

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

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2016-2017 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

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

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

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 10: RISK MANAGEMENT (Continued)

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

Year Ended <u>June 30,</u>	Board <u>Contributions</u>	<u>Interest</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2017	\$21,000.00	\$116.76	\$40,956.91	\$56,008.75	\$250,439.24
2016	25,000.00	92.01	39,030.39	64,863.78	244,374.32
2015	100,000.00	124.91	38,645.67	74,932.73	245,115.70

NOTE 11: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2017, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$742,012.50.

For additional descriptive information, see Note1: Summary of Significant Accounting Policies.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 12: FUND BALANCE APPROPRIATED

General Fund The table below reflects the District's Fund Balance at June 30, 2017 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u>		<u>GAAP</u>
	<u>Basis</u>	<u>Adjustment</u>	<u>Basis</u>
Restricted:			
Excess Surplus:			
Designated for Subsequent			
Year's Expenditures	\$ 858,577.79	\$	\$ 858,577.79
Current Year	604,506.01		604,506.01
Capital Reserve	2,457,846.75		2,457,846.75
Emergency Reserve	93,000.00		93,000.00
Maintenance Reserve	345,345.00		345,345.00
Impact Aid Reserve	717,021.00		717,021.00
Assigned:			
Designated for Subsequent			
Year's Expenditures	550,000.21		550,000.21
Encumbrances	354,727.78		354,727.78
Unassigned	<u>1,442,827.35</u>	<u>(96,086.00)</u>	<u>1,346,741.35</u>
	<u>\$ 7,423,851.89</u>	<u>\$ (96,086.00)</u>	<u>\$ 7,327,765.89</u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

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

General Fund Expenditures:		
Fiscal Year Ended, June 30 2017		\$24,729,825.54
Decreased by:		
Reimb. TPAF Social Security Contributions	\$775,996.67	
Reimb. TPAF Pension Contributions	<u>2,057,671.00</u>	
		<u>2,833,667.67</u>
Adjusted General Fund Expenditures		\$21,896,157.87
Excess Surplus Percentage		<u>2.00%</u>
		<u>\$437,923.16</u>
Increased by:		
Impact Aid	\$717,021.19	
Extraordinary Aid	262,638.00	
Non-Public Transportation Aid	<u>25,245.00</u>	
		<u>1,004,904.19</u>
Maximum Unreserved/Undesignated General Fund Balance		\$1,442,827.35
Actual Unreserved/Undesignated General Fund Balance		<u>2,047,333.36</u>
Excess Surplus		<u><u>\$604,506.01</u></u>

Based on the preceding calculation, as of June 30, 2017, \$604,506.01 is reported as Restricted Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2018-19 budget. \$858,577.79 is reported as Restricted Fund Balance Excess Surplus Designated for Subsequent Year's Expenditure and is required to be appropriated for property tax relief in the 2017-18 budget.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	Interfund Balance	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 418,916.26	\$
Special Revenue Fund	1,284.91	
Capital Projects Fund		455,201.17
Proprietary Fund	35,000.00	
	\$ 455,201.17	\$ 455,201.17

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

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 16: CAPITAL RESERVE ACCOUNT

The activity of the capital reserve during the year ended June 30, 2017, is as follows:

Balance, July 1, 2016	\$	2,733,991.50
Interest Earnings	\$	855.25
Increases:		
Board Resolution dated 06/14/17		387,380.43
Unexpended Appropriations		<u>112,619.57</u>
		<u>500,855.25</u>
		3,234,846.75
Withdrawals:		
FY2017 Budgeted Withdrawal	\$	<u>777,000.00</u>
		<u>777,000.00</u>
Balance, June 30, 2017	\$	<u><u>2,457,846.75</u></u>

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan (LRFP).

NOTE 17: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

The account balance is not to exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000, whichever is greater. Withdrawals require approval by the Commissioner.

There was no activity in the Emergency Reserve Account during FY2017.

At June 30, 2017, the balance of the Emergency Reserve Account was \$93,000.00.

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 18: MAINTENANCE RESERVE ACCOUNT

On June 19, 2014, the District, in accordance with N.J.S.A. 18A:7G-13, established a Maintenance reserve account in the amount of \$250,000.00. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

The activity in the maintenance reserve during the year ended June 30, 2017, is as follows:

Balance, July 1, 2016		\$	145,345.00
Deposits:			
Board Resolution dated 06/14/17	\$	<u>200,000.00</u>	<u>200,000.00</u>
Balance, June 30, 2017		\$	<u><u>345,345.00</u></u>

Colts Neck Township School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 19: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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:

Metropolitan Life Insurance Company
VALIC
ING
AXA Equitable

NOTE 20: INVENTORY

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

Food and Supplies	<u>\$7,270.09</u>
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NOTE 21: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through November 2, 2017 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - Part II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$ 20,599,297.00	\$	\$ 20,599,297.00	\$ 20,599,297.00	\$
Transportation Fees from other LEAs	150,000.00		150,000.00	149,631.70	(368.30)
Unrestricted miscellaneous	5,000.00		5,000.00	156,291.85	151,291.85
Interest earned on capital reserve				855.25	855.25
Total revenues-local sources	<u>20,754,297.00</u>	<u>\$</u>	<u>20,754,297.00</u>	<u>20,906,075.80</u>	<u>151,778.80</u>
State sources:					
Categorical special education aid	688,486.00	\$	688,486.00	688,486.00	
Categorical security aid	89,090.00		89,090.00	89,090.00	
Categorical transportation aid	192,084.00		192,084.00	192,084.00	
Other State Aid	41,201.00		41,201.00	41,201.00	
Extraordinary aid				262,638.00	262,638.00
Non-public transportation aid				25,245.00	25,245.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				39,222.00	39,222.00
On-behalf TPAF Pension (non-budgeted)				1,082,513.00	1,082,513.00
On-behalf TPAF Post Retirement Contributions (non-budgeted)				934,660.00	934,660.00
On-behalf TPAF Long-Term Disability Insurance				1,276.00	1,276.00
Reimbursed TPAF social security cont. (non-budgeted)				775,996.67	775,996.67
Total - state sources	<u>1,010,861.00</u>	<u>\$</u>	<u>1,010,861.00</u>	<u>4,132,411.67</u>	<u>3,121,550.67</u>
Federal sources:					
Impact Aid		\$		717,021.19	717,021.19
Total - federal sources		<u>\$</u>		<u>717,021.19</u>	<u>717,021.19</u>
Total revenues	<u>21,765,158.00</u>	<u>\$</u>	<u>21,765,158.00</u>	<u>25,755,508.66</u>	<u>3,990,350.66</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	\$ 398,947.00	\$ 33,058.94	\$ 432,005.94	\$ 378,542.87	\$ 53,463.07
Grades 1-5	2,993,400.00	37,933.06	3,031,333.06	3,028,348.06	2,985.00
Grades 6-8	2,454,076.00	(42.00)	2,454,034.00	2,418,503.65	35,530.35
Regular programs - home instruction:					
Salaries of teachers	6,500.00	2,490.00	8,990.00	8,990.00	
Regular programs - undistributed instruction:					
Leadr Stipend/Classroom Aide	81,332.00	(70,992.00)	10,340.00	141,400.96	10,340.00
Purchased tech services	141,037.00	600.00	141,637.00	120,497.69	236.04
Communications/telephone	164,860.00		164,860.00	37,458.43	44,362.31
Travel	3,000.00		3,000.00	434.14	2,565.86
Misc. services purchased	42,429.00		42,429.00	389,047.36	4,970.57
General supplies	418,588.00	4,702.85	423,290.85	35,481.59	34,243.49
Textbooks	43,600.00	(4,500.00)	39,100.00	123.00	3,618.41
Other Objects		123.00	123.00		
Total regular programs	<u>6,747,769.00</u>	<u>\$</u>	<u>6,751,142.85</u>	<u>6,558,827.75</u>	<u>192,315.10</u>

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 77,347.00	2,848.00	\$ 80,195.00	\$ 80,059.00	\$ 136.00
General supplies	3,000.00	(736.00)	2,264.00	1,542.09	721.91
Total Learning and/or Language Disabilities	80,347.00	2,112.00	82,459.00	81,601.09	857.91
Resource room:					
Salaries of teachers	1,600,335.00	11,066.00	1,611,401.00	1,592,353.06	19,047.94
Other salaries for instruction	35,000.00	(19,133.86)	15,866.14	4,230.88	11,635.26
General supplies	17,000.00	(1,834.05)	15,165.95	2,410.31	12,755.64
Total resource room	1,652,335.00	(9,901.91)	1,642,433.09	1,598,994.25	43,438.84
Autism:					
Salaries of teachers	120,918.00	2,596.00	123,514.00	72,305.00	51,209.00
Summer Aide		3,654.96	3,654.96		
Total autism	120,918.00	6,250.96	127,168.96	75,959.96	51,209.00
Preschool handicapped - full-time					
Salaries of teachers	136,630.00	1,372.00	138,002.00	138,002.00	
Other salaries for instruction	35,067.00	38,762.95	73,829.95	73,375.48	454.47
General Supplies	2,750.00		2,750.00	1,160.94	1,589.06
Total preschool handicapped - full-time	174,447.00	40,134.95	214,581.95	212,538.42	2,043.53
Total special education	2,028,047.00	38,596.00	2,066,643.00	1,969,093.72	97,549.28
Basic skills/remedial:					
Salaries of teachers	356,148.00	68,821.40	424,969.40	424,969.40	
General supplies	4,998.00		4,998.00	477.40	4,520.60
Total basic skills/remedial	361,146.00	68,821.40	429,967.40	425,446.80	4,520.60
Bilingual education:					
Salaries of teachers	65,072.00	(42,528.44)	22,543.56		22,543.56
General supplies	400.00		400.00		400.00
Total bilingual education	65,472.00	(42,528.44)	22,943.56		22,943.56
School sponsored curricular activities:					
Salaries	56,039.00		56,039.00	51,261.12	4,777.88
Other Purchased Services	1,750.00		1,750.00		1,750.00
General supplies	10,100.00		10,100.00	5,824.29	4,275.71
Other objects	1,750.00		1,750.00	760.00	990.00
Total school sponsored curricular activities	69,639.00		69,639.00	57,845.41	11,793.59
School sponsored athletics:					
Salaries	39,351.00		39,351.00	26,662.00	12,689.00
Purchased services	8,547.00		8,547.00		8,547.00
Supplies and materials	11,620.00		11,620.00	10,660.76	959.24
Other objects	10,713.00		10,713.00	6,384.00	4,329.00
Total school sponsored athletics	70,231.00		70,231.00	43,706.76	26,524.24
Total other instructional programs	566,488.00	26,292.96	592,780.96	526,998.97	65,781.99
Total - instruction	9,342,304.00	68,262.81	9,410,566.81	9,054,920.44	355,646.37

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to priv. school for the disabled within the state	214,401.00	4,482.70	218,883.70	218,883.70	\$
Total undistributed expenditures - instruction	214,401.00	4,482.70	218,883.70	218,883.70	\$
Attendance & Social Work:					
Salaries	79,362.00		79,362.00	74,016.03	5,345.97
Total attendance & social work	79,362.00		79,362.00	74,016.03	5,345.97
Health services:					
Salaries	201,567.00	(341.82)	201,225.18	201,225.18	
Purchased professional and technical services	7,500.00	2,137.14	9,637.14	9,233.25	403.89
Travel	1,200.00	1,000.00	2,200.00	867.24	1,332.76
Supplies and materials	4,795.00	170.00	4,965.00	4,583.30	381.70
Other objects	300.00		300.00		300.00
Total health services	215,362.00	2,965.32	218,327.32	215,908.97	2,418.35
Speech, OT, PT, and related services:					
Salaries	609,317.00	(10,797.64)	598,519.36	598,519.36	
Salaries	21,090.00	45,382.50	66,472.50	66,472.50	
Supplies and materials	2,461.00		2,461.00	2,081.70	379.30
Misc. Expenditures	200.00	4,770.00	4,970.00	4,141.71	828.29
Total Speech, OT, PT, and related services	633,068.00	39,354.86	672,422.86	671,215.27	1,207.59
Other support services - student related services:					
Salaries	669,621.00	1,440.96	671,061.96	641,374.20	29,687.76
Total other support services - students related services	669,621.00	1,440.96	671,061.96	641,374.20	29,687.76
Guidance:					
Salaries of other professional staff	196,278.00	20,007.12	216,285.12	216,285.12	
Salaries of secretarial and clerical assistants	43,613.00		43,613.00	43,071.32	541.68
Other Purchased Services	600.00	(250.00)	350.00	44.02	305.98
Supplies and materials	2,800.00		2,800.00	390.00	2,410.00
Supplies and materials	600.00		600.00	280.00	320.00
Total Guidance	243,891.00	19,757.12	263,648.12	260,070.46	3,577.66
Child Study Team:					
Salaries of other professional staff	421,269.00		421,269.00	415,093.00	6,176.00
Salaries of secretarial and clerical assistants	74,802.00	0.47	74,802.47	74,802.47	
Other purchased professional and technical service	16,200.00	(1,596.00)	14,604.00	7,938.50	6,665.50
Miscellaneous Purchased Services	1,000.00	3,456.33	4,456.33	4,456.33	
Supplies and materials	28,706.00	(7,224.78)	21,481.22	19,514.57	1,966.65
Misc. Expenditures	4,890.00	(1,000.00)	3,890.00	2,095.00	1,795.00
Total Child Study Team	546,867.00	(6,363.98)	540,503.02	523,899.87	16,603.15

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 133,900.00	\$	\$ 133,900.00	\$ 133,900.00	\$
Salaries of other professional staff	329,978.00	(16,212.20)	313,765.80	284,871.72	28,894.08
Salaries of secretarial and clerical assistants	52,850.00		52,850.00	52,849.11	0.89
Other Salaries	3,500.00		3,500.00	3,500.00	
Math & Literacy Coaches	144,186.00	27,279.18	171,465.18	171,465.18	
Other purchased professional and technical service	5,300.00	(1,985.00)	3,315.00	3,315.00	
Other purchased services	4,000.00	(1,981.89)	2,018.11	2,018.11	
Supplies and materials	1,200.00	(31.11)	1,168.89	748.66	420.23
Misc. Expenditures	1,875.00	13.00	1,888.00	1,888.00	
Total improvement of instructional services	\$ 676,789.00	\$ 7,081.98	\$ 683,870.98	\$ 654,555.78	\$ 29,315.20
Educational media services/school library:					
Salaries	87,628.00	748.00	88,376.00	88,376.00	
Other salaries for instruction	161,568.00	(748.00)	160,820.00	159,909.70	910.30
Salaries of technology coordinators	56,405.00		56,405.00	56,404.96	0.04
Other purchased services	6,999.00		6,999.00	5,693.01	1,305.99
Misc. Purchased Services	3,500.00		3,500.00	3,500.00	
Supplies and materials	30,826.00	(6,848.00)	23,978.00	11,651.18	12,326.82
Total educational media services/school library	\$ 346,926.00	\$ (6,848.00)	\$ 340,078.00	\$ 322,034.85	\$ 18,043.15
Instructional staff training services:					
Purchased Prof. Education Services	32,300.00	(6,315.00)	25,985.00	24,429.00	1,556.00
Travel	59,500.00	(13,517.48)	45,982.52	21,774.15	24,208.37
Supplies and Materials	504.40	1,662.48	2,166.88	2,088.88	78.00
Other objects	1,500.00	(330.00)	1,170.00		1,170.00
Total instructional staff training services	\$ 93,804.40	\$ (18,500.00)	\$ 75,304.40	\$ 48,292.03	\$ 27,012.37
Support services general administration:					
Salaries	276,858.00	(135.92)	276,722.08	272,197.16	4,524.92
Salaries of Secretarial and Clerical Assistants	5,014.00	135.92	5,149.92	5,149.92	
Legal services	80,000.00		80,000.00	65,000.00	15,000.00
Audit fees	25,000.00		25,000.00	20,400.00	4,600.00
Architect/Engineer services	2,500.00	956.00	3,456.00		3,456.00
Other purchased professional services	2,500.00		2,500.00	848.00	1,652.00
Purchased technical services	4,535.00		4,535.00	4,535.00	
Communications/Telephone	5,440.00	(153.42)	5,286.58	4,200.88	1,085.70
BOE Other Purchased Service	2,530.00	153.42	2,683.42	2,683.42	
Miscellaneous purchased services	51,889.00	4,651.68	56,540.68	52,947.18	3,593.50
General supplies	3,000.00		3,000.00	1,790.98	1,209.02
Judgements against dist/board	109,000.00	(16,049.75)	92,950.25	53,484.44	39,465.81
Miscellaneous expenditures	7,121.00	77.31	7,198.31	6,775.31	423.00
BOE membership dues and fees	12,900.00		12,900.00	11,989.20	910.80
Total support services general administration	\$ 588,287.00	\$ (10,364.76)	\$ 577,922.24	\$ 502,001.49	\$ 75,920.75

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/assistants/program directors	\$ 344,514.00	0.16 \$	344,514.16 \$	344,513.56 \$	0.60
Salaries of other professional staff	88,429.00		88,429.00	88,428.72	0.28
Salaries of secretarial and clerical assistants	74,660.00	11,320.60	85,980.60	84,694.91	1,285.69
Travel	5,450.00	(917.94)	4,532.06	42.78	4,489.28
Supplies and materials	9,857.00	(1,049.00)	8,808.00	7,398.65	1,409.35
Misc. Expenditures	5,190.00	1,966.94	7,156.94	7,071.94	85.00
Total support services school administration	\$ 528,100.00	\$ 11,320.76	\$ 539,420.76	\$ 532,150.56	\$ 7,270.20
Central services:					
Salaries	294,866.00		294,866.00	289,864.98	5,001.02
Purchased professional services	25,125.00	14,900.00	40,025.00	40,025.00	
Purchased technical services	1,000.00	54.17	1,054.17	1,054.17	
Travel - Professional development	3,500.00	(54.17)	3,445.83	1,052.12	2,393.71
Miscellaneous purchased services	10,000.00		10,000.00	7,478.96	2,521.04
Supplies and materials	1,825.00	(63.97)	1,761.03	1,415.00	346.03
Total central services:	\$ 336,316.00	\$ 14,836.03	\$ 351,152.03	\$ 340,890.23	\$ 10,261.80
Admin. Info. Technology:					
Salaries	56,405.00	0.04	56,405.04	56,405.04	
Other purchased services	18,964.00	(1,571.17)	17,392.83	17,392.83	
Misc. Purchased Services	3,120.00	(2,390.48)	729.52	729.52	
Supplies and Materials	2,728.00	(858.46)	1,869.54	1,869.54	
Misc. Expenditures		2,717.04	2,717.04	1,535.95	1,181.09
Total admin. info. technology	\$ 81,217.00	\$ (2,103.03)	\$ 79,113.97	\$ 77,932.88	\$ 1,181.09
Central Services and Admin. Info. Technology	\$ 417,533.00	\$ 12,733.00	\$ 430,266.00	\$ 418,823.11	\$ 11,442.89
Required maintenance for school facilities:					
Salaries	234,631.00		234,631.00	221,188.88	13,442.12
Cleaning, repair and maintenance services	403,301.00	(37,012.00)	366,289.00	230,950.31	135,338.69
Lead Testing		5,200.00	5,200.00	5,075.00	125.00
General supplies	69,112.00	3,617.35	72,729.35	30,049.09	42,680.26
Misc. expenditures	30,200.00	(300.00)	29,900.00	12,473.35	17,426.65
Total required maintenance for school facilities	\$ 737,244.00	\$ (28,494.65)	\$ 708,749.35	\$ 499,736.63	\$ 209,012.72

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other operation and maint. of plant:					
Salaries	\$ 531,697.00	\$	\$ 531,697.00	\$ 501,021.75	\$ 30,675.25
Salaries of non-instructional aides	57,874.00		57,874.00	48,591.07	9,282.93
Unused Vacation/Retired Days	3,960.00	1,062.03	5,022.03	5,022.03	
Purchased professional/technical services	18,450.00	(6,319.03)	12,130.97	5,194.28	6,936.69
Cleaning, repair and maint. services	13,320.00	12,205.21	25,525.21	25,247.09	278.12
Other purchased property services	5,219.00	(0.70)	5,218.30	5,218.30	
Insurance	82,942.00	(6,251.00)	76,691.00	76,691.00	
Misc. Purchased Services		679.18	679.18	612.83	66.35
General supplies	82,920.00	(1,801.69)	81,118.31	63,351.93	17,766.38
Energy (natural gas)	180,000.00	(8,000.00)	172,000.00	156,965.83	15,034.17
Energy (electricity)	293,000.00	8,000.00	301,000.00	301,000.00	
Other objects	12,060.00		12,060.00	745.00	11,315.00
Misc expenditures	2,040.00		2,040.00	1,926.76	113.24
Total other operation and maint. of plant	1,283,482.00	(426.00)	1,283,056.00	1,191,587.87	91,468.13
Supplies - Grounds					
Purchased services - Grounds	6,000.00		6,000.00	1,739.94	4,260.06
General Supplies	62,800.00	(2,490.85)	60,309.15	27,666.22	32,642.93
Total upkeep of grounds	68,800.00	(2,490.85)	66,309.15	29,406.16	36,902.99
Security					
Salaries		128,697.92	128,697.92	111,232.50	17,465.42
Other Salarie		5,000.00	5,000.00	5,000.00	
Other purchased professional services	150,235.00	(139,023.92)	11,211.08	11,211.08	
Cleaning/repair/maint.	4,500.00	5,615.75	10,115.75	9,151.40	964.35
General Supplies		2,118.09	2,118.09	1,531.09	587.00
Total Security	154,735.00	2,407.84	157,142.84	138,126.07	19,016.77
Operation and Maintenance of Plant Services	2,244,261.00	(29,003.66)	2,215,257.34	1,858,856.73	356,400.61
Student transportation services:					
Salaries of non-instructional aides	39,453.00	7,252.44	46,705.44	46,705.44	
Salaries for pupil transportation (between home and school) - regular	476,279.00	48,957.73	525,236.73	525,236.73	
Salaries for pupil transportation (between H&S) Special Education	61,760.00	(8,690.76)	53,069.24	53,069.24	
Salaries for pupil transportation (other than between home and school)	22,200.00	(14,240.85)	7,959.15	7,959.15	
Unused Vacation Pmts. Retired	5,000.00	1,045.00	6,045.00	6,045.00	
Other purchased and professional services	9,490.00	68.92	9,558.92	9,558.92	
Cleaning, repair, & main. services	10,600.00		10,600.00	10,052.50	547.50
Lease purchase payments - school buses	94,936.00		94,936.00	94,936.00	
Contracted services - aid in lieu of payments	215,000.00	(12,400.26)	202,599.74	191,767.99	10,831.75

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services (Continued):					
Contracted services - (bet. Home & sch) joint agreement	\$ 15,000.00	(300.00)	\$ 14,700.00	\$ 1,820.13	\$ 12,879.87
Contracted services - (special ed student) ESCs & CTSAs	52,000.00	55,684.90	107,684.90	107,684.90	215.64
Miscellaneous purchased services	36,155.00	130.00	36,285.00	36,069.36	1,349.42
General supplies	5,575.00	(400.00)	5,175.00	3,825.58	22,866.40
Transportation supplies	185,200.00	(22,723.59)	162,476.41	139,610.01	
Other objects	350.00	720.00	1,070.00	1,070.00	
Total student transportation services	1,228,998.00	55,103.53	1,284,101.53	1,235,410.95	48,690.58
Unallocated benefits - employee benefits:					
Social security contributions	296,408.00		296,408.00	288,324.01	8,083.99
Other retirement contributions - PERS	378,101.00	(1,168.70)	376,932.30	374,516.56	2,415.74
Unemployment compensation	25,000.00	(3,619.20)	21,380.80	21,000.00	380.80
Workers compensation	188,077.00	3,619.20	191,696.20	191,696.20	
Health benefits	3,535,671.00	(147,418.53)	3,388,252.47	2,947,222.06	441,030.41
Tuition reimbursements	83,000.00	(4,394.26)	78,605.74	69,455.70	9,150.04
Other employee benefits	141,926.00	493.85	142,419.85	142,419.85	
Unused Sick Payment to terminated/retired staff	11,025.00		11,025.00	11,025.00	
Total unallocated benefits - employee benefits:	4,659,208.00	(152,487.64)	4,506,720.36	4,045,659.38	461,060.98
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				39,222.00	(39,222.00)
On-behalf TPAF Pension (non-budgeted)				1,082,513.00	(1,082,513.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				934,660.00	(934,660.00)
On-behalf TPAF Long-Term Disability Insurance				1,276.00	(1,276.00)
Reimbursed TPAF social security cont. (non-budgeted)				775,996.67	(775,996.67)
				2,833,667.67	(2,833,667.67)
Total Undistributed Expenditures	13,386,478.40	(69,327.81)	13,317,150.59	15,056,821.05	(1,739,670.46)
TOTAL CURRENT EXPENSE	\$ 22,728,782.40	\$ (1,065.00)	\$ 22,727,717.40	\$ 24,111,741.49	\$ (1,384,024.09)
CAPITAL OUTLAY:					
Equipment					
Undistributed expenditures-Instruction	\$ 2,301.00	6,848.00	\$ 9,149.00	\$ 9,149.00	\$ 2,167.00
Admin. Info. Tech.		2,167.00	2,167.00		58,159.20
Undistrib. expend.-Req. Maint. for School Facilities	137,277.00	(39,687.92)	97,589.08	39,429.88	5,620.00
Custodial services		29,312.00	29,312.00	23,692.00	
Security	6,000.00	(6,000.00)			
Equipment	27,000.00	52,447.00	79,447.00	3,283.00	76,164.00
	172,578.00	45,086.08	217,664.08	75,553.88	142,110.20

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Facilities acquisition and construction services:					
Architectural/Engineering	\$ 6,985.00	4,835.00	\$ 11,820.00	\$ 10,220.00	\$ 1,600.00
Other Prof/Tech Services	2,805.00	1,425.00	4,230.00	4,230.00	
Construction services	807,000.00	(1,425.00)	805,575.00	479,471.82	326,103.18
Land and Improvements	15,000.00	1,400.00	16,400.00	16,400.00	
Assessment on Debt Service on SDA Funding	40,469.00		40,469.00	40,469.00	
Total facilities acquis. and const. services	<u>872,259.00</u>	<u>6,235.00</u>	<u>878,494.00</u>	<u>534,390.82</u>	<u>344,103.18</u>
Regular Instructional Equipment					
Reg. Instruc Equip - CRES	4,333.00	(2,583.34)	1,749.66	2,951.00	1,749.66
Equipment Grades 1 - 5	4,333.00	327.67	4,660.67	2,951.00	1,709.67
Equipment Grades 6 - 8	4,333.00	(1,333.33)	2,999.67	2,999.67	
	<u>12,999.00</u>	<u>(3,589.00)</u>	<u>9,410.00</u>	<u>2,951.00</u>	<u>6,459.00</u>
TOTAL CAPITAL OUTLAY	1,057,836.00	47,732.08	1,105,568.08	612,895.70	492,672.38
GENERAL FUND GRAND TOTAL	23,786,618.40	46,667.08	23,833,285.48	24,724,637.19	(891,351.71)
	21,421.00				
Excess (deficiency) of revenues Over (under) expenditures	\$ (2,021,460.40)	\$ (46,667.08)	\$ (2,068,127.48)	\$ 1,030,871.47	\$ 3,098,998.95
Other financing sources (uses):					
Transfer to Cover Deficit - Cafeteria Fund		(21,421.00)	(21,421.00)	(5,188.35)	(16,232.65)
Total other financing sources (uses)		(21,421.00)	(21,421.00)	(5,188.35)	(16,232.65)
Excess (deficiency) of revenues and other financing sources Over (under) expenditures and other financing sources(uses)	(2,021,460.40)	(68,088.08)	(2,089,548.48)	1,025,683.12	3,082,766.30
Fund balance, July 1			6,398,168.77	6,398,168.77	
Fund balance, June 30	(2,021,460.40)	(68,088.08)	4,308,620.29	7,423,851.89	3,082,766.30
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 858,577.79	
Excess Surplus - Current Year				604,506.01	
Capital reserve				2,457,846.75	
Emergency Reserve				93,000.00	
Maintenance Reserve				345,345.00	
Impact Aid Reserve				717,021.00	
Assigned:					
Encumbrances				354,727.78	
Designated for Subsequent Year's Expenditures				550,000.21	
Unassigned Fund Balance				1,442,827.35	
Reconciliation to Government Fund Statements:				\$ 7,423,851.89	
Last State aid payments not recognized on GAAP basis				(96,086.00)	
Fund Balance per Governmental Funds (GAAP)				<u><u>7,327,765.89</u></u>	

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources	\$ 222,872.00	\$ 50,653.00	\$ 273,525.00	\$ 254,453.58	\$ (19,071.42)
Other sources		66,331.15	66,331.15	53,550.44	(12,780.71)
Total revenues	<u>222,872.00</u>	<u>116,984.15</u>	<u>339,856.15</u>	<u>308,004.02</u>	<u>(31,852.13)</u>
EXPENDITURES:					
Instruction:					
Other Salaries for Instruction	31,913.00	(7,827.00)	24,086.00	12,167.00	11,919.00
Tuition	170,494.00	26,128.00	196,622.00	196,622.00	
Supplies and materials		74,905.00	74,905.00	61,562.80	13,342.20
Total instruction	<u>202,407.00</u>	<u>93,206.00</u>	<u>295,613.00</u>	<u>270,351.80</u>	<u>25,261.20</u>
Support services:					
Personal Services Employee - Benefits		1,384.00	1,384.00	13,463.57	(12,079.57)
Purchased professional - educational services	20,465.00	7,226.00	27,691.00	11,465.00	16,226.00
Supplies and materials		15,168.15	15,168.15	12,723.65	2,444.50
Total support services	<u>20,465.00</u>	<u>23,778.15</u>	<u>44,243.15</u>	<u>37,652.22</u>	<u>6,590.93</u>
Total expenditures	\$ <u>222,872.00</u>	\$ <u>116,984.15</u>	\$ <u>339,856.15</u>	\$ <u>308,004.02</u>	\$ <u>31,852.13</u>
Excess (deficiency) of revenues over (under) expenditures	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

COLTS NECK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$25,755,508.66	\$308,004.02
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(96,086.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>94,765.00</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$25,754,187.66</u>	<u>\$308,004.02</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$24,724,637.19	\$308,004.02
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$24,724,637.19</u>	<u>\$308,004.02</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2013	0.0349652477%	\$ 6,682,554	\$ 2,198,744.00	303.93%	48.72%
2014	0.0322250907%	6,033,418	2,479,317.00	243.35%	52.08%
2015	0.0382578612%	8,588,123	2,679,968.00	320.46%	47.92%
2016	0.0401959412%	11,904,885	2,677,435.00	444.64%	40.14%

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

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30.</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 263,456	\$ 263,456	\$ -0-	2,479,317.00	10.63%
2015	265,659	265,659	-0-	2,679,968.00	9.91%
2016	328,915	328,915	-0-	2,595,964.00	12.67%
2017	357,095	357,095	-0-	2,677,435.00	13.34%

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

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2013	0.1035880346%	-0-	\$ 9,477,489.00	-0-	33.76%
2014	0.0997451300%	-0-	9,989,001.00	-0-	33.64%
2015	0.0957972507%	-0-	10,249,938.00	-0-	28.71%
2016	0.0998082185%	-0-	10,718,836.00	-0-	22.33%

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Public Employees Retirement System

Change in benefit terms: None

Change in assumptions: The discount rate changed from 4.90% to 3.98% as of
June 30, 2016.

Teacher Pension and Annuity Fund

Change in benefit terms: None

Change in assumptions: The discount rate changed from 4.13% to 3.22% as of
June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	NO CHILD LEFT BEHIND		IDEA PART B	IDEA PRESCHOOL	LOCAL GRANTS	TOTAL JUNE 30, 2017
	TITLE I A	TITLE II A				
REVENUES:						
Federal sources	\$24,657.08	\$23,119.50	\$196,622.00	\$10,055.00	\$53,550.44	\$254,453.58
Local sources						53,550.44
Total revenues	\$24,657.08	\$23,119.50	\$196,622.00	\$10,055.00	\$53,550.44	\$308,004.02
EXPENDITURES:						
Instruction:						
Other Salaries for Instruction	2,112.00			10,055.00		12,167.00
Tuition			\$196,622.00			196,622.00
Supplies and materials	11,238.51				50,324.29	61,562.80
Total instruction	13,350.51		196,622.00	10,055.00	50,324.29	270,351.80
Support services:						
Personal Services Employee - Benefits	161.57	13,302.00				13,463.57
Purchased professional - educational services	11,145.00				320.00	11,465.00
Supplies and materials		9,817.50			2,906.15	12,723.65
Total support services	11,306.57	23,119.50			3,226.15	37,652.22
Total expenditures	\$24,657.08	\$23,119.50	\$196,622.00	\$10,055.00	\$53,550.44	\$308,004.02

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2017

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Cedar Drive Middle School Boiler Replacement	3/5/2015	\$ 788,425.00	\$ 763,151.00	\$ -	\$ 25,274.00
Cedar Drive Middle School Generator	3/5/2015	258,000.00	258,000.00	-	
Conover Road Elementary School Generator	3/5/2015	258,000.00	256,807.00	-	1,193.00
Totals		<u>\$ 1,304,425.00</u>	<u>\$ 1,277,958.00</u>	<u>\$ -</u>	<u>\$ 26,467.00</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund balance - beginning	<u>\$26,467.00</u>
Fund balance - ending	<u>\$26,467.00</u>
<u>Reconciliation to Governmental Fund Statements (GAAP):</u>	
Fund Balance - budgetary basis	\$26,467.00
Less: ROD Grants not recognized under GAAP	<u>(477.20)</u>
Fund Balance - GAAP basis (B-1)	<u><u>\$25,989.80</u></u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 CEDAR DRIVE MIDDLE SCHOOL BOILER REPLACEMENT
 FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
State sources - ROD grant	\$ 294,920.00	\$	294,920.00	\$ 294,920.00
Transfer from capital reserve	493,505.00		493,505.00	493,505.00
Total revenues	<u>788,425.00</u>	<u>0.00</u>	<u>788,425.00</u>	<u>788,425.00</u>
Expenditures and other financing uses:				
Legal Services			0.00	11,000.00
Other Purchased Professional & Technical Services	76,325.00		76,325.00	82,800.00
Construction services	686,826.00		686,826.00	694,625.00
Total expenditures	<u>763,151.00</u>	<u>0.00</u>	<u>763,151.00</u>	<u>788,425.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,274.00</u>	<u>\$ 0.00</u>	<u>\$ 25,274.00</u>	<u>\$ 0.00</u>

Additional project information:

Project Number	\$ 0945-030-14-G1ZY
Grant Date	3/5/2015
Original Authorized Cost	\$737,300.00
Additional Authorized Cost	-0-
Revised Authorized Cost	\$737,300.00
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	96.79%
Original target completion date	FY2016
Revised target completion date	FY2016

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 CEDAR DRIVE MIDDLE SCHOOL GENERATOR
 FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
State sources - ROD grant	\$ 103,200.00	\$	\$ 103,200.00	\$ 103,200.00
Transfer from capital reserve	154,800.00		154,800.00	154,800.00
Total revenues	<u>258,000.00</u>		<u>258,000.00</u>	<u>258,000.00</u>
Expenditures and other financing uses:				
Other Purchased Professional & Technical Services	16,800.00		16,800.00	16,800.00
Construction services	241,200.00		241,200.00	241,200.00
Total expenditures	<u>258,000.00</u>		<u>258,000.00</u>	<u>258,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional project information:

Project Number	\$ 0945-030-14-G1ZZ
Grant Date	3/5/2015
Original Authorized Cost	\$258,000.00
Additional Authorized Cost	-0-
Revised Authorized Cost	\$258,000.00
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100.00%
Original target completion date	FY2016
Revised target completion date	FY2016

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 CONOVER ROAD ELEMENTARY SCHOOL GENERATOR
 FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
State sources - ROD grant	\$ 103,200.00	\$	\$ 103,200.00	\$ 103,200.00
Transfer from capital reserve	154,800.00		154,800.00	154,800.00
Total revenues	<u>258,000.00</u>	<u>0.00</u>	<u>258,000.00</u>	<u>258,000.00</u>
Expenditures and other financing uses:				
Other Purchased Professional & Technical Services	16,800.00		16,800.00	16,800.00
Construction services	240,007.00		240,007.00	241,200.00
Total expenditures	<u>256,807.00</u>	<u>0.00</u>	<u>256,807.00</u>	<u>258,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,193.00</u>	<u>\$ 0.00</u>	<u>\$ 1,193.00</u>	<u>\$ 0.00</u>

Additional project information:

Project Number	\$ 0945-030-14-G2AA
Grant Date	3/5/2015
Original Authorized Cost	\$258,000.00
Additional Authorized Cost	-0-
Revised Authorized Cost	\$258,000.00
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	99.54%
Original target completion date	FY2016
Revised target completion date	FY2016

PROPRIETARY FUND DETAIL STATEMENTS

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

FOOD SERVICES FUND: This fund provides for the operation of Food services within the school district.

PRESCHOOL TUITION PROGRAM: This fund provides for the operation of a Preschool Program within the school district.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>PRESCHOOL TUITION PROGRAM FUND</u>	<u>TOTAL JUNE 30, 2017</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$43,632.62	\$146,920.78	\$190,553.40
Interfund Receivable	35,000.00		35,000.00
Inventories	7,270.09		7,270.09
Total current assets	85,902.71	146,920.78	232,823.49
Noncurrent assets:			
Furniture, machinery and equipment	241,305.00		241,305.00
Less accumulated depreciation	(233,320.55)		(233,320.55)
Total noncurrent assets	7,984.45		7,984.45
Total assets	93,887.16	146,920.78	240,807.94
LIABILITIES :			
Current liabilities:			
Accounts payable	17,813.75	60.00	17,873.75
Unearned revenue	8,034.18	58,350.00	66,384.18
Total current liabilities	25,847.93	58,410.00	84,257.93
Total liabilities	25,847.93	58,410.00	84,257.93
NET POSITION:			
Net investment in capital assets	7,984.45		7,984.45
Unrestricted	60,054.78	88,510.78	148,565.56
Total net position	\$68,039.23	\$88,510.78	\$156,550.01

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u> <u>JUNE 30, 2017</u>
	<u>MAJOR FUNDS</u>		
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
OPERATING REVENUES:			
Charges for services:			
Daily sales	\$313,851.69		\$313,851.69
Special Functions	2,868.95		2,868.95
Tuition - individuals		\$405,479.00	405,479.00
Miscellaneous		46,228.00	46,228.00
Total operating revenues	<u>316,720.64</u>	<u>451,707.00</u>	<u>768,427.64</u>
OPERATING EXPENSES:			
Cost of sales	132,910.29		132,910.29
Salaries	110,726.45	308,541.51	419,267.96
Employee benefits	32,594.90	83,254.77	115,849.67
Supplies and materials	14,155.80	10,675.31	24,831.11
Management fees	20,300.00		20,300.00
Miscellaneous	18,618.93		18,618.93
Depreciation	731.40		731.40
Total operating expenses	<u>330,037.77</u>	<u>402,471.59</u>	<u>732,509.36</u>
Operating income (loss)	<u>(13,317.13)</u>	<u>49,235.41</u>	<u>35,918.28</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal sources:			
National food distribution commodities	1,283.52		1,283.52
Interest	45.88		45.88
Total non-operating revenues (expenses)	<u>1,329.40</u>		<u>1,329.40</u>
Income/(loss) before contributions and transfers	<u>(11,987.73)</u>	<u>49,235.41</u>	<u>37,247.68</u>
Other financing sources:			
Transfers in	5,188.35		5,188.35
Total other financing uses	<u>5,188.35</u>		<u>5,188.35</u>
Change in net position	(6,799.38)	49,235.41	42,436.03
Total net position - beginning	<u>74,838.61</u>	<u>39,275.37</u>	<u>114,113.98</u>
Total net position - ending	<u>\$68,039.23</u>	<u>\$88,510.78</u>	<u>\$156,550.01</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u> <u>JUNE 30, 2017</u>
	<u>MAJOR FUNDS</u>		
	<u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>PRESCHOOL</u> <u>TUITION PROGRAM</u> <u>FUND</u>	
Cash flows from operating activities:			
Receipts from customers	\$319,076.80	\$501,276.00	\$820,352.80
Payments to employees	(105,417.96)	(308,481.51)	(413,899.47)
Payments to employee benefits	(33,786.93)	(83,254.77)	(117,041.70)
Payments to suppliers	(194,350.28)	(10,675.31)	(205,025.59)
Net cash provided by (used for) operating activities	<u>(14,478.37)</u>	<u>98,864.41</u>	<u>84,386.04</u>
Cash flows from noncapital financing activities:			
State sources	199.89		199.89
Federal sources	2,438.61		2,438.61
Operating subsidies and transfers to other funds	5,188.35		5,188.35
Net cash provided by noncapital financing activities	<u>7,826.85</u>		<u>7,826.85</u>
Cash flows from investing activities:			
Interest and dividends	45.88		45.88
Net cash provided by investing activities	<u>45.88</u>		<u>45.88</u>
Net increase/(decrease) in cash and cash equivalents	(6,605.64)	98,864.41	92,258.77
Cash and cash equivalents, June 30, 2016	<u>50,238.26</u>	<u>48,056.37</u>	<u>98,294.63</u>
Cash and cash equivalents, June 30, 2017	<u><u>43,632.62</u></u>	<u><u>146,920.78</u></u>	<u><u>190,553.40</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(13,317.13)	49,235.41	35,918.28
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	731.40		731.40
Federal commodities	1,283.52		1,283.52
Change in assets and liabilities:			
Increase (decrease) in unearned revenue	1,072.64	8,020.00	9,092.64
(Increase) decrease in accounts receivable		41,549.00	41,549.00
Increase (decrease) in accounts payable	(4,775.72)	60.00	(4,715.72)
(Increase) decrease in inventories	526.92		526.92
	<u>(1,161.24)</u>	<u>49,629.00</u>	<u>48,467.76</u>
Net cash provided by operating activities	<u><u>(\$14,478.37)</u></u>	<u><u>\$98,864.41</u></u>	<u><u>\$84,386.04</u></u>

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

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

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

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

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	<u>STUDENT ACTIVITY</u>	<u>AGENCY FUNDS PAYROLL AGENCY</u>	<u>TOTAL AGENCY</u>	<u>UNEMPLOYMENT COMPENSATION TRUST FUND</u>	<u>TOTAL JUNE 30, 2017</u>
ASSETS:					
Cash and cash equivalents	\$ 31,583.44	\$ 634,583.08	\$ 666,166.52	\$ 250,439.24	\$ 916,605.76
Total assets	<u>31,583.44</u>	<u>634,583.08</u>	<u>666,166.52</u>	<u>250,439.24</u>	<u>916,605.76</u>
LIABILITIES:					
Payroll deductions and withholdings		63,323.36	63,323.36		63,323.36
Wages payable - summer payroll		571,259.72	571,259.72		571,259.72
Due to student groups	31,583.44		31,583.44		31,583.44
Total liabilities	<u>31,583.44</u>	<u>634,583.08</u>	<u>666,166.52</u>		<u>666,166.52</u>
NET POSITION:					
Held in trust for unemployment claims and other purposes				250,439.24	250,439.24
Total net position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 250,439.24</u>	<u>\$ 250,439.24</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	STATE UNEMPLOYMENT COMPENSATION <u>TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:		
Contributions:		
Plan members	\$40,956.91	\$40,956.91
Other	21,000.00	21,000.00
Total contributions	<u>61,956.91</u>	<u>61,956.91</u>
Investment earnings:		
Interest	116.76	116.76
Net investment earnings	<u>116.76</u>	<u>116.76</u>
Total additions	<u>62,073.67</u>	<u>62,073.67</u>
DEDUCTIONS:		
Unemployment claims	56,008.75	56,008.75
Total deductions	<u>56,008.75</u>	<u>56,008.75</u>
Change in net position	6,064.92	6,064.92
Net position beginning of year	244,374.32	244,374.32
Net position end of year	<u>\$250,439.24</u>	<u>\$250,439.24</u>

EXHIBIT "H-3"

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> <u>JUNE 30, 2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 37,826.13	\$ 112,126.50	\$ 118,369.19	\$ 31,583.44
Total assets	<u>\$ 37,826.13</u>	<u>\$ 112,126.50</u>	<u>\$ 118,369.19</u>	<u>\$ 31,583.44</u>
LIABILITIES:				
Due student groups:				
Cedar Drive School	\$ 16,037.75	\$ 85,022.71	\$ 86,709.76	\$ 14,350.70
Conover Road Primary	379.78	4,716.57	4,678.34	418.01
Conover Road Elementary	<u>21,408.60</u>	<u>22,387.22</u>	<u>26,981.09</u>	<u>16,814.73</u>
Total liabilities	<u>\$ 37,826.13</u>	<u>\$ 112,126.50</u>	<u>\$ 118,369.19</u>	<u>\$ 31,583.44</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> <u>JUNE 30, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$650,670.02	\$16,214,606.52	\$16,230,693.46	\$634,583.08
Total assets	<u>650,670.02</u>	<u>16,214,606.52</u>	<u>16,230,693.46</u>	<u>634,583.08</u>
LIABILITIES:				
Payroll deductions and withholdings	87,963.06	7,622,634.79	7,647,274.49	63,323.36
Wages payable - summer payroll	<u>562,706.96</u>	<u>8,591,971.73</u>	<u>8,583,418.97</u>	<u>571,259.72</u>
Total liabilities	<u>\$650,670.02</u>	<u>\$16,214,606.52</u>	<u>\$16,230,693.46</u>	<u>\$634,583.08</u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2017

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	AMOUNT	RATE OF INTEREST	BALANCE JUNE 30, 2016	RETIRED	BALANCE JUNE 30, 2017
Refunding School Bonds 2005	7/1/2005	\$ 4,895,000.00	01/01/18	965,000.00	4.00%	\$ 1,890,000.00	\$ 925,000.00	\$ 965,000.00
School Bonds	02/01/02	13,250,000.00	02/01/18	80,000.00	4.50%			
			02/01/19	1,115,000.00	5.00%			
			02/01/20	1,170,000.00	5.00%			
			02/01/21	595,000.00	5.00%	3,040,000.00	80,000.00	2,960,000.00
2015 Refunding Bonds	04/30/15	9,715,000.00	02/01/18	35,000.00	2.00%			
			02/01/19	35,000.00	2.00%			
			02/01/20	35,000.00	5.00%			
			02/01/21	670,000.00	4.00%			
			02/01/22	1,320,000.00	4.00%			
			02/01/23	1,375,000.00	4.00%			
			02/01/24	1,430,000.00	4.00%			
		02/01/25	1,490,000.00	4.00%				
		02/01/26	1,550,000.00	4.00%				
		02/01/27	1,615,000.00	4.00%				
						9,590,000.00	35,000.00	9,555,000.00
						\$ 14,520,000.00	\$ 1,040,000.00	\$ 13,480,000.00

EXHIBIT "I-2"

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 AS OF JUNE 30, 2017

<u>PURPOSE</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE</u>	<u>BALANCE JUNE 30, 2016</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
School Bus Lease	1.80%	245,131.02	49,781.37	49,781.37	\$
School Bus Lease	2.05%	237,000.00	188,137.90	45,612.61	142,525.29
		\$	237,919.27	95,393.98	\$ 142,525.29

TOWNSHIP OF COLTS NECK SCHOOL DISTRICT
DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,509,562.00	\$	\$ 1,509,562.00	\$ 1,509,562.00	\$
Miscellaneous				238.41	238.41
State Sources:					
Debt Service Aid Type II	<u>139,088.00</u>		<u>139,088.00</u>	<u>139,088.00</u>	
Total Revenues	<u>\$ 1,648,650.00</u>	<u>\$</u>	<u>\$ 1,648,650.00</u>	<u>\$ 1,648,888.41</u>	<u>\$ 238.41</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 608,650.00	\$	\$ 608,650.00	\$ 608,650.00	\$
Redemption of Principal	<u>1,040,000.00</u>		<u>1,040,000.00</u>	<u>1,040,000.00</u>	
Total Debt Service	<u>\$ 1,648,650.00</u>	<u>\$</u>	<u>\$ 1,648,650.00</u>	<u>\$ 1,648,650.00</u>	<u>\$</u>
Total Expenditures	<u>\$ 1,648,650.00</u>	<u>\$</u>	<u>\$ 1,648,650.00</u>	<u>\$ 1,648,650.00</u>	<u>\$</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$ 238.41	\$ 238.41
Fund Balance, July 1	<u>554.35</u>		<u>554.35</u>	<u>554.35</u>	
Fund Balance, June 30	<u>\$ 554.35</u>	<u>\$</u>	<u>\$ 554.35</u>	<u>\$ 792.76</u>	<u>\$ 238.41</u>

STATISTICAL SECTION - UNAUDITED

COLTS NECK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 15,954,135.47	\$ 15,399,603.66	\$ 14,021,535.43	\$ 13,845,349.95	\$ 13,526,409.54	\$ 13,331,233.16	\$ 13,254,212.52	\$ 13,348,529.02	\$ 12,459,402.21	\$ 12,080,418.01
Restricted for:										
Debt service (Deficit)	(142,032.24)	(162,387.32)	(152,010.54)	(331,614.62)	(338,876.56)	(359,771.81)	(355,697.28)	(340,358.94)	(345,856.04)	(442,951.86)
Capital projects	25,989.80	25,989.80	690,060.00	93,693.40	93,693.40	93,693.40	53,500.40	93,693.40	53,500.40	53,500.40
Other purposes	5,076,296.55	4,444,275.75	3,120,950.90	2,506,793.93	2,402,105.53	607,222.45	662,483.53	567,853.96	1,616,308.64	1,062,022.04
Unrestricted (Deficit)	(6,462,684.16)	(5,851,809.98)	(5,299,970.90)	1,852,592.44	2,083,508.97	1,736,661.64	1,096,486.90	489,989.69	291,382.02	790,177.90
Total governmental activities net position	\$ 14,451,705.42	\$ 13,855,671.91	\$ 12,380,564.89	\$ 17,966,815.10	\$ 17,766,840.88	\$ 15,409,038.84	\$ 14,710,986.07	\$ 14,159,707.13	\$ 14,074,737.23	\$ 13,543,166.49
Business-type activities										
Net investment in capital assets	\$ 7,984.45	\$ 8,715.85	\$ 9,447.25	\$ 10,331.16	\$ 9,813.23	\$ 10,697.14	\$ 6,961.18	\$ 13,954.07	\$ 20,702.34	\$ 27,450.61
Unrestricted	148,565.56	105,398.13	66,440.90	55,080.35	149,477.39	168,142.68	166,937.60	150,645.71	118,747.92	118,491.34
Total business-type activities net position	\$ 156,550.01	\$ 114,113.98	\$ 75,888.15	\$ 65,411.51	\$ 159,290.62	\$ 178,839.82	\$ 173,898.78	\$ 164,599.78	\$ 139,450.26	\$ 145,941.95
District-wide										
Net investment in capital assets	\$ 15,962,119.92	\$ 15,408,319.51	\$ 14,030,982.68	\$ 13,855,681.11	\$ 13,536,222.77	\$ 13,341,930.30	\$ 13,261,173.70	\$ 13,362,483.09	\$ 12,480,104.55	\$ 12,107,868.62
Restricted for:										
Debt service (Deficit)	(142,032.24)	(162,387.32)	(152,010.54)	(331,614.62)	(338,876.56)	(359,771.81)	(355,697.28)	(340,358.94)	(345,856.04)	(442,951.86)
Capital projects	25,989.80	25,989.80	690,060.00	93,693.40	93,693.40	93,693.40	53,500.40	93,693.40	53,500.40	53,500.40
Other projects	5,076,296.55	4,444,275.75	3,120,950.90	2,506,793.93	2,402,105.53	607,222.45	662,483.53	567,853.96	1,616,308.64	1,062,022.04
Unrestricted (Deficit)	(6,314,118.60)	(5,746,411.85)	(5,233,530.00)	1,907,672.79	2,232,986.36	1,904,804.32	1,263,424.50	640,635.40	410,129.94	908,669.24
Total district net position	\$ 14,608,255.43	\$ 13,969,785.89	\$ 12,456,453.04	\$ 18,032,226.61	\$ 17,926,131.50	\$ 15,587,878.66	\$ 14,884,884.85	\$ 14,324,306.91	\$ 14,214,187.49	\$ 13,689,108.44

Source: CAFR Schedule A-1

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 12,918,281.51	\$ 12,370,330.03	\$ 11,741,195.14	\$ 10,143,407.87	\$ 10,418,817.58	\$ 10,008,864.55	\$ 8,466,868.03	\$ 8,880,003.25	\$ 7,625,823.29	\$ 7,297,568.04
Special education	4,636,379.87	4,006,013.47	3,808,022.79	3,340,355.24	3,665,803.73	3,336,638.99	3,218,273.45	3,049,167.33	2,109,246.38	2,203,415.65
Other instruction	617,690.01	368,266.70	797,888.92	702,573.16	712,756.66	535,845.61	348,515.15	507,575.58	402,388.08	380,537.08
Support services:										
Tuition										
Student and instruction related services	6,320,735.12	5,310,688.38	4,430,785.33	3,992,656.67	3,318,441.59	3,321,588.37	4,060,053.23	4,313,927.63	2,246,223.72	2,284,140.64
General administrative services	721,310.18	693,171.86	673,689.75	986,339.67	596,424.57	618,045.94	797,059.20	845,415.70	526,298.12	500,487.21
School administrative services	1,051,666.30	973,771.32	1,068,019.99	945,741.76	1,101,354.16	1,204,029.69	941,834.66	925,371.19	822,686.22	758,139.27
Central services	557,098.92	421,729.82	364,902.01	375,485.01	378,653.90	386,334.11	343,862.35	410,911.90	296,603.54	296,204.60
Administrative information technology	107,042.63	133,908.16	100,339.23	99,160.70	99,480.79	89,738.05	90,715.88	97,290.00	84,208.42	32,214.48
Business and other support services										
Plant operations and maintenance	2,501,459.27	2,255,042.17	2,144,883.20	2,216,704.94	2,054,573.22	1,878,292.66	2,406,767.05	2,595,407.26	1,958,925.82	2,028,801.31
Pupil transportation	1,797,657.20	1,469,008.23	1,547,187.72	1,465,885.80	1,496,893.67	1,691,680.24	2,013,016.41	2,179,238.09	1,345,841.62	1,981,071.05
Unallocated benefits										
Interest on long-term debt	668,149.22	635,057.61	634,804.61	825,638.37	856,938.18	845,468.18	934,879.09	905,287.11	921,039.33	948,632.58
Unallocated refunding bond interest costs										
Unallocated amortization (net)										
Total governmental activities expenses	<u>31,887,470.23</u>	<u>28,636,987.55</u>	<u>27,311,698.69</u>	<u>25,093,929.19</u>	<u>24,706,575.87</u>	<u>23,922,964.21</u>	<u>23,628,282.32</u>	<u>24,716,032.87</u>	<u>23,981,190.66</u>	<u>24,235,131.40</u>
Business-type activities:										
Food service	330,037.77	347,031.07	365,746.35	352,637.00	388,875.89	386,961.78	380,737.04	353,851.90	376,828.07	372,226.73
Kindergarten complement program					138,834.76	162,260.20	179,791.15	242,760.93	228,206.97	225,617.59
Preschool tuition program	402,471.59	350,183.43	53,346.90	53,701.42	51,901.06	51,547.54	51,618.52	37,759.44		
Total business-type activities expense	<u>732,509.36</u>	<u>697,214.50</u>	<u>419,093.25</u>	<u>406,338.42</u>	<u>579,611.71</u>	<u>600,769.52</u>	<u>612,146.71</u>	<u>634,472.27</u>	<u>605,035.04</u>	<u>597,844.32</u>
Total district expenses	<u>32,619,979.59</u>	<u>29,334,202.05</u>	<u>27,730,791.94</u>	<u>25,500,267.61</u>	<u>25,286,187.58</u>	<u>24,523,733.73</u>	<u>24,240,429.03</u>	<u>25,350,505.14</u>	<u>24,586,225.70</u>	<u>24,832,975.72</u>
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$ 8,117,596.39	\$ 5,877,522.72	\$ 4,970,183.12	\$ 2,215,870.77	\$ 2,461,415.14	\$ 2,103,375.98	\$ 1,817,278.84	\$ 2,078,415.68	\$ 287,146.51	\$ 318,082.96
Total governmental activities program revenues	<u>8,117,596.39</u>	<u>5,877,522.72</u>	<u>4,970,183.12</u>	<u>2,215,870.77</u>	<u>2,461,415.14</u>	<u>2,103,375.98</u>	<u>1,817,278.84</u>	<u>2,078,415.68</u>	<u>297,146.51</u>	<u>318,082.96</u>
Business-type activities:										
Charges for services										
Food service	316,720.64	315,878.44	308,939.31	275,075.01	288,571.82	291,080.28	308,607.88	314,028.00	328,982.99	307,443.52
Kindergarten complement					160,400.00	187,255.00	208,100.00	252,015.00	227,275.00	216,460.00
Preschool tuition program	451,707.00	372,130.57	37,383.11	57,240.00	47,325.00	70,625.00	59,525.00	45,105.00		
Operating grants and contributions	1,283.52	46,469.54	48,206.32	42,723.01	63,181.59	56,750.28	45,086.35	48,463.01	42,033.40	42,118.36
Total business-type activities program revenues	<u>769,711.16</u>	<u>734,478.55</u>	<u>394,528.74</u>	<u>375,038.02</u>	<u>559,478.41</u>	<u>605,710.56</u>	<u>621,319.23</u>	<u>659,611.01</u>	<u>598,291.39</u>	<u>566,021.88</u>
Total district program revenues	<u>8,887,307.55</u>	<u>6,612,001.27</u>	<u>5,364,711.86</u>	<u>2,590,908.79</u>	<u>3,020,893.55</u>	<u>2,709,086.54</u>	<u>2,438,598.07</u>	<u>2,738,026.69</u>	<u>895,437.90</u>	<u>884,104.84</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue										
Governmental activities	\$ (23,769,873.84)	\$ (22,759,464.83)	\$ (22,341,515.57)	\$ (22,878,058.42)	\$ (22,245,160.73)	\$ (21,819,588.23)	\$ (21,811,005.48)	\$ (22,637,617.19)	\$ (23,684,044.15)	\$ (23,142,991.00)
Business-type activities	37,201.80	37,264.05	(24,564.51)	(31,300.40)	(20,133.30)	4,941.04	9,172.52	25,138.74	(6,743.65)	(45,251.00)
Total district-wide net expense	\$ (23,732,672.04)	\$ (22,722,200.78)	\$ (22,366,080.08)	\$ (22,909,358.82)	\$ (22,265,294.03)	\$ (21,814,647.19)	\$ (21,801,832.96)	\$ (22,612,478.45)	\$ (23,690,787.80)	\$ (23,188,242.00)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 20,599,297.00	\$ 20,257,388.00	\$ 19,726,580.00	\$ 19,378,243.00	\$ 19,292,394.00	\$ 19,208,872.00	\$ 19,265,898.00	\$ 18,934,997.00	\$ 18,543,266.00	\$ 18,068,239.00
Taxes levied for debt service	1,509,562.00	1,411,491.00	1,551,195.00	1,543,956.00	1,551,782.00	1,549,340.00	1,495,539.00	1,514,241.00	1,535,770.00	1,438,941.00
Unrestricted grants and contributions	2,104,851.19	2,463,209.50	2,012,953.00	1,952,130.00	3,135,836.00	1,587,273.80	1,522,168.53	2,010,416.00	3,451,645.77	4,020,382.78
Federal and state aid restricted					132,581.70			80,453.00	163,543.00	161,760.00
Miscellaneous income	157,385.51	110,643.35	141,071.23	156,139.17	478,300.82	185,511.38	78,678.89	134,838.36	348,300.45	201,353.55
Transfers	(5,188.35)		(35,000.00)	64,033.40						
Other cancellations						(15,083.18)		(3,171.18)		
Total governmental activities	\$ 24,365,907.35	\$ 24,242,731.85	\$ 23,396,799.23	\$ 23,094,501.57	\$ 24,590,894.52	\$ 22,515,914.00	\$ 22,362,284.42	\$ 22,671,774.18	\$ 24,042,525.22	\$ 23,880,676.33
Business-type activities:										
Miscellaneous income	45.88	961.78	41.15	52.85	584.10		371.10	10.78	251.96	10,274.41
Disposal of Capital Assets			(14,166.37)				(244.62)			
Adjustment to Capital Assets			55,186.50							
Transfers	5,188.35		35,000.00	(64,033.40)			126.48		251.96	10,274.41
Total business-type activities	\$ 5,234.23	\$ 961.78	\$ 76,061.28	\$ (63,980.55)	\$ 584.10	\$ 24,591,478.62	\$ 22,362,410.90	\$ 22,671,784.96	\$ 24,042,777.18	\$ 23,890,950.74
Total district-wide	\$ 24,371,141.58	\$ 24,243,693.63	\$ 23,472,860.51	\$ 23,030,521.02	\$ 24,591,478.62	\$ 22,515,914.00	\$ 22,362,410.90	\$ 22,671,784.96	\$ 24,042,777.18	\$ 23,890,950.74
Change in Net Position										
Governmental activities	\$ 596,033.51	\$ 1,483,267.02	\$ 1,055,283.66	\$ 216,443.15	\$ 2,345,733.79	\$ 696,325.77	\$ 551,278.94	\$ 34,156.99	\$ 358,481.07	\$ 737,685.33
Business-type activities	42,436.03	38,225.83	51,496.77	(95,280.95)	(19,549.20)	4,941.04	9,299.00	25,149.52	(6,491.69)	(34,976.59)
Total district	\$ 638,469.54	\$ 1,521,492.85	\$ 1,106,780.43	\$ 121,162.20	\$ 2,326,184.59	\$ 701,266.81	\$ 560,577.94	\$ 59,306.51	\$ 351,989.38	\$ 702,708.74

Source: CAFR Schedule A-2

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 5,076,296.55	\$ 4,444,275.75	\$ 3,120,950.90	\$ 2,506,793.93	\$ 2,402,105.53	\$ 605,495.45	\$ 513,297.57	\$ 891,603.87	\$ 569,893.74	\$ 1,184,839.33
Assigned	904,727.99	631,098.94	670,273.35	1,198,745.21	761,652.50	1,132,328.98	1,118,992.96	1,509,888.65	2,309,907.66	1,029,010.61
Unassigned	1,346,741.35	1,228,029.08	1,242,924.25	1,237,270.73	1,858,803.97	1,112,834.51	570,191.90	618,284.78	1,740,013.92	1,184,839.33
Reserved										
Unreserved										
Total general fund	<u>\$ 7,327,765.89</u>	<u>\$ 6,303,403.77</u>	<u>\$ 5,034,148.50</u>	<u>\$ 4,942,809.87</u>	<u>\$ 5,022,562.00</u>	<u>\$ 2,850,658.94</u>	<u>\$ 2,202,482.43</u>	<u>\$ 1,509,888.65</u>	<u>\$ 2,309,907.66</u>	<u>\$ 2,213,849.94</u>
All Other Governmental Funds										
Restricted	\$ 26,782.56	\$ 26,544.15	\$ 690,440.76	\$ 94,442.53	\$ 94,407.90	\$ 55,195.30	\$ 53,778.40	\$ 40,193.00	\$	\$
Assigned			114,842.00	715.00	1,695.00	41,920.00	41,091.63			
Reserved										
Unreserved, reported in:										
Capital projects fund								53,500.40	53,500.40	53,500.40
Debt service fund								22,466.98	22,868.05	363.28
Total all other governmental funds	<u>\$ 26,782.56</u>	<u>\$ 26,544.15</u>	<u>\$ 805,282.76</u>	<u>\$ 95,157.53</u>	<u>\$ 96,102.90</u>	<u>\$ 97,115.30</u>	<u>\$ 94,870.03</u>	<u>\$ 116,160.38</u>	<u>\$ 76,368.45</u>	<u>\$ 53,863.68</u>

COLTS NECK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax levy	\$ 22,108,859.00	21,668,879.00	21,277,775.00	20,922,199.00	20,844,176.00	20,758,212.00	20,761,437.00	20,449,238.00	20,079,036.00	\$ 19,497,180.00
Tuition	149,631.70	148,783.60	222,035.57	162,882.68	288,810.16	185,511.38	78,678.89	115,314.51	348,300.45	201,353.55
Transportation Fees from other LEAs	210,935.95	111,713.20	141,071.23	3,291,619.45	3,504,239.14	2,900,815.52	2,378,020.39	3,253,397.89	3,233,508.64	3,720,190.23
Miscellaneous	4,270,178.67	4,327,161.07	3,475,903.55	869,637.81	2,090,012.00	789,834.26	961,424.98	915,886.79	678,826.64	780,035.51
Slate sources	971,474.77	965,822.70	934,505.00	25,246,338.94	26,727,237.30	24,634,373.16	24,179,561.26	24,753,161.04	24,339,671.73	24,198,759.29
Federal sources	27,711,080.09	27,222,359.57	26,051,290.35	25,246,338.94	26,727,237.30	24,634,373.16	24,179,561.26	24,753,161.04	24,339,671.73	24,198,759.29
Total revenue										
Expenditures										
Instruction										
Regular instruction	9,619,930.22	9,917,704.63	9,538,594.52	9,164,646.33	9,461,334.54	9,139,520.30	7,514,392.85	7,923,744.99	6,710,933.63	6,440,490.34
Special education instruction	3,700,923.44	3,480,625.10	3,397,121.83	3,340,355.24	3,665,803.73	2,589,316.06	3,218,273.45	3,049,167.33	2,109,246.38	2,203,415.65
Other instruction	586,157.77	354,067.01	702,685.90	702,573.16	712,756.66	1,283,168.54	348,515.15	507,575.58	402,388.08	380,537.08
Support services:										
Tuition	5,072,417.94	4,590,363.59	3,899,683.12	3,981,731.47	3,309,805.32	3,321,378.87	4,058,415.07	4,304,817.32	2,223,765.29	725,065.49
Student and instruction related services	582,914.68	642,618.07	677,753.69	989,824.67	626,883.44	788,816.70	844,735.70	844,735.70	519,200.62	2,257,479.77
General administrative services	818,374.95	818,351.95	923,559.05	949,389.73	1,099,215.86	1,194,885.61	932,619.70	916,025.53	813,535.28	500,487.21
School administrative services	421,803.42	370,693.33	357,333.45	374,700.01	378,103.90	376,341.61	349,944.85	407,424.40	297,658.54	752,819.77
Central services	77,932.88	123,222.67	101,816.07	99,160.70	99,480.79	89,738.05	90,715.88	97,290.00	84,208.42	290,754.60
Administrative information technology										32,214.48
Business and other support services										
Plant operations and maintenance	2,096,377.99	2,081,658.62	2,125,699.57	2,185,505.04	2,043,533.72	1,860,226.55	2,402,378.43	2,591,927.55	1,955,920.30	2,067,665.83
Pupil transportation	1,342,757.92	1,198,683.10	1,396,373.66	1,293,750.10	1,359,526.87	1,437,385.47	1,889,263.71	1,274,481.12	1,274,481.12	1,860,920.72
Unallocated benefits									4,944,956.95	4,742,480.94
Capital outlay	612,895.70	1,601,066.17	322,494.57	489,276.89	569,689.46	414,238.06	157,794.32	1,297,235.37	563,179.88	1,524,523.48
Debt service:										
Principal	1,135,393.98	1,223,117.09	997,403.00	1,019,627.00	998,680.49	964,445.86	859,384.80	864,557.76	770,000.00	670,000.00
Interest and other charges	613,410.32	558,511.58	774,308.06	800,529.50	831,939.01	858,461.85	897,742.92	917,623.11	907,068.20	1,015,632.50
Cost of issuance of Bonds		126,035.26								
Total expenditures	26,681,291.21	27,086,718.17	25,214,826.49	25,391,069.84	25,126,550.02	24,155,990.27	23,508,257.83	25,790,775.32	24,267,054.24	25,454,487.86
Excess (deficiency) of revenues over (under) expenditures	1,029,788.88	135,641.40	836,463.86	(144,730.90)	1,600,687.28	478,382.89	671,303.43	(1,037,614.28)	72,617.49	(1,255,728.57)
Other financing sources (uses)										
Refunding bond proceeds		11,026,998.20								3,260,000.00
Payment to refunded bonds escrow agent		(10,900,962.94)								(3,221,373.06)
Cost of issuance										(88,626.94)
Capital leases (non-budgeted)										153,580.00
Slate grant		237,000.00			245,131.02	172,088.89		277,187.20	45,945.00	
Transfers out	(5,188.35)		(35,000.00)	64,033.40	325,072.36					
Total other financing sources (uses)	(5,188.35)	363,035.26	(35,000.00)	64,033.40	570,203.38	172,088.89		277,187.20	45,945.00	153,580.00
Net change in fund balances	\$ 1,024,600.53	498,676.66	\$ 801,463.86	(80,697.50)	2,170,890.66	650,421.78	671,303.43	(760,427.08)	\$ 118,562.49	\$ (1,102,148.57)
Debt service as a percentage of noncapital expenditures	6.71%	7.03%	7.12%	7.31%	7.45%	7.68%	7.53%	7.28%	7.08%	7.04%

Source: CAFR Schedule B-2

COLTS NECK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u> <u>on Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Cancelled</u> <u>Accounts Payable</u>	<u>Miscellaneous</u>	<u>Total</u>
2017	\$ 3,850.33	\$ 39,886.66	\$ 29,250.85	\$ 83,304.01	\$ 156,291.85
2016	3,749.66	14,463.45	8,118.60	83,218.73	109,550.44
2015	4,502.35	18,158.00	23,610.00	86,909.83	133,180.18
2014	4,937.60	18,636.00	20,327.61	111,078.01	154,979.22
2013	5,547.39	26,029.14	203,175.37	50,426.93	285,178.83
2012	8,072.42	66,897.05	13,266.53	95,959.31	184,195.31
2011	7,020.77		\$30,813.79	39,176.81	77,011.37
2010	13,309.84	21,178.40	4,280.64	75,363.47	114,132.35
2009	57,159.90	43,117.70	162,882.05	83,887.33	347,046.98
2008	119,679.62			73,917.98	193,597.60

Source: District Records

COLTS NECK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 UNAUDITED

Year Ended	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Total Direct School Tax Rate (b)	Estimated Actual (County Equalized Value)
2016	\$ 41,748,200.00	\$ 2,534,198,600.00	\$ 244,132,600.00	\$ 4,203,100.00	\$ 163,892,200.00	\$ 2,988,174,700.00	\$ 3,065,471.00	\$ 2,991,240,171.00	1.178	\$ 3,015,171,174.00
2015	38,448,100.00	2,503,435,400.00	257,605,800.00	4,125,100.00	164,609,600.00	2,968,224,000.00	3,159,066.00	2,971,383,066.00	1.184	3,017,649,789.00
2014	39,881,800.00	2,540,498,000.00	263,017,800.00	4,159,900.00	167,385,000.00	3,014,942,500.00	3,079,851.00	3,018,022,351.00	1.152	3,041,417,551.00
2013	41,257,000.00	2,558,728,600.00	263,081,000.00	4,158,700.00	178,123,400.00	3,045,348,700.00	3,723,634.00	3,049,072,334.00	1.094	3,066,222,327.00
2012	44,509,600.00	2,575,313,400.00	255,778,700.00	4,145,400.00	184,744,300.00	3,064,491,400.00	3,723,975.00	3,068,215,375.00	1.070	3,109,568,018.00
2011	44,725,400.00	2,580,986,900.00	253,914,500.00	4,109,600.00	192,544,000.00	3,076,280,400.00	5,087,706.00	3,081,368,106.00	1.065	3,174,403,980.00
2010*	47,351,200.00	2,590,014,000.00	269,598,800.00	4,158,600.00	196,701,900.00	3,107,825,500.00	5,087,706.00	3,112,913,206.00	1.050	3,203,755,368.00
2009	20,075,000.00	1,230,598,800.00	116,469,200.00	3,595,050.00	81,269,400.00	1,452,007,450.00	1,787,172.00	1,453,794,622.00	2.229	3,342,807,536.00
2008	23,323,500.00	1,223,359,000.00	112,221,650.00	4,585,550.00	78,003,100.00	1,441,492,800.00	1,315,836.00	1,442,808,636.00	2.223	3,445,743,076.00
2007	24,759,000.00	1,206,627,700.00	106,773,400.00	3,712,550.00	71,775,300.00	1,413,647,950.00	1,280,728.00	1,414,928,678.00	2.190	3,319,389,389.00

* - Revaluation

Source: District records Tax list summary & Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Township of Colts Neck Board of Education				Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct		Freehold		Colts Neck Township	County Library/Other		Monmouth County
			School Tax Rate	School District	Regional	County				
2017	0.698	0.051	\$ 0.749	\$ 0.466	\$ 0.262	\$ 0.033	\$ 0.259	\$ 1.769		
2016	0.691	0.048	0.739	0.439	0.253	0.034	0.266	1.731		
2015	0.676	0.054	0.730	0.454	0.240	0.033	0.278	1.735		
2014	0.653	0.052	0.705	0.447	0.226	0.033	0.276	1.687		
2013	0.635	0.051	0.686	0.408	0.215	0.033	0.276	1.618		
2012	0.629	0.051	0.68	0.390	0.206	0.015	0.279	1.570		
2011	0.625	0.049	0.674	0.391	0.200	0.030	0.256	1.551		
2010*	0.618	0.049	0.667	0.383	0.170	0.056	0.261	1.537		
2009	1.299	0.108	1.407	0.822	0.343	0.093	0.547	3.212		
2008	1.289	0.103	1.392	0.831	0.334	0.058	0.577	3.192		

*Revaluation

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

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

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

		2017			2008		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Trump Nat'l Golf & CC	\$ 32,006,800.00	1	1.070%	Due Process Golf & HorseStables LLC	\$ 9,890,800.00	1	0.710%
Due Process Golf & CC	19,941,700.00	2	0.667%	Shadow Isle Golf Club LLC	9,717,300.00	2	0.698%
G&F Realty of Richmond	12,339,400.00	3	0.413%	Laird & Company	4,788,100.00	3	0.344%
Chapman, Nancy Trustee Stone Hill Terr.	9,220,400.00	4	0.308%	Pegasus Properties, L.L.C.	3,798,700.00	4	0.273%
Parmar, Parmit Singh	7,961,300.00	5	0.266%	24 Realty, LLC	3,772,000.00	5	0.271%
Pegasus Properties, LLC	5,969,700.00	6	0.200%	Brandywine, LLC	3,700,000.00	6	0.266%
36 Highway 34 South Associates LLC	5,609,700.00	7	0.188%	Wellspring Stables, Florida, LLC	3,351,200.00	7	0.241%
Laird & Company Inc	5,500,000.00	8	0.184%	Parmar, Parmit Singh	3,175,100.00	8	0.228%
Gerhard, Peter & Kristen	5,086,700.00	9	0.170%	Pebble Creek at Colts Neck	3,095,000.00	9	0.222%
Flancbaum, Morris & Susan R	4,672,300.00	10	0.156%	34 South Associates LLC	2,908,400.00	10	0.209%
Total	\$ 108,308,000.00		3.621%	Total	\$ 48,196,600.00		3.460%

Laird and Company

Source: Municipal Tax Assessor

Source: Municipal Tax Assessor

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Taxes Levied for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2017	\$ 22,108,859.00	\$ 22,108,859.00	100.00%	0.00
2016	21,668,879.00	21,668,879.00	100.00%	0.00
2015	21,277,775.00	21,668,879.00	100.00%	0.00
2014	20,922,199.00	20,922,199.00	100.00%	0.00
2013	20,844,176.00	20,844,176.00	100.00%	0.00
2012	20,758,212.00	20,758,212.00	100.00%	0.00
2011	20,761,437.00	20,761,437.00	100.00%	0.00
2010	20,449,238.00	20,449,238.00	100.00%	0.00
2009	20,079,036.00	20,079,036.00	100.00%	0.00
2008	19,497,180.00	19,497,180.00	100.00%	0.00

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

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>			Total <u>District</u>	Percentage of Personal <u>Income (a)</u>	<u>Per Capita (a)</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>				
2017	\$ 13,480,000.00	\$ 142,525.29	\$	13,622,525.29	N/A	N/A
2016	14,520,000.00	237,919.27		14,757,919.27	N/A	1,480.98
2015	15,610,000.00	134,036.36		15,744,036.36	2.26%	1,568.29
2014	16,225,000.00	216,439.36		16,441,439.36	2.47%	1,633.53
2013	17,105,000.00	356,066.36		17,461,066.36	2.63%	1,715.06
2012	17,955,000.00	259,615.83		18,214,615.83	2.84%	1,804.50
2011	18,780,000.00	217,319.31		18,997,319.31	3.21%	1,871.47
2010	19,550,000.00	306,704.11		19,856,704.11	3.43%	1,955.94
2009	20,320,000.00	124,074.67		20,444,074.67	3.64%	2,031.20
2008	21,090,000.00	121,540.16		21,211,540.16	3.56%	2,109.55

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

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

(a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2017	\$ 13,480,000.00	\$ -0-	\$ 13,480,000.00	N/A	N/A
2016	14,520,000.00	-0-	14,520,000.00	0.482%	1,457.10
2015	15,610,000.00	-0-	15,610,000.00	0.517%	1,554.94
2014	16,225,000.00	-0-	16,225,000.00	0.533%	1,612.02
2013	17,105,000.00	-0-	17,105,000.00	0.558%	1,680.09
2012	17,955,000.00	-0-	17,955,000.00	0.577%	1,778.78
2011	18,780,000.00	-0-	18,780,000.00	0.592%	1,850.06
2010*	19,550,000.00	-0-	19,550,000.00	0.610%	1,925.73
2009	20,320,000.00	-0-	20,320,000.00	0.608%	2,018.88
2008	21,090,000.00	-0-	21,090,000.00	0.612%	2,097.46

* - Revaluation

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

(a) See Exhibit J-6 for property tax data.

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Colts Neck Township	\$ 12,791,309.62	100.000%	\$ 12,791,309.62
Other debt			
Freehold Regional High School	19,300,000.00	9.736%	1,878,975.12
Monmouth County	985,092,608.00	2.617%	<u>25,778,570.16</u>
Subtotal, overlapping debt			40,448,854.90
Colts Neck Township School District Direct Debt			<u>14,520,000.00</u>
Total direct and overlapping debt			<u>\$ 54,968,854.90</u>

Source: Township of Colts Neck Chief Financial Officer, Monmouth County Treasurer's Office and Freehold Regional School District

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Year 2016:

Equalized Valuation Basis	
2016	\$ 3,012,105,703.00
2015	3,014,490,723.00
2014	3,038,337,700.00
	<u>\$ 9,064,934,126.00</u>
Average Equalized Valuation of Taxable Property	\$ 3,021,644,708.67
Debt Limit (3% of Average Equalization Value)	\$ 90,649,341.26
Total Net Debt Applicable to Limit	<u>16,398,975.12</u>
Legal Debt Margin	<u>\$ 74,250,366.14</u>

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 590,649,341.26	\$ 591,153,271.16	\$ 592,199,116.09	\$ 92,952,180.39	\$ 896,533,321.56	\$ 99,841,152.66	\$ 101,738,655.09	\$ 100,947,511.46	\$ 95,784,099.76	\$ 87,956,784.00
Total Net Debt Applicable To Limit	<u>16,398,975.12</u>	<u>17,968,543.00</u>	<u>19,070,869.90</u>	<u>17,105,000.00</u>	<u>17,955,000.00</u>	<u>19,979,197.27</u>	<u>24,986,943.96</u>	<u>26,134,343.59</u>	<u>27,092,000.69</u>	<u>28,353,792.00</u>
Legal Debt Margin	<u>\$ 74,250,366.14</u>	<u>\$ 73,184,728.16</u>	<u>\$ 73,128,246.19</u>	<u>\$ 75,847,180.39</u>	<u>\$ 78,578,321.56</u>	<u>\$ 79,861,955.39</u>	<u>\$ 76,751,711.13</u>	<u>\$ 68,692,099.07</u>	<u>\$ 68,692,099.07</u>	<u>\$ 59,602,992.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	18.09%	19.71%	20.68%	18.40%	18.60%	20.01%	24.56%	28.28%	28.28%	32.09%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2016	9,965	\$ N/A	\$ N/A	3.70%
2015	10,039	696,806,990.00	69,410.00	4.20%
2014	10,065	664,481,235.00	66,019.00	4.70%
2013	10,181	640,395,081.00	62,901.00	3.10%
2012	10,094	620,034,044.00	61,426.00	7.60%
2011	10,151	592,361,605.00	58,355.00	7.30%
2010	10,152	578,207,160.00	56,955.00	7.30%
2009	10,065	561,264,660.00	55,764.00	7.20%
2008	10,055	596,603,370.00	59,334.00	4.30%
2007	10,076	581,284,440.00	57,690.00	3.40%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented in the annual report of the NJ Dept. of Labor and Workforce Development.
- (c) Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2017			2008		
	# of Employees	Rank (Optional)	Percentage of Total Employment (b)	# of Employees	Rank (Optional)	Percentage of Total Employment
Naval Weapons Station EARLE	635	(a) 1	14.57%	750	(a) 1	15.15%
Colts Neck Township Bd. Of Educ.	246	2	5.64%	252	(a) 3	5.09%
Delicious Orchards	228	(a) 3	5.23%	250	2	5.05%
Colts Neck Township	47	4	1.08%	55	5	1.11%
Lairds	25	5	0.57%	75	4	1.52%
	1,181		6.88%	N/A		N/A

Source: Municipal Records
(a) Estimate

COLTS NECK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2016-2017	946	\$24,319,591.21	\$25,707.81	4.02%	136	9:01	8:01	939	892	-1.37%	94.99%
2015-2016	954	23,577,988.07	24,714.87	1.23%	141	9:01	8:01	952	907	-0.73%	95.27%
2014-2015	947	23,120,620.86	24,414.59	9.37%	140	10:01	8:01	959	914	-4.48%	95.31%
2013-2014	995	23,081,636.45	22,322.67	7.36%	138	10:01	8:01	1,004	956	-8.89%	95.22%
2012-2013	1,093	22,726,241.06	20,792.54	10.99%	140	9:01	9:01	1,102	1,054	-7.16%	95.64%
2011-2012	1,170	21,918,844.50	18,734.06	-3.68%	148	10:01	9:01	1,187	1,132	-2.63%	95.37%
2010-2011	1,216	21,593,335.79	19,450.00	11.30%	156	9:01	8:01	1,219	1,161	-7.23%	95.24%
2009-2010	1,304	22,788,498.85	17,475.84	7.11%	156	9:01	8:01	1,314	1,249	-4.44%	95.05%
2008-2009	1,350	22,026,806.16	16,316.15	0.78%	165	10:01	10:01	1,375	1,310	-4.05%	95.27%
2007-2008	1,374	22,244,331.88	16,189.47	10.24%	162	11:01	10:01	1,433	1,365	-2.45%	95.25%

Sources: District records

Note: Enrollment based on annual October district count.

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

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

COLTS NECK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2016-2017	946	24,319,591.21	\$25,707.81	4.02%	136	9:01	8:01	939	892	-1.37%	94.99%
2015-2016	954	23,577,988.07	24,714.87	1.23%	141	9:01	8:01	952	907	-0.73%	95.27%
2014-2015	947	23,120,620.86	24,414.59	9.37%	140	10:01	8:01	959	914	-4.48%	95.31%
2013-2014	995	23,081,636.45	22,322.67	7.36%	138	10:01	8:01	1,004	956	-8.89%	95.22%
2012-2013	1,093	22,726,241.06	20,792.54	10.99%	140	9:01	9:01	1,102	1,054	-7.16%	95.64%
2011-2012	1,170	21,918,844.50	18,734.06	-3.68%	148	10:01	9:01	1,187	1,132	-2.63%	95.37%
2010-2011	1,216	21,593,335.79	19,450.00	11.30%	156	9:01	8:01	1,219	1,161	-7.23%	95.24%
2009-2010	1,304	22,788,498.85	17,475.84	7.11%	156	9:01	8:01	1,314	1,249	-4.44%	95.05%
2008-2009	1,350	22,026,806.16	16,316.15	0.78%	165	10:01	10:01	1,375	1,310	-4.05%	95.27%
2007-2008	1,374	22,244,331.88	16,189.47	10.24%	162	11:01	10:01	1,433	1,365	-2.45%	95.25%

Sources: District records

Note: Enrollment based on annual October district count.

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

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

COLTS NECK TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>District Buildings</u>										
Early Learning Center										
Conover Road Primary School (2003)	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Square Feet	457	457	457	457	576	576	576	576	576	576
Capacity (students)	305	284	235	278	288	339	363	381	391	375
Enrollment										
Elementary										
Conover Road Elementary School	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099	81,099
Square Feet	587	587	587	587	574	574	574	574	574	574
Capacity (students)	283	302	365	348	375	384	398	434	473	471
Enrollment										
Middle School										
Cedar Drive Middle School	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345	89,345
Square Feet	677	677	677	677	603	603	603	603	603	603
Capacity (students)	352	366	396	408	430	467	462	486	509	508
Enrollment										
Other										
Administration Building	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Square Feet										
Transportation	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
Square Feet										

Number of Schools at June 30, 2017
 Early Learning Center = 1
 Elementary = 1
 Middle School = 1
 Other = 2

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

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

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

School Facilities * Project #(s)	Total	Cedar Drive Middle School	Conover Road Elementary School	Administration Building	Conover Road Primary School
2017	\$ 499,736.63	\$ 139,911.29	\$ 138,392.04	\$ 3,087.71	\$ 218,345.59
2016	520,957.00	131,904.00	125,453.00	2,538.00	261,062.00
2015	449,070.00	124,768.00	121,526.00	3,108.00	199,668.00
2014	482,277.85	134,400.17	130,752.60	5,423.99	211,701.09
2013	475,230.00	130,636.00	131,829.00	15,019.00	197,746.00
2012	392,584.00	112,346.67	110,506.67	4,242.00	165,488.67
2011	404,774.63	112,573.54	117,759.54	7,068.00	167,373.55
2010	442,802.00	107,150.00	86,399.00	7,082.00	242,171.00
2009	502,948.00	152,436.00	118,128.00	6,212.00	226,172.00
2008	435,808.00	103,773.00	84,507.00	9,539.00	237,989.00
2007	404,962.00	91,773.00	64,117.00	3,484.00	245,588.00
Total School Facil	\$ <u>5,011,150.11</u>	\$ <u>1,341,671.67</u>	\$ <u>1,229,369.85</u>	\$ <u>66,803.70</u>	\$ <u>2,373,304.90</u>

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

COLTS NECK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30,2017
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Package Policy - School Alliance Insurance Fund (SAIF)		
Property:		
Blanket Buildings and Contents Limits	\$62,532,633	\$2,500
Comprehensive General Liability - Aggregate	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Inland Marine - Computers	1,088,000	
Boiler Machinery	Policy Limit	
Excess Liability - SAIF	5,000,000	
School Board Legal Liability - Directors and Officers Policy MOCSSIF/NJSBAIG	1,000,000	5,000
Workers Compensation - MOCSSIF/NJSBAIG	2,000,000	
Group Accident - Volunteers	100,000	
Student Accident - All Students (except football)	1,000,000	
AHERA Liability	500,000	1,000
Public Employees Faithful Performance Blanket Bond - SAIF		
Employee Dishonesty	500,000	1,000
Vincent S. Marasco - Business Administrator	250,000	
John Antonides - Treasurer of School Monies	250,000	

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Township of Colts Neck, New Jersey 07722

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Township of Colts Neck School District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 2, 2017.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

November 2, 2017



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Township of Colts Neck School District
County of Monmouth
Township of Colts Neck, New Jersey 07722

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Colts Neck School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Colts Neck School District's major federal and state programs for the year ended June 30, 2017. The District'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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Colts Neck School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Colts Neck School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

November 2, 2017

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C/FDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD FROM TO	AWARD AMOUNT	BALANCE AT JUNE 30, 2016	ADJUSTED BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF P/Y'S BALANCE	(ACCOUNTS RECEIVABLE)	BALANCE JUNE 30, 2017 UNEARNED REVENUE	DUE GRANTOR
U.S. Department of Education General Fund: Impact Aid Total General Fund	84.041	N/A	N/A	9/1/16 8/31/17	\$717,021.19	\$	\$	\$717,021.19	(\$717,021.19)	\$	\$	\$	\$
Special Revenue Fund NCLB: Title I Part A Title I Part A Title I Part A Title II Part A Total NCLB	84.010 84.010 84.367 84.367	S010A150030 S010A150030 S367A150029 S367A150029	NCLB094516 NCLB094516 NCLB094516 NCLB094516	7/1/15 6/30/16 7/1/16 6/30/17 7/1/15 6/30/16 7/1/16 6/30/17	39,891.00 42,813.00 25,582.00 24,135.00	(23,763.00) (682.00) (\$24,345.00)	(22,763.00) (682.00) (\$1,000.00) (\$24,345.00)	22,763.00 19,770.00 582.00 13,361.00 \$56,696.00	(24,657.08) (23,119.50) (\$47,776.95)	(4,887.08) (10,538.50) (\$15,425.58)			
I.D.E.A. Part B Special Education Cluster I.D.E.A. Part B I.D.E.A. Part B I.D.E.A. Preschool I.D.E.A. Preschool Total I.D.E.A. Part B Special Education Cluster	84.027 84.027 84.173 84.173	S027A151100 S027A151100 S173A150114 S173A150114	IDEA094516 IDEA094516 IDEA094516 IDEA094516	7/1/15 6/30/16 7/1/16 6/30/17 7/1/15 6/30/16 7/1/16 6/30/17	203,161.00 196,622.00 9,956.00 10,055.00	(26,060.00) (2,213.00) (28,273.00)	(26,060.00) (2,213.00) (28,273.00)	26,060.00 196,622.00 2,213.00 10,055.00 234,950.00	(196,622.00) (10,055.00) (206,677.00)				
Total U.S. Department of Education Total Special Revenue Fund					\$717,021.19	\$	\$	\$717,021.19	(\$717,021.19)	\$	\$	\$	\$
Enterprise Fund: U.S. Department of Agriculture Passed-Through State Department of Education: Child Nutrition Cluster: U.S.D.A. Commodities Program National School Lunch Program Total Child Nutrition Cluster	10.550 10.555	16161NJ004N1089 16161NJ004N1089	N/A N/A	7/1/15 6/30/16 7/1/15 6/30/16	16,328.49 26,891.77	1,283.52 (2,438.61) (1,155.09)	1,283.52 (2,438.61) (1,155.09)	2,438.61 2,438.61	(1,283.52) (1,283.52)				
Total Enterprise Fund Total Federal Financial Assistance					\$53,773.09	\$	(\$78,118.09)	\$1,011,105.80	(\$972,758.29)	\$	(\$15,425.58)	\$	\$

See accompanying notes to schedules of financial assistance.

COLTS NECK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2016		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2017		BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
				UNREVENUE (ACCTS REC)	REVENUE				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE		
State Department of Education												
State Aid - Public Cluster												
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$688,486.00	\$	\$623,042.91	(\$688,486.00)	\$65,443.09	\$	\$	\$65,443.09	\$688,486.00	
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	703,608.00		66,828.28		(66,828.28)				703,608.00	
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	89,090.00		80,621.67	(\$89,090.00)	8,468.33			8,468.33	89,090.00	
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	89,893.00		8,538.33		(8,538.33)				89,893.00	
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	13,941.00		12,615.86	(13,941.00)	1,325.14			\$1,325.14	13,941.00	
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	13,941.00		1,326.71		(1,326.71)				13,941.00	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,330.00		8,443.15	(9,330.00)	886.85			\$886.85	9,330.00	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,330.00		880.79		(880.79)				9,330.00	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	9,330.00		8,443.15	(9,330.00)	886.85			\$886.85	9,330.00	
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	9,330.00		880.79		(880.79)				9,330.00	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,600.00		7,782.54	(8,600.00)	817.46			817.46	8,600.00	
Total State Aid - Public Cluster					819,424.18	(818,777.00)	(647.18)			77,827.72	1,644,879.00	
Categorical Transportation Aid	17-495-034-5120-078	7/1/16-6/30/17	192,084.00		173,825.72	(192,084.00)	18,258.28			18,258.28	192,084.00	
Categorical Transportation Aid	16-495-034-5120-078	7/1/15-6/30/16	171,526.00		16,290.10		(16,290.10)				171,526.00	
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	262,638.00			(262,638.00)			(262,638.00)		262,638.00	
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	193,060.00		193,060.00						193,060.00	
Non-Public Transportation Aid	N/A	7/1/16-6/30/17	25,245.00			(25,245.00)			(25,245.00)		25,245.00	
Non-Public Transportation Aid	N/A	7/1/15-6/30/16	19,587.00		19,587.00						19,587.00	
On-behalf TPAF non-contributory insurance	17-495-034-5094-004	7/1/16-6/30/17	39,222.00		39,222.00						39,222.00	
On-behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	1,082,513.00		1,082,513.00	(1,082,513.00)					1,082,513.00	
On-behalf TPAF Post retirement medical	17-495-034-5094-001	7/1/16-6/30/17	934,660.00		934,660.00	(934,660.00)					934,660.00	
On-behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	1,276.00		1,276.00						1,276.00	
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	7/1/16-6/30/17	775,996.67		738,183.64	(775,996.67)			(37,813.03)		775,996.67	
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	758,426.27		38,310.11						758,426.27	
Total General Funds					4,066,351.75	(4,132,411.67)	1,321.00		(325,696.03)	96,086.00	6,099,836.94	
Capital Projects Fund:												
State of New Jersey School Development Authority												
Cedar Drive Middle School Boiler Replacement	0945-030-14-G1ZY	7/1/14-6/30/15	294,920.00						(294,920.00)		294,920.00	
Cedar Drive Middle School Generator	0945-030-14-G1ZZ	7/1/14-6/30/15	103,200.00						(103,200.00)		103,200.00	
Conover Road Elementary School Generator	0945-030-14-G2AA	7/1/14-6/30/15	103,200.00						(102,722.80)		103,200.00	
Debt Service Fund:												
Debt Service Aid Type II	17-100-034-5120-125	7/1/16-6/30/17	139,088.00		139,088.00						139,088.00	
Total Debt Service Fund												
Enterprise Fund:												
National School Lunch Program (State Share)	16-100-034-5120-122	7/1/15-6/30/16	2,273.90		199.89						2,273.90	
Total Enterprise Fund												
Total State Financial Assistance					\$4,195,639.64	(\$4,271,499.67)	\$1,321.00		(\$826,538.83)	\$	\$96,086.00	\$6,742,518.84
Less: On-Behalf amounts not utilized for determination of Major Programs:												
On-behalf TPAF non-contributory insurance					(\$39,222.00)						\$39,222.00	
On-behalf TPAF Pension					(1,082,513.00)						1,082,513.00	
On-behalf TPAF post retirement medical					(934,660.00)						934,660.00	
On-behalf TPAF Long-Term Disability Insurance					(1,276.00)						1,276.00	
Total State Financial Assistance Subject to Single Audit					\$2,137,968.64	(\$2,213,828.67)					\$86,258.33	\$6,742,518.84

See accompanying notes to schedules of financial assistance.

Township of Colts Neck School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2017

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Colts Neck 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 the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 revenue, whereas 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:22-44.2.

Township of Colts Neck School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,321.00 for the general fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$717,021.19	\$4,131,090.67	\$4,848,111.86
Special Revenue Fund	254,453.58		254,453.58
Debt Service Fund		139,088.00	139,088.00
Food Service Fund	1,283.52		1,283.52
	<u>\$972,758.29</u>	<u>\$4,270,178.67</u>	<u>\$5,242,936.96</u>
GAAP Adjustment		<u>\$1,321.00</u>	<u>\$1,321.00</u>
 Total Awards and Financial Assistance	 <u>\$972,758.29</u>	 <u>\$4,271,499.67</u>	 <u>\$5,244,257.96</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 in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2017.

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Impact Aid	84.041

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u> | <u>Grant Number</u> |
|------------------------------------|----------------------|
| State Aid Cluster: | |
| Categorical Special Education Aid | 495-034-5120-089 |
| Categorical Security Aid | 495-034-5120-084 |
| Adjustment Aid | 495-034-5120-085 |
| Per Pupil Growth Aid | 495-034-5120-097 |
| PARCC Readiness Aid | 495-034-5120-098 |
|
Categorical Transportation Aid |
495-034-5120-078 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Township of Colts Neck School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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

Internal Control Findings

None Reported

Compliance Findings

None Reported

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

Federal Programs – None Reported

State Programs – None Reported

Township of Colts Neck School District

Schedule of Prior Year Audit Findings

Not Applicable

