

**SCHOOL DISTRICT OF THE
BOROUGH OF TINTON FALLS
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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

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INTRODUCTORY SECTION

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John P. Russo
Superintendent of Schools

Elizabeth W. Cole
Director of Special Services

Vincent J. Daniels
Business Administrator/Board Secretary

October 2, 2017

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Tinton Falls School District (District) for the fiscal year ended June 30, 2017. This CAFR includes the District's Basic Financial Statement prepared in accordance with generally accepted accounting principles for local governments. The District has adopted this financial reporting model which we believe will provide all users of this document with more useful financial and statistical information. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Tinton Falls School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School district, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of 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 State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid".

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Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1. Reporting Entity and its Services: The Tinton Falls School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB)39 as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Tinton Falls Board of Education and all its schools (3) constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Kindergarten (full day) through 8, as well as a pre-school handicapped program. These include regular as well as handicapped students. The District completed the 2016-2017 fiscal year with an enrollment of 1,529 which is five (+5) students more than the previous year's ending enrollment. The following details the changes in the student enrollment of the District over the last 15 years.

Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2002-2003	1,729	- 4.68%
2003-2004	1,761	+1.85%
2004-2005	1,610	- 8.57%
2005-2006	1,602	-0.005%
2006-2007	1,577	-0.016%
2007-2008	1,578	+0.0007%
2008-2009	1,632	+0.034%
2009-2010	1,585	- 0.028%
2010-2011	1,572	- 0.008%
2011-2012	1,565	- 0.004%
2012-2013	1,531	- 2.22 %
2013-2014	1,542	+ 0.7%
2014-2015	1,524	- 1.18%
2015-2016	1,529	+0.033%
2016-2017		

2. Economic Condition and Outlook: The Tinton Falls area is still experiencing a period of steadiness which is expected to continue. There are a number of housing developments that were approved in Tinton Falls. The district anticipates an increase in enrollment once those homes are built and occupied. There is a concern regarding the possibility of

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civilian housing at Earle Naval Weapons Station which will have an impact on any school district's student enrollment and finances if housing is actually filled by civilians. Efforts continue to be made by the Board of Education to limit the exposure to the Tinton Falls School District and their taxpayers.

3. Major Initiatives: As a result of a comprehensive review of educational curriculum programs, instruction and services within the district, the following initiatives have been reviewed and or expanded:

The 2016-2017 budget supported a comprehensive approach to the district's educational initiatives. It supported the teaching and curriculum process while addressing the physical plant needs of each of our schools. The budget included, but was not limited to the following: Raising standards and expanding opportunities; Support of all areas of the academic and social and emotional aspects of each child's educational experience; Targeted instruction for below grade level readers; Enrichment for high ability learners through our Gifted and Talented programs and appropriate challenges for grade level learners.

Maintaining and Improving our School System:

- Our curriculum currently supports the New Jersey Student Learning Standards for all subjects in grades K-8.
- The 2015-16 budget supported the importance of reading technical materials using "close read" to support college and career readiness.
- The technology instruction continued in each of their classrooms where computers are located. In several classroom mini-labs are available as writing and research centers. Students also engaged in interactive learning through the use of Promethean Boards which will be equipped with Elmo Document Cameras in each school. The wireless environments in each school and the continued expansion of hand held devices continue to provide access to appropriate educational materials in every area of the schools.
- Continued the development and implementation of Professional Learning Communities
- Implementation of our Balanced Literacy Program
- Enhancement of the following curricular areas through the review and update of each curriculum based on the Revised 2015 New Jersey Student Learning Standards and the Common Core State Standards in Math and STEM, Visual and Performing Arts, Health & Physical Education and English/Language Arts
- Continued implementation of the Parent Portal to enhance communication regarding academic progress as well as use for communication of all district and school information

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- Maintain an informative District website to support communication with parents and the community through the use of social media as well as traditional methods of communication

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Raising Standards and Expanding Opportunities:

- Through continued interaction with the District Evaluation Advisory Committee to continue to enhance Teacher Evaluation
 - Through Professional Development advised by the School Improvement Panels and District Data Teams
 - Through the development and assessment of Student Growth Objectives for Teachers and Principals
 - Through the development and assessment of Common Assessments for each Content area designed to measure student progress and instructional effectiveness
 - Through the use of electronic lesson plans
 - Through the development and training of co-teaching instructional models
4. Internal Accounting Controls: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line items basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at 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. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. Risk Management: The Board carries various forms of insurance, included but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. Other Information: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200,

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Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the general-purpose financial statements and combining the individual fund statement and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. Acknowledgments: We would like to express our appreciation to the members of the Tinton Falls School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

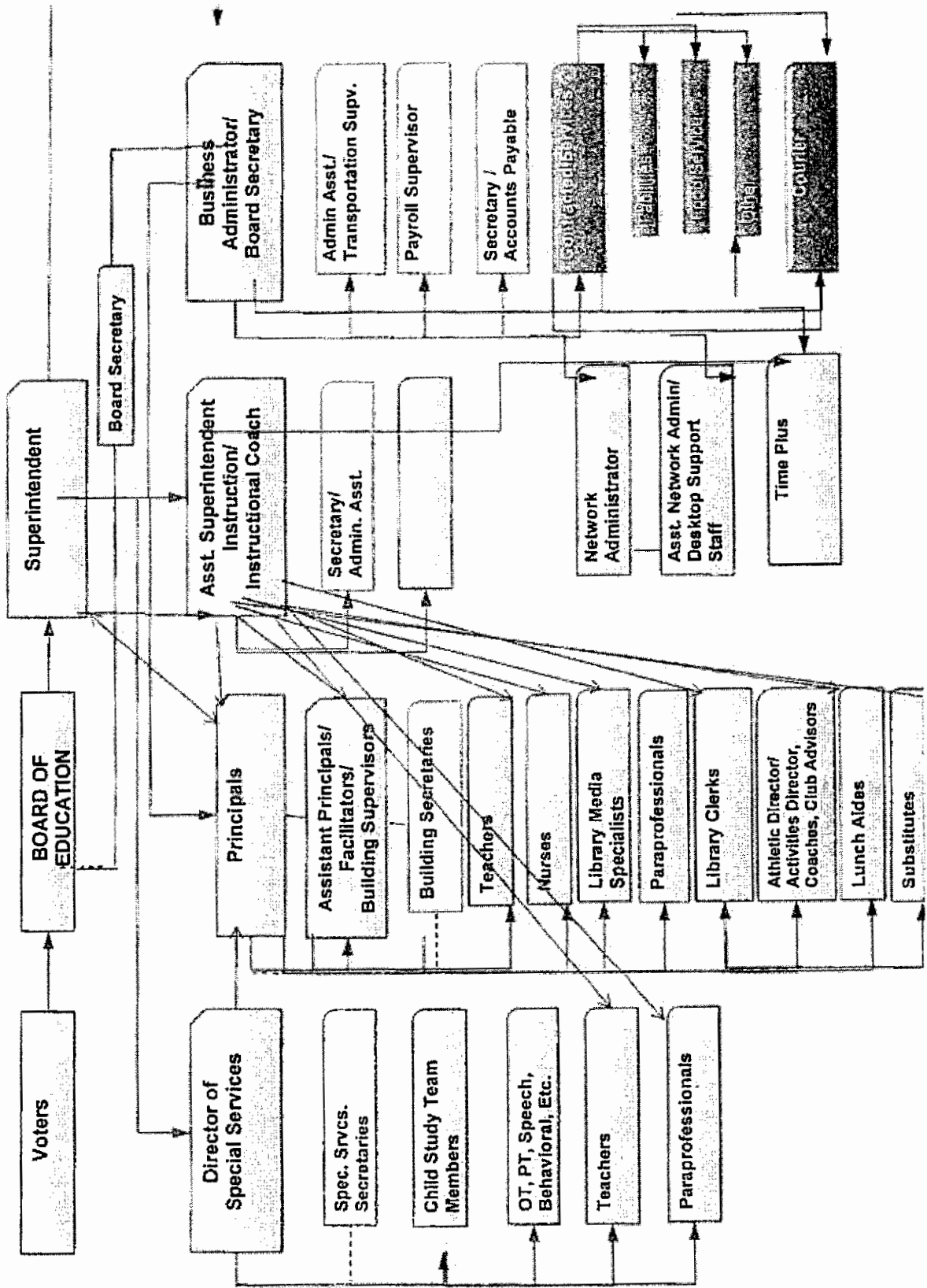
Mr. John Russo

Mr. John Russo
Superintendent of Schools

Mr. Vincent J. Daniels

Mr. Vincent J. Daniels
Business Administrator/Board Secretary

TINTON FALLS SCHOOL DISTRICT 2017-2018



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Tamar R. Sydney-Gens
Business Administrator/Board Secretary

ROSTER OF OFFICIALS
as of June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Peter Karavites, President	2017
R. Chris Skurat, Vice President	2018
Jeff Davidson	2019
James Fetter	2017
Ryan Hager	2018
Fred Lomangino	2018
Gerard Ryan	2017
Sivan Sepe	2019
Christopher Theobald	2019

Other Officials:

John Russo, Superintendent of Schools

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

Martin M. Barger, Solicitor

TINTON FALLS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Martin M. Barger, Esq.

Official Depository

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

FINANCIAL SECTION

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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James J. Cerullo, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT

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

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 Board of Education of the Borough of Tinton Falls School District, in the County of Monmouth, State of New Jersey, as of and for the 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 misstatements, 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Tinton Falls Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 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 and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.



Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Tinton Falls Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by 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 schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical data section has not been subject 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 October 2, 2017 on our consideration of the Borough of Tinton Falls Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to



Honorable President and
Members of the Board of Education
Page 4.

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 Borough of Tinton Falls Board of Education's internal control over financial reporting and compliance.

Paul J. Cuva

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

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 2, 2017



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

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

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

The discussion and analysis of the Tinton Falls Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$894,505. Net position of governmental activities increased by \$765,504 and net position of business-type activity increased by \$129,001.
- General revenues accounted for \$34,520,563 in revenue or 94.23 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,112,295 or 5.77 percent of total revenues of \$36,632,858.
- The School District had \$35,867,354 in expenses related to governmental activities; only \$1,843,290 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$34,789,568 were not adequate to provide for these programs.

USING THIS ANNUAL REPORT

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

District-Wide Financial Statements

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

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

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

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

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activities – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service, Enterprise Fund, Time + program and the Kindergarten Enrichment Program are reported as business activities.

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

USING THIS ANNUAL REPORT, (continued)

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

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

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

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

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

The School District's net positions were \$28,780,730 at June 30, 2017 and \$27,886,225 at June 30, 2016. Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2017 compared to 2016 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	15,831,004	15,772,371	1,564,789	1,476,553	17,395,793	17,248,924
Capital Assets	<u>23,531,017</u>	<u>24,522,192</u>	<u>4,175</u>	<u>5,219</u>	<u>23,535,192</u>	<u>24,527,411</u>
Total Assets	<u>39,362,021</u>	<u>40,294,563</u>	<u>1,568,964</u>	<u>1,481,772</u>	<u>40,930,985</u>	<u>41,776,335</u>
Deferred Outflow of Resources	<u>2,673,828</u>	<u>1,303,867</u>	—	—	<u>2,673,828</u>	<u>1,303,867</u>
Liabilities						
Current Liabilities	1,277,866	1,691,999	36,875	78,684	1,314,741	1,770,683
Noncurrent Liabilities	<u>13,481,292</u>	<u>13,318,156</u>	—	—	<u>13,481,292</u>	<u>13,318,156</u>
Total Liabilities	<u>14,759,158</u>	<u>15,010,155</u>	<u>36,875</u>	<u>78,684</u>	<u>14,796,033</u>	<u>15,088,839</u>
Deferred Inflow of Resources	<u>28,050</u>	<u>105,138</u>	—	—	<u>28,050</u>	<u>105,138</u>
Net Position						
Invested in Capital Assets	18,402,959	18,149,617	4,175	5,219	18,407,134	18,154,836
Restricted	12,853,174	11,469,106	—	—	12,853,174	11,469,106
Unrestricted	<u>(4,007,492)</u>	<u>(3,135,586)</u>	<u>1,527,914</u>	<u>1,397,869</u>	<u>(2,479,578)</u>	<u>(1,737,717)</u>
Total Net Position	<u>27,248,641</u>	<u>26,483,137</u>	<u>1,532,089</u>	<u>1,403,088</u>	<u>28,780,730</u>	<u>27,886,225</u>

This year, the District was able to report a balance of \$(2,479,578) in its unrestricted net position, which is a decrease from the previous years' balance of \$741,861. This decrease was largely attributable to the recording of the PERS net pension obligation items as per GASB #68.

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			528,289	557,553	528,289	557,553
Operating Grants and						
Contributions	1,843,290	1,336,988	210,125	204,668	2,053,415	1,541,656
General Revenues:						
Taxes:						
Property taxes	23,393,399	22,811,063			23,393,399	22,811,063
Federal and State Aid						
Not Restricted	11,127,164	9,469,938			11,127,164	9,469,938
Tuition Received	148,742	190,185			148,742	190,185
Miscellaneous Income	<u>120,263</u>	<u>1,071,951</u>	<u> </u>	<u> </u>	<u>120,263</u>	<u>1,071,951</u>
Total Revenues and Transfers	<u>36,632,858</u>	<u>34,880,125</u>	<u>738,414</u>	<u>762,221</u>	<u>37,371,272</u>	<u>35,642,346</u>

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Functions/Program						
Instruction:						
Regular	6,973,674	7,462,267			6,973,674	7,462,267
Special Education	2,721,078	2,508,558			2,721,078	2,508,558
Other Special Instruction	388,129	369,798			388,129	369,798
Other Instruction	131,710	128,277			131,710	128,277
Support Services:						
Tuition	621,870	664,173			621,870	664,173
Student & Instruction						
Related Services	4,691,414	3,867,661			4,691,414	3,867,661
School Administrative						
Services	903,093	922,480			903,093	922,480
General Administrative						
Services	544,547	560,877			544,547	560,877
Central Services and						
Admin.Technology	459,300	427,027			459,300	427,027
Plant Operations and						
Maintenance	1,945,615	1,797,717			1,945,615	1,797,717
Pupil Transportation	1,872,239	1,797,081			1,872,239	1,797,081
Unallocated Benefits	12,761,445	10,469,011			12,761,445	10,469,011
Capital Outlay - Non-						
Depreciable	23,244	17,762			23,244	17,762
Unallocated Depreciation	1,545,998	1,456,741			1,545,998	1,456,741
Interest on Long Term Debt	235,922	304,998			235,922	304,998
Loss on Equipment Deletion	48,076				48,076	
Food Service			476,788	480,606	476,788	480,606
Time+			132,625	132,581	132,625	132,581
Kindergarten Enrichment				1,546		1,546
Total Expenses and Transfers	<u>35,867,354</u>	<u>32,754,428</u>	<u>609,413</u>	<u>614,733</u>	<u>36,476,767</u>	<u>33,369,161</u>
Increase or (Decrease) in						
Net Position	<u>765,504</u>	<u>2,125,697</u>	<u>129,001</u>	<u>147,488</u>	<u>894,505</u>	<u>2,273,185</u>

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$37,589,712. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$23,393,399 because some of the cost was paid by those who benefitted from the programs \$528,289, by other governments and organizations who subsidized certain programs with grants and contributions \$14,293,524, tuition income \$148,742 and by miscellaneous sources \$120,263.

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

- ✓ Revenues exceeded expenses by \$129,001.
- ✓ Charges for services provided totaled \$528,289. This represents amounts paid by consumers for charges for services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$210,125.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$23,662,404	74.52%	\$547,255	2.37%
State Sources	7,199,162	22.67%	446,307	6.61%
Federal Sources	<u>890,512</u>	<u>2.80%</u>	<u>197,499</u>	2.85%
Total	<u>\$31,752,078</u>	<u>100.00%</u>	<u>\$1,191,061</u>	3.90%

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$10,160,259	32.86%	(\$251,429)	(2.41)%
Undistributed	18,511,336	59.87%	1,524,246	8.97%
Capital Outlay	702,075	2.27%	(281,510)	(28.62)%
Debt Service	<u>1,545,428</u>	<u>5.00%</u>	<u>(473,974)</u>	(23.47)%
Total	<u>\$30,919,098</u>	<u>100.00%</u>	<u>\$517,333</u>	1.70%

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

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

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

During the fiscal year ended June 30, 2017, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and medical retirement, is neither a budgeted revenue item nor a budgeted expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$243,240 for increases in federal, state and local grant revenues.

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

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

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

General Fund

The general fund actual revenue was \$29,249,792. That amount is \$3,522,740 above the final amended budget of \$25,727,052. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,869,443 for TPAF social security reimbursements and on-behalf pension and medical retirement payments, an excess in other state and federal aids of \$461,165, and a \$192,132 excess in local anticipated revenues.

The actual expenditures of the general fund were \$27,949,512. This is \$2,356,986 below the final amended budget of \$30,306,498. The variance between the actual expenditures and final budget was due to an unfavorable variance in non-budget on-behalf TPAF social security and pension payments of \$2,869,443, and a favorable variance of \$512,457 in unexpended budgeted funds.

The general fund had total revenues of \$29,249,792 and total expenditures of \$27,949,512, transfers of \$470,511 to the capital project fund, and \$127,843 for capital leases with an ending fund balance of \$13,698,245.

Special Revenue Fund

The special revenue fund actual revenue was \$953,647. That amount is above the original budget estimate of \$710,407. The \$243,240 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved.

The actual expenditures of the special revenue fund were \$953,647, which is above the original budget of \$710,407. The \$243,240 variance between actual expenditures and the original budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the School District had \$44,922,111 invested in land, buildings and building improvements, machinery and equipment, and construction in progress. Of this amount, \$21,386,919 in depreciation has been taken over the years. We currently have a net book value of \$23,535,192. Total depreciable additions for the year were \$1,956,890, the majority of which was for various technology and office equipment and building improvements and deductions of \$1,414,498, which was transfers from construction in progress to capital assets being depreciated and asset deletions. Table 3 shows fiscal year 2017 balances compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	239,620	239,620			239,620	239,620
Buildings and Site Improvements	22,600,273	22,822,335			22,600,273	22,822,335
Furniture, Equipment and Vehicles	691,124	182,178	4,175	5,219	695,299	187,397
Construction in Progress		<u>1,278,059</u>				<u>1,278,059</u>
	<u>23,531,017</u>	<u>24,522,192</u>	<u>4,175</u>	<u>5,219</u>	<u>23,535,192</u>	<u>24,527,411</u>

Debt Administration

At June 30, 2017, the district had \$13,966,861 of outstanding debt. Of this amount, \$262,132 is for compensated absences; \$115,058 is for various capital leases; \$5,013,000 of serial bonds issued for the financing of various school construction projects; and \$8,576,671 is for the net PERS pension obligation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Due to the current state of the economy in New Jersey and across the country, our economic outlook is not as bright as we would hope. This economic reality will have an impact on our ability to advance our program and educational goals. These factors will be considered in preparing the Tinton Falls Board of Education's budget for the 2017-2018 fiscal year.

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

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

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

The following factors were considered in preparing the 2017-2018 fiscal year budget:

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

REQUESTS FOR INFORMATION

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

Vincent Daniels
School Business Administrator
Tinton Falls School District
658 Tinton Avenue
Tinton Falls, New Jersey 07724

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Tinton Falls School District
Statement of Net Assets
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	8,414,474	1,500,657	9,915,131
Receivables, net	2,239,797	32,745	2,272,542
Internal Balances	(27,387)	27,387	-
Inventory		4,000	4,000
Restricted assets:			
Cash and cash equivalents	5,204,120		5,204,120
Capital assets:			
Land	239,620		239,620
Depreciable Capital Assets	23,291,397	4,175	23,295,572
Total Assets	<u>39,362,021</u>	<u>1,568,964</u>	<u>40,930,985</u>
Deferred outflows of resources-Related to PERS Pension	<u>2,673,828</u>		<u>2,673,828</u>
LIABILITIES			
Accounts payable and accrued liabilities	571,121	18,676	589,797
Prepaid Taxes	71,528		71,528
Payable to the State Government	3,483		3,483
Deferred revenue	146,165	18,199	164,364
Noncurrent liabilities:			
Due within one year	485,569		485,569
Due beyond one year	13,481,292		13,481,292
Total liabilities	<u>14,759,158</u>	<u>36,875</u>	<u>14,796,033</u>
Deferred inflows of resources-Related to PERS Pension	<u>28,050</u>		<u>28,050</u>
NET POSITION			
Invested in capital assets	18,402,959	4,175	18,407,134
Restricted for:			
Debt service	13,949		13,949
Capital projects	2,003,151		2,003,151
Other Purposes	10,836,074		10,836,074
Unrestricted (Deficit)	<u>(4,007,492)</u>	<u>1,527,914</u>	<u>(2,479,578)</u>
Total net position	<u><u>27,248,641</u></u>	<u><u>1,532,089</u></u>	<u><u>28,780,730</u></u>

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

Tinton Falls School District
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	6,919,342	54,332		228,159		(6,745,515)		(6,745,515)
Special education	2,721,078					(2,721,078)		(2,721,078)
Other special instruction	388,129					(388,129)		(388,129)
Other instruction	131,710					(131,710)		(131,710)
Support services:								
Tuition	621,870					(621,870)		(621,870)
Student & instruction related services	4,691,414			725,488		(3,965,926)		(3,965,926)
General administrative services	534,429	10,118				(544,547)		(544,547)
School administrative services	903,093					(903,093)		(903,093)
Central Services and Administrative Technology	459,300					(459,300)		(459,300)
Plant operations and maintenance	1,934,133					(1,945,615)		(1,945,615)
Pupil transportation	1,872,239	11,482		858,536		(1,013,703)		(1,013,703)
Employee Benefits	12,761,445					(12,761,445)		(12,761,445)
Capital outlay-undepreciable	23,244					(23,244)		(23,244)
Interest on long-term debt	235,922			31,107		(204,815)		(204,815)
Unallocated depreciation	1,545,998					(1,545,998)		(1,545,998)
Total governmental activities	35,743,346	75,932	-	1,843,290	-	(33,975,988)	-	(33,975,988)
Business-type activities:								
Food Service	476,788		283,017	210,125		16,354	16,354	16,354
Time +	132,625		245,272			112,647	112,647	112,647
Total business-type activities	609,413	-	528,289	210,125	-	129,001	129,001	129,001
Total primary government	36,352,759	75,932	528,289	2,053,415	-	(33,975,988)	129,001	(33,846,987)
General revenues:								
Property Taxes Levied for:								
General Purposes						21,882,943		21,882,943
Debt Service						1,510,456		1,510,456
Federal and State aid not restricted						11,127,164		11,127,164
Tuition						148,742		148,742
Miscellaneous Income						120,263		120,263
Loss on deletion of Equipment						(48,076)		(48,076)
Total general revenues, special items, extraordinary items and transfers						34,741,492		34,741,492
Change in Net Position						765,504	129,001	894,505
Net Position—beginning						26,483,137	1,403,088	27,886,225
Net Position—ending						27,248,641	1,532,089	28,780,730

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

FUND FINANCIAL STATEMENTS

**Tinton Falls School District
Balance Sheet
Governmental Funds
June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	7,839,446	16,114	544,965	13,949	8,414,474
Receivables from Other Governments	583,609	146,411	1,458,186		2,188,206
Interfund Accounts Receivable					
Tuitions Receivable	51,591				51,591
Restricted Cash and Cash Equivalents	5,204,120				5,204,120
Total Assets	<u>13,678,766</u>	<u>162,525</u>	<u>2,003,151</u>	<u>13,949</u>	<u>15,858,391</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	180,820	66,760			247,580
Interfund Accounts Payable	27,387				27,387
Prepaid Taxes	71,528				71,528
Payable to the State Government		3,483			3,483
Deferred Revenue	53,883	92,282			146,165
Total Liabilities	<u>333,618</u>	<u>162,525</u>			<u>496,143</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- current year	2,931,401				2,931,401
Excess Surplus - prior year -designated for subsequent year's expenditures	2,700,553				2,700,553
Emergency Reserve	250,000				250,000
Maintenance Reserve	1,623,166				1,623,166
Impact Aid	103,514				103,514
Capital Reserve	3,227,440				3,227,440
Assigned to:					
Other purposes	1,756,404				1,756,404
Debt Service				13,949	13,949
Designated by the BOE for subsequent year's expenditures	227,446				227,446
Capital Projects			2,003,151		2,003,151
Unassigned:					
General Fund	525,224				525,224
Total Fund Balances	<u>13,345,148</u>		<u>2,003,151</u>	<u>13,949</u>	<u>15,362,248</u>
Total Liabilities and Fund Balances	<u>13,678,766</u>	<u>162,525</u>	<u>2,003,151</u>	<u>13,949</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$44,890,795 and the accumulated depreciation is \$21,359,778.	23,531,017
Deferred outflow of resources related to PERS pension liability	2,673,828
Interest on Long-term debt accrued	(59,275)
Deferred inflow of resources related to PERS pension liability	(28,050)
Accounts payable for PERS payment subsequent to the measurement date.	(264,266)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	<u>(13,966,861)</u>
Net position of governmental activities	<u>27,248,641</u>

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

Tinton Falls School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	21,882,943			1,510,456	23,393,399
Tuition	148,742				148,742
Miscellaneous	98,390	13,120	8,753		120,263
Total - Local Sources	<u>22,130,075</u>	<u>13,120</u>	<u>8,753</u>	<u>1,510,456</u>	<u>23,662,404</u>
State Sources	7,003,685	164,370		31,107	7,199,162
Federal Sources	114,355	776,157			890,512
Total Revenues	<u>29,248,115</u>	<u>953,647</u>	<u>8,753</u>	<u>1,541,563</u>	<u>31,752,078</u>
EXPENDITURES					
Current:					
Regular Instruction	6,691,183	228,159			6,919,342
Special Education Instruction	2,721,078				2,721,078
Other Special Instruction	388,129				388,129
Other Instruction	131,710				131,710
Support Services and Undistributed Costs:					
Tuition	621,870				621,870
Student & Instruction Related Services	3,965,926	725,488			4,691,414
General Administrative Services	601,789				601,789
School Administrative Services	903,093				903,093
Central Services and Administrative Technology	459,300				459,300
Plant Operations and Maintenance	1,934,133				1,934,133
Pupil Transportation	1,872,239				1,872,239
Employee Benefits	7,427,498				7,427,498
Debt Service:					
Principal				1,305,000	1,305,000
Interest and Other Charges				240,428	240,428
Capital Outlay	231,564	-	470,511		702,075
Total Expenditures	<u>27,949,512</u>	<u>953,647</u>	<u>470,511</u>	<u>1,545,428</u>	<u>30,919,098</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>1,298,603</u>	<u>-</u>	<u>(461,758)</u>	<u>(3,865)</u>	<u>832,980</u>
OTHER FINANCING SOURCES (USES)					
Capital Leases	127,843		-		127,843
Transfers in			470,511	8,753	479,264
Transfers out	(470,511)		(8,753)		(479,264)
Total other financing sources and uses	<u>(342,668)</u>	<u>-</u>	<u>461,758</u>	<u>8,753</u>	<u>127,843</u>
Net Change in Fund Balances	955,935	-	-	4,888	960,823
Fund Balance—July 1	<u>12,389,213</u>		<u>2,003,151</u>	<u>9,061</u>	<u>14,401,425</u>
Fund Balance—June 30	<u>13,345,148</u>	<u>-</u>	<u>2,003,151</u>	<u>13,949</u>	<u>15,362,248</u>

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

**Tinton Falls School District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2)	960,823
<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	(1,621,930)
Depreciable Capital outlays	678,831
Loss on deletion of Equipment	(48,076)
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>	
Principal Payments on Bonds	1,305,000
Principal Payments on Capital Leases	67,360
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of NET POSITION.</p>	
Proceeds of long-term debt	
Capital Lease Proceeds	(127,843)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 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	257,263
Less: Pension Expense	(854,644)
Increase in Pension Expense	(597,381)
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>	
Increase in On-behalf State Aid TPAF Pension	4,880,780
Increase in On-behalf TPAF Pension Expense	(4,880,780)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>	
(Increase)/Decrease in compensated absences payable	144,214
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition in the reconciliation.</p>	
Accrued interest - current year	(59,275)
Accrued interest - prior year	63,781
Change in net assets of governmental activities	765,504

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

Tinton Falls School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	135,879	776,682	588,096	1,500,657
Accounts Receivable:				
State	893			893
Federal	31,852			31,852
Other				-
Interfund-Accounts Receivable	27,387			27,387
Inventory	4,000			4,000
Total Current Assets	<u>200,011</u>	<u>776,682</u>	<u>588,096</u>	<u>1,564,789</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	<u>(27,141)</u>			<u>(27,141)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,175</u>	<u>-</u>	<u>-</u>	<u>4,175</u>
Total Assets	<u>204,186</u>	<u>776,682</u>	<u>588,096</u>	<u>1,568,964</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	17,893	783		18,676
Deferred Revenue	18,199			18,199
Interfunds Payable				-
Total Current Liabilities	<u>36,092</u>	<u>783</u>	<u>-</u>	<u>36,875</u>
Noncurrent Liabilities:				
Compensated Absences				-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>36,092</u>	<u>783</u>	<u>-</u>	<u>36,875</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	4,175			4,175
Unrestricted	163,919	775,899	588,096	1,527,914
Total Net Position	<u>168,094</u>	<u>775,899</u>	<u>588,096</u>	<u>1,532,089</u>

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	194,392			194,392
Daily Sales - Non-Reimbursable Programs	85,441			85,441
Special Functions				-
Miscellaneous	3,184	245,272		248,456
Total Operating Revenues	<u>283,017</u>	<u>245,272</u>	<u>-</u>	<u>528,289</u>
Operating Expenses:				
Cost of Food - Reimbursable	128,909			128,909
Cost of Food - Non-Reimbursable	22,749			22,749
Cost of Sales - Other	109,020			109,020
Labor	191,415	118,462		309,877
Supplies and Materials	11,040	4,163		15,203
Employee Benefits	12,450	10,000		22,450
Miscellaneous Expense	161			161
Depreciation	1,044			1,044
Total Operating Expenses	<u>476,788</u>	<u>132,625</u>	<u>-</u>	<u>609,413</u>
Operating Income (Loss)	(193,771)	112,647	-	(81,124)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,130			5,130
Federal Sources:				
National School Lunch Program	144,903			144,903
National School Breakfast Program	21,006			21,006
Food Distribution Program	39,086			39,086
Total Non-operating Revenues (Expenses)	<u>210,125</u>	<u>-</u>	<u>-</u>	<u>210,125</u>
Income (Loss) Before Contributions & Transfers	16,354	112,647	-	129,001
Transfers In (Out)				
Change in Net Position	<u>16,354</u>	<u>112,647</u>	<u>-</u>	<u>129,001</u>
Total Net Position - Beginning	<u>151,740</u>	<u>663,252</u>	<u>588,096</u>	<u>1,403,088</u>
Total Net Position—Ending	<u>168,094</u>	<u>775,899</u>	<u>588,096</u>	<u>1,532,089</u>

Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	290,108	245,272		535,380
Payments to employees		(118,462)		(118,462)
Payments to Food Service Management Company	(523,795)	(15,442)		(539,237)
Net Cash Provided by (Used for) Operating Activities	<u>(233,687)</u>	<u>111,368</u>	<u>-</u>	<u>(122,319)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	4,655			4,655
Federal Sources	182,823			182,823
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>187,478</u>	<u>-</u>	<u>-</u>	<u>187,478</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(46,209)	111,368	-	65,159
Balances—Beginning of Year	182,088	665,314	588,096	1,435,498
Balances—End of Year	<u>135,879</u>	<u>776,682</u>	<u>588,096</u>	<u>1,500,657</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(193,771)	112,647	-	(81,124)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:				
Increase (Decrease) in Deferred Revenue	7,091			7,091
(Increase) Decrease in Inventory	(430)			(430)
Increase (Decrease) in Accounts Payable	(47,621)	(1,279)		(48,900)
Increase (decrease) in other current liabilities				-
Total Adjustments	<u>(39,916)</u>	<u>(1,279)</u>	<u>-</u>	<u>(41,195)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(233,687)</u>	<u>111,368</u>	<u>-</u>	<u>(122,319)</u>

**Tinton Falls School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	79,370
Total Assets	79,370
LIABILITIES	
Payable to student groups	42,590
Payroll deductions and withholdings	36,780
Total Liabilities	79,370
NET POSITION	

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Tinton Falls School District, this includes general operations, enterprise funds and fiduciary funds of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has not component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

A. Basis of Presentation:

The Board'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 Financial Statements:

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

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

Fund Financial Statements:

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

GOVERNMENTAL FUNDS

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

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

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

PROPRIETARY FUNDS

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

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position.

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

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

B. Measurement Focus:

District-wide Financial Statements

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

B. Measurement Focus: (continued)

Fund Financial Statements

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

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

C. Basis of Accounting:

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

Revenues - Exchange and Non-exchange Transactions

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

C. Basis of Accounting: (continued)

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

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

Expenses/Expenditures

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, special revenue funds and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(G)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. During 2016/2017, the Board did not increase the original budget.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

D. Budgets/Budgetary Control: (continued)

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

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

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

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as 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.

F. Cash, Cash Equivalents and Investments:

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

F. Cash, Cash Equivalents and Investments: (continued)

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

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

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

G. Tuition Revenues/Receivable:

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

H. Inventories:

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

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	<u>\$4,000</u>
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**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

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

K. Capital Assets:

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 2017 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board currently maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value fo the asset or materially extend an asset’s life are not capitalized.

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

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

L. Compensated Absences:

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

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

M. Deferred Revenue:

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

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

N. Accrued Liabilities and Long-term Obligations:

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

O. Accounting and Financial Reporting for Pensions: (continued)

existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

O. Accounting and Financial Reporting for Pensions: (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

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

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

Q. Fund Balances:

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

Q. Fund Balances: (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

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

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

S. Operating Revenues and Expenses:

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

T. Extraordinary and Special Items:

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

U. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

V. Use of Estimates:

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

Estimates are used to determine depreciation expense, among other accounts. Actual results may differ from those estimates.

W. Allowance for Uncollectible Accounts:

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

X. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

X. Recent Accounting Pronouncements: (continued)

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the District's bank balance of \$15,686,361 was exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had no outstanding investments.

Investment Rate Risk

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

Credit Risk

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Concentration of Credit Risk

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

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

As of June 30, 2017, the District had \$2,937,737 on deposit with the New Jersey Cash Management Fund.

NOTE 4. RECEIVABLES:

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

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$2,041,793	\$893	\$2,042,686
Federal Aid	143,231	31,852	175,083
Tuition	51,591		51,591
Other	<u>3,182</u>		<u>3,182</u>
Gross receivables	2,239,797	32,745	2,272,542
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$2,239,797</u>	<u>\$32,745</u>	<u>\$2,272,542</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 5. CAPITAL ASSETS:

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

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$239,620	\$	\$	\$239,620
Construction in Progress	<u>1,278,059</u>	<u> </u>	<u>1,278,059</u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>1,517,679</u>	<u> </u>	<u>1,278,059</u>	<u>239,620</u>
Capital Assets Being Depreciated				
Sites and Improvements	2,123,361			2,123,361
Buildings and Improvements	38,909,673	1,264,353		40,174,026
Furniture, Equipment and Vehicles	<u>1,797,690</u>	<u>692,537</u>	<u>(136,439)</u>	<u>2,626,666</u>
Total Capital Assets, Being Depreciated	<u>42,830,724</u>	<u>1,956,890</u>	<u>(136,439)</u>	<u>44,651,175</u>
Less Accumulated Depreciation:				
Sites and Improvements	(1,653,978)	(52,330)		(1,706,308)
Buildings and Improvements	(16,556,721)	(1,434,085)		(17,990,806)
Furniture, Equipment and Vehicles	<u>(1,615,512)</u>	<u>(135,515)</u>	<u>88,363</u>	<u>(1,662,664)</u>
Total Accumulated Depreciation	<u>(19,826,211)</u>	<u>(1,621,930)</u>	<u>88,363</u>	<u>(21,359,778)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,004,513</u>	<u>334,960</u>	<u>(48,076)</u>	<u>23,291,397</u>
Governmental Activities Capital Assets, Net	<u>\$24,522,192</u>	<u>\$334,960</u>	<u>\$1,229,983</u>	<u>\$23,531,017</u>
	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Business-Type Activity				
Machinery and Equipment	<u>\$31,316</u>	<u>\$</u>	<u>\$</u>	<u>\$31,316</u>
Totals	<u>31,316</u>	<u> </u>	<u> </u>	<u>31,316</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(26,097)</u>	<u>(1,044)</u>	<u> </u>	<u>(27,141)</u>
Total Accumulated Depreciation	<u>(26,097)</u>	<u>(1,044)</u>	<u> </u>	<u>(27,141)</u>
Business-Type Activity Capital Assets, Net	<u>\$5,219</u>	<u>(\$1,044)</u>	<u>\$</u>	<u>\$4,175</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 5. CAPITAL ASSETS: (continued)

Depreciation expense was charged to the functions as follows:

Instruction - Regular	\$54,332
Support Services - Administration	10,118
Plant Operations and Maintenance	11,482
Unallocated Depreciation	<u>1,545,998</u>
Total Deprecation Expense	<u>\$1,621,930</u>

NOTE 6. LONG-TERM DEBT OBLIGATIONS:

For the fiscal year ended June 30, 2017 the following liabilities are reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences payable	\$406,346	\$	\$144,214	\$262,132	\$
Bonds payable	6,318,000		1,305,000	5,013,000	460,000
Capital leases payable	54,575	127,843	67,360	115,058	25,569
Net (PERS) pension obligation	<u>6,539,235</u>	<u>2,037,436</u>	<u> </u>	<u>8,576,671</u>	<u> </u>
	<u>\$13,318,156</u>	<u>\$2,165,279</u>	<u>\$1,516,574</u>	<u>\$13,966,861</u>	<u>\$485,569</u>

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. LONG-TERM DEBT OBLIGATIONS: (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$460,000	\$203,227	\$663,227
2019	475,000	184,328	659,328
2020	490,000	164,777	654,777
2021	495,000	144,128	639,128
2022	505,000	123,315	628,315
2023	245,000	106,302	351,302
2024	255,000	96,503	351,503
2025	265,000	86,302	351,302
2026	275,000	75,703	350,703
2027	285,000	64,702	349,702
2028	300,000	53,303	353,303
2029	310,000	40,927	350,927
2030	325,000	27,753	352,753
2031	<u>328,000</u>	<u>13,940</u>	<u>341,940</u>
Total	<u>\$5,013,000</u>	<u>\$1,385,210</u>	<u>\$6,398,210</u>

Advanced Refunding of Debt

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

B. Capital Leases Payable:

The District is leasing copying machines under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year</u>	
2017	\$25,569
2018	25,569
2019	25,569
2020	25,569
2021	<u>12,782</u>
	<u>\$115,058</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS:

Basis of Accounting

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

Investment Valuation

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

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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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.

Benefits Provided

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Benefits Provided

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year Ending	PERS	DCRP
6/30/17	\$257,263	\$25,293
6/30/16	250,445	9,833
6/30/15	238,268	4,154

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>Long-Term</u> <u>Disability</u> <u>Insurance</u>
6/30/17	\$1,074,030	\$927,336	\$38,915	\$2,582
6/30/16	773,363	966,733	38,524	
6/30/15	540,320	919,470	38,874	

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$826,580 during the year ended June 30, 2016 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 fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$8,576,671 for its proportionate share of the PERS 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 that date. 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportion was .02895848 percent, which was a decrease of .000172116 percent from its proportion measured as of June 30, 2015.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$854,644. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$1,776,628	\$
Difference in actual and expected experience	159,500	
Net difference between projected and actual earnings on pension plan investments	327,036	
Changes in proportion and differences between District contributions and proportionate share of contributions	146,398	28,050
District contributions subsequent to the measurement date	<u>264,266</u>	<u> </u>
Total	<u>\$2,673,828</u>	<u>\$28,050</u>

The \$264,266 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 (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$509,531
2018	509,531
2019	590,309
2020	495,946
2021	157,848

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	.02895848%	.0291305962%

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 2016	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 June 30, 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 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) 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.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	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% 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 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 and the local employers 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:

	<u>June 30, 2016</u>		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$10,509,709	\$8,576,671	\$6,980,780

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).

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF)

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

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

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>79,771,592</u>
	<u>\$79,771,592</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 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .1014049526%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$5,993,725 for contributions provided by the State in the District-Wide Financial Statements.

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. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Mortality Rates

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. PENSION PLANS: (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

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 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 actuary 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. POST-RETIREMENT BENEFITS:

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

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

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

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

Basis of Accounting

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. POST-RETIREMENT MEDICAL BENEFITS: (continued)

Post-Retirement Medical Benefits Contributions

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2017, 2016 and 2015 were \$929,918, \$966,733 and \$919,470, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. 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 SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. DEFERRED COMPENSATION:

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

Equitable	State of New Jersey Tax Shelter Annuity
Valic	MetLife
Lincoln Investments	

NOTE 10. RISK MANAGEMENT:

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

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

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

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

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

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 11. CAPITAL RESERVE ACCOUNT:

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

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

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

Beginning balance, July 1, 2016	\$2,797,183
Deposits:	
Transfer by Board Resolution, June 12, 2017	900,000
Interest earned on capital reserve funds	768
Withdrawals	<u>(470,511)</u>
Ending Balance, June 30, 2017	<u>\$3,227,440</u>

NOTE 12. EMERGENCY RESERVE ACCOUNT:

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

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

Beginning balance, July 1, 2016	<u>\$250,000</u>
Ending balance, June 30, 2017	\$250,000

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 13. MAINTENANCE RESERVE ACCOUNT:

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

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

Beginning balance, July 1, 2016	\$1,634,416
Increased by:	
Transfer by Board Resolution, June 12, 2017	177,500
Decreased by:	
Withdrawals	<u>188,750</u>
Ending Balance, June 30, 2017	<u>\$1,623,166</u>

NOTE 14. FEDERAL IMPACT AID RESERVE:

As permitted by P.L. 2015, c. 46 which amended N.J.S.A. 18A:7F-41 a federal impact reserve account was established by the Tinton Falls School District by transfer of \$53,233 on June 13, 2016, by board resolution for the amount of federal impact aid funds received during the current fiscal year for use as capital outlay expenditures or for transfer to capital projects fund in subsequent fiscal years. The federal impact aid – capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

NOTE 15. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$13,345,148 General Fund fund balance at June 30, 2017, \$1,756,404 is reserved for encumbrances; \$5,631,954 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$2,700,553 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$3,227,440 has been reserved in the Capital Reserve Account; \$1,623,166 has been reserved in the maintenance reserve account; \$250,000 has been reserved in the Emergency Reserve Account; \$227,446 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$103,514 has been reserved for Impact Aid; and \$525,224 is unreserved and undesignated.

Debt Service Fund - Of the \$13,949 Debt Service Fund fund balance at June 30, 2017, \$5,196 has been appropriated and included as anticipated revenue for the year ending June 30, 2018 and \$8,753 is restricted for debt service.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 16. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2017 is \$5,631,954. Of this amount, \$2,931,401 is the result of current year’s operations.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES:

The composition of interfund balances as of June 30, 2017 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise - Food Service Fund	General Fund	<u>\$27,387</u>

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

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

NOTE 18. CONTINGENT LIABILITIES:

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

NOTE 19. SUBSEQUENT EVENTS:

On September 26, 2017, the District voters passed a resolution authorizing: (a) to undertake renovations, alterations and improvements at Mahala F. Atchison School, Swimming River School and Tinton Falls Middle School, including fixtures, furnishings, equipment, site work and related work; (b) to appropriate \$31,839,000 for such purposes; and (c) to issue bonds of the school district in the principal amount of \$31,839,000.

At its July 24, 2017 Board meeting, the District voted to utilize \$71,821 of emergency reserve funds to makeup for a reduction in State Aid for its previously adopted 17-18 budget.

The Board has evaluated subsequent events through October 2, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 16-17 Actual	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	21,882,943		21,882,943	21,882,943		
Tuition	10,000		10,000	148,742	138,742	
Miscellaneous	45,000		45,000	98,390	53,390	
Total - Local Sources	21,937,943		21,937,943	22,130,075	192,132	
State Sources:						
Categorical Transportation Aid	858,536		858,536	858,536		
Categorical Special Education Aid	914,473		914,473	914,473		
Categorical Security Aid	151,130		151,130	151,130		
Adjustment Aid	1,623,334		1,623,334	1,623,334		
Extraordinary Aid	175,000		175,000	535,194	360,194	
Professional Learning Community Aid	14,970		14,970	14,970		
PARCC Readiness Aid	14,305		14,305	14,305		
Per Pupil Growth Aid	14,305		14,305	14,305		
Other State Aid				9,672	9,672	
On-behalf TPAF NCGI Premium (non-budgeted)				38,915	38,915	
On-behalf TPAF Post-Retirement Medical (non-budgeted)				929,918	929,918	
On-behalf TPAF Premium				1,074,030	1,074,030	
TPAF Social Security (Reimbursed - Non-Budgeted)				826,580	826,580	
Total - State Sources	3,766,053		3,766,053	7,005,362	3,239,309	
Federal sources:						
Impact Aid						
Medical Assistance Program (SEMI)	23,056		23,056	66,867	66,867	
Total - Federal Sources	23,056		23,056	47,488	24,432	
TOTAL REVENUES	25,727,052		25,727,052	29,249,792	3,522,740	

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2017									
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 16-17 Actual	Variance Final to Actual				
EXPENDITURES:									
Current Expense:									
Regular Programs - Instruction									
Preschool/Kindergarten - Salaries of Teachers	528,714	50,755	579,469	521,741	57,728				
Grades 1-5 - Salaries of Teachers	3,521,277	272,672	3,793,949	3,070,180	723,769				
Grades 6-8 - Salaries of Teachers	2,538,119	134,540	2,672,659	2,407,659	265,000				
Regular Programs - Home Instruction:									
Salaries of Teachers	20,000		20,000	12,832	7,168				
Purchased Professional-Educational Services	1,000	2,685	3,685	3,532	153				
Other Purchased Services (400-500 series)	500		500	500					
Regular Programs - Undistributed Instruction									
Purchased Technical Services	15,400	10,613	26,013	13,665	12,348				
Other Purchased Services	196,345	18,796	215,141	150,695	64,446				
General Supplies	538,557	62,189	600,746	498,821	101,925				
Textbooks	31,022		31,022	7,263	23,759				
Other Objects	8,040	1,500	9,540	4,795	4,745				
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,398,974	553,750	7,952,724	6,691,183	1,261,541				
SPECIAL EDUCATION - INSTRUCTION									
Learning and/or Language Disabilities:									
Salaries of Teachers	140,010	109,565	249,575	127,671	121,904				
Other Salaries for Instruction	93,711	(77,486)	16,225	753	15,472				
General Supplies	1,860	(906)	954	954					
Total Learning and/or Language Disabilities	235,581	31,173	266,754	129,378	137,376				

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
Multiple Disabilities:						
Salaries of Teachers	450,937	58,496	509,433	441,275	68,158	
Other Salaries for Instruction	4,000	2,000	6,000	74	5,926	
Other Purchased Services	108		108		108	
General Supplies	3,882	(1,558)	2,324	2,019	305	
Total Multiple Disabilities	458,927	58,938	517,865	443,368	74,497	
Resource Room/Resource Center:						
Salaries of Teachers	1,588,814	130,813	1,719,627	1,474,648	244,979	
Other Salaries for Instruction	83,787	5,700	89,487	44,673	44,814	
General Supplies	13,399	4,191	17,590	14,309	3,281	
Other Purchased Services						
Total Resource Room/Resource Center	1,686,000	140,704	1,826,704	1,533,630	293,074	
Autism:						
Salaries of Teachers	182,771	9,770	192,541	168,061	24,480	
Other Salaries for Instruction	29,662	300	29,962		29,962	
General Supplies	4,183	(810)	3,373	2,236	1,137	
Total Autism	216,616	9,260	225,876	170,297	55,579	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
SPECIAL EDUCATION - INSTRUCTION (Continued)						
Preschool Disabilities - Part-Time:						
Salaries of Teachers	90,888	(20,000)	70,888	52,618	18,270	
Other Salaries for Instruction	29,941	32,451	62,392	57,867	4,525	
General Supplies	1,850	108	1,958	879	1,079	
Total Preschool Disabilities - Part-Time	122,679	12,559	135,238	111,364	23,874	
Preschool Disabilities - Full-Time:						
Salaries of Teachers	225,930	11,692	237,622	205,759	31,863	
Other Salaries for Instruction	115,641	11,087	126,728	102,786	23,942	
General Supplies	2,977		2,977	2,524	453	
Total Preschool Disabilities - Full-Time	344,548	22,779	367,327	311,069	56,258	
Special Education - Home Instruction						
Salaries of Teachers	43,311		43,311	20,230	23,081	
Purchased Professional-Educational Services	2,500		2,500	1,742	758	
Other Purchased Services (400-500) Series	200		200		200	
Total Home Instruction	46,011		46,011	21,972	24,039	
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,110,362	275,413	3,385,775	2,721,078	664,697	
Basic Skills/Remedial - Instruction						
Salaries of Teachers	360,048	44,201	404,249	321,968	82,281	
General Supplies	4,124	169	4,293	2,611	1,682	
Total Basic Skills/Remedial - Instruction	364,172	44,370	408,542	324,579	83,963	
Bilingual Education - Instruction						
Salaries of Teachers	54,303	18,686	72,989	61,668	11,321	
Other Purchased Services (400-500) Series		143	143	126	17	
General Supplies	3,000	(1,168)	1,832	1,756	76	
Total Bilingual Education - Instruction	57,303	17,661	74,964	63,550	11,414	
School-Sponsored Curricular Activities - Instruction						
Salaries	91,320		91,320	65,561	25,759	
Supplies and Materials	7,875		7,875	6,385	1,490	
Total School-Sponsored Curricular Activities - Instruction	99,195		99,195	71,946	27,249	
School-Sponsored Athletics - Instruction						
Salaries	48,000		48,000	44,126	3,874	
Purchased Services (300-500 series)	11,923	1,954	13,877	9,991	3,886	
Supplies and Materials	8,990	(1,444)	7,546	5,647	1,899	
Other Objects						
Total Other Instructional Programs - Instruction	68,913	510	69,423	59,764	9,659	
TOTAL INSTRUCTION	11,098,919	891,704	11,990,623	9,932,100	2,058,523	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
Undistributed Expenditures - Instruction:						
Tuition to State- Regular	800	17,916	18,716	3,734	14,982	
Tuition to Other LEAs Within the State-Special	168,479	34,373	202,852	197,737	5,115	
Tuition to Private Schools for the Handicapped - Within State	461,784	(12,250)	449,534	420,399	29,135	
Total Undistributed Expenditures - Instruction:	631,063	40,039	671,102	621,870	49,232	
Undist. Expend. - Health Services						
Salaries	299,315	15,747	315,062	260,968	54,094	
Purchased Professional and Technical Services	68,810	62,918	131,728	89,419	42,309	
Other Purchased Services (400-500 series)	30,050		30,050	7,350	22,700	
Supplies and Materials	7,468	505	7,973	6,924	1,049	
Total Undistributed Expenditures - Health Services	405,643	79,170	484,813	364,661	120,152	
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries	468,400	(73,664)	394,736	351,837	42,899	
Purchased Professional - Educational Services	131,000	22,899	153,899	113,080	40,819	
Supplies and Materials	5,140		5,140	4,391	749	
Other Objects	600		600	67	533	
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	605,140	(50,765)	554,375	469,375	85,000	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.						
Salaries	1,364,286	280,921	1,645,207	1,459,696	185,511	
Purchased Professional - Educational Services	10,040		10,040	4,700	5,340	
Supplies and Materials	250	3,019	3,269	3,260	9	
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	1,374,576	283,940	1,658,516	1,467,656	190,860	
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	225,604	63,453	289,057	219,656	69,401	
Salaries of Secretarial and Clerical Assistants	200		200		200	
Purchased Professional - Educational Services	4,500	1,277	5,777	5,777		
Other Purchased Prof. and Tech. Services	1,500	1,034	2,534	1,034	1,500	
Other Purchased Services (400-500 series)	1,050		1,050		1,050	
Supplies and Materials	2,680	(1,127)	1,553	1,037	516	
Other Objects						
Total Undist. Expend. - Guidance	235,534	64,637	300,171	227,504	72,667	
Undist. Expend. - Child Study Teams						
Salaries of Other Professional Staff	634,121	(57,876)	576,245	467,520	108,725	
Other Salaries	65,759	393	66,152	28,287	37,865	
Purchased Professional - Educational Services	198,700	(82,631)	116,069	63,101	52,968	
Other Purchased Prof. and Tech. Services	1,000	(500)	500		500	
Miscellaneous Purchased Services (400-500 series O/ than Resid Costs)	35,885	(2,115)	33,770	26,475	7,295	
Supplies and Materials	13,474	(1,977)	11,497	10,850	647	
Other Objects	2,904		2,904	2,198	706	
Total Undist. Expend. - Child Study Team	951,843	(144,706)	807,137	598,431	208,706	

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2017									
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual				
Undist. Expend. - Improvement of Instructional Services									
Salaries of Supervisor of Instruction	222,092	5,000	227,092	225,278	1,814				
Salaries of Other Professional Staff	5,000		5,000		5,000				
Salaries of Secretarial and Clerical Assistants	56,430		56,430	56,287	143				
Other Salaries	136,944	3,000	139,944	139,663	281				
Salaries of Facilitators, Math and Literacy Coaches	91,176	12,863	104,039	88,257	15,782				
Purchased Prof- Educational Services	5,500		5,500	5,445	55				
Other Purchased Prof. and Tech. Services	4,000	(880)	3,120	252	2,868				
Other Purch Services (400-500)	13,000	300	13,300	10,359	2,941				
Supplies and Materials	6,490	(570)	5,920	5,337	583				
Other Objects	510	1,020	1,530	1,030	500				
Total Undist. Expend. - Improvement of Inst. Services	541,142	20,733	561,875	531,908	29,967				
Undist. Expend. - Educational Media Serv./Sch. Library									
Salaries	200,343	27,257	227,600	182,439	45,161				
Purchased Professional and Technical Services	5,450		5,450	4,231	1,219				
Other Purchased Services (400-500 series)	800		800		800				
Supplies and Materials	8,739	3,952	12,691	6,019	6,672				
Total Undist. Expend. - Educational Media Serv./Sch. Library	215,332	31,209	246,541	192,689	53,852				
Undist. Expend. - Instructional Staff Training Serv.									
Salaries of Other Professional Staff	62,679	10,451	73,130	73,130					
Purchased Professional - Educational Services	28,382	(6,922)	21,460	21,371	89				
Other Purchased Services (400-500 series)	5,147	(2,324)	2,823	2,482	341				
Supplies and Materials		510	510	510					
Other Objects	23,575	3,642	27,217	16,209	11,008				
Total Undist. Expend. - Instructional Staff Training Serv.	119,783	5,357	125,140	113,702	11,438				

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2017									
	Original Budget	Transfers/Adjustments	Final Budget	16-17 Actual	Variance Final to Actual				
Undist. Expend. - Supp. Serv. - General Administration									
Salaries	257,239	22,910	280,149	255,473	24,676				
Legal Services	55,000		55,000	52,798	2,202				
Audit Fees	32,150	1,700	33,850	26,200	7,650				
Architectural/Engineering Services		70,373	70,373	45,137	25,236				
Other Purchased Professional Services	56,000	24,128	80,128	15,905	64,223				
Purchased Technical Services	74,135	(21,527)	52,608	16,609	35,999				
Other Purch Prof. and Tech. Services									
Communications/Telephone	87,605	1,035	88,640	72,562	16,078				
BOE Other Purchased Services	4,300		4,300	2,376	1,924				
Miscellaneous Purchased Services (400-500) [Other than 530 & 585]	87,986	841	88,827	76,861	11,966				
General Supplies	13,200	941	14,141	4,865	9,276				
BOE Training/Meeting Supplies	900	25	925	132	793				
Judgments Against the School District	25,000	20,000	45,000	9,136	35,864				
Miscellaneous Expenditures	14,000	450	14,450	9,939	4,511				
BOE Membership Dues/Fees	14,250		14,250	13,796	454				
Total Undist. Expend. - Supp. Serv. - General Administration	721,765	120,876	842,641	601,789	240,852				
Undist. Expend. - Support Serv. - School Administration									
Salaries of Principals/Assistant Principals	365,939		365,939	365,015	924				
Salaries of Other Professional Staff	118,585	1,100	119,685	119,685					
Salaries of Secretarial and Clerical Assistants	406,451	(1,100)	405,351	383,558	21,793				
Other Salaries	8,884		8,884	8,312	572				
Purchased Professional and Technical Services	7,731		7,731	767	6,964				
Other Purchased Services (400-500 series)	3,925		3,925	3,545	380				
Supplies and Materials	19,637	790	20,427	15,621	4,806				
Other Objects	9,813	(1,675)	8,138	6,590	1,548				
Total Undist. Expend. - Support Serv. - School Administration	940,965	(885)	940,080	903,093	36,987				
Undistributed Expenditures Central Services									
Salaries	335,270		335,270	322,634	12,636				
Purchased Technical Service	11,250	(4,000)	7,250	1,483	5,767				
Misc. Purchased Serv. (400-500) O/T 594	21,350	500	21,850	19,862	1,988				
Supplies and Materials	10,000	2,267	12,267	8,108	4,159				
Miscellaneous Expenditures	5,250		5,250	3,803	1,447				
Total Undistributed Expenditures Central Services	383,120	(1,233)	381,887	355,890	25,997				

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
Undistributed Expenditures Admin Info Tech						
Salaries	72,659		72,659	72,475	184	
Purchased Technical Services	33,531	26,683	60,214	24,569	35,645	
Other Purchased Services (400-500 series)	650	8,160	8,810	1,249	7,561	
Supplies and Materials	20,000		20,000	4,908	15,092	
Other Objects	750		750	209	541	
Total Undistributed Expenditures Admin Info Tech	127,590	34,843	162,433	103,410	59,023	
Undist. Expend. - Required Maint. for School Facilities						
Cleaning, Repair and Maintenance Services	375,943	72,552	448,495	379,367	69,128	
General Supplies	238,750	(42,673)	196,077	134,241	61,836	
Other Objects	1,425		1,425		1,425	
Total Undist. Expend. - Required Maint. for School Facilities	616,118	29,879	645,997	513,608	132,389	
Undist. Expend. - Custodial Services						
Salaries	28,600		28,600	7,209	21,391	
Salaries of Non-Instructional Aides	74,000		74,000	50,616	23,384	
Purchased Professional and Technical Services	29,587		29,587	2,390	27,197	
Cleaning, Repair and Maintenance Services	717,706	(42,248)	675,458	670,529	4,929	
Other Purchased Property Services	49,500	1,701	51,201	44,717	6,484	
Insurance	83,437	(5,029)	78,408	73,793	4,615	
General Supplies	49,300	8,906	58,206	35,758	22,448	
Energy (Natural Gas)	208,900	10,048	218,948	148,435	70,513	
Energy (Electricity)	338,484	17,538	356,022	258,978	97,044	
Other Objects	1,000		1,000	182	818	
Total Undist. Expend. - Custodial Services	1,580,514	(9,084)	1,571,430	1,292,607	278,823	
Undist. Expend. - Care & Upkeep of Grounds						
Purchased Professional and Technical Services	114,339	750	115,089	112,331	2,758	
Cleaning, Repair and Maintenance Services	10,000	(8,000)	2,000	746	1,254	
General Supplies	19,000	(7,981)	11,019	9,101	1,918	
Total Undist. Expend. - Care & Upkeep of Grounds	143,339	(15,231)	128,108	122,178	5,930	
Undist. Expend. - Security						
Salaries	16,400	(844)	15,556		15,556	
Purchased Professional and Technical Services	30,000	(1,531)	28,469	1,875	26,594	
Repair and Maintenance	9,000	406	9,406	1,193	8,213	
General Supplies	18,000	31,214	49,214	2,672	46,542	
Total Undist. Expend. - Security	73,400	29,245	102,645	5,740	96,905	
Total Undist. Expend-Oper & Maint of Plant Services	2,413,371	34,809	2,448,180	1,934,133	514,047	

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2017									
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual				
Undist. Expend. - Student Transportation Services									
Contracted Services (Between Home & School)-Vendors	1,081,257	(22,000)	1,059,257	774,634	284,623				
Contract Services (Other than Between Home & School)-Vendors	53,450	10,629	64,079	37,275	26,804				
Contracted Services (Between Home & School)-Joint Agreements	254,000	16,915	270,915	153,034	117,881				
Contracted Services (Special Ed. Students)-Vendors	491,238	(5,765)	485,473	435,933	49,540				
Contracted Services (Special Ed. Students)-Joint Agreements	34,539		34,539	9,675	24,864				
Contracted Services (Special Ed. Students)-ESCs & CTSAs	468,490	21,154	489,644	454,058	35,586				
Misc. Purchased Services-Transportation	4,500		4,500	3,130	1,370				
Transportation Supplies	4,500		4,500	4,500					
Total Undist. Expend. - Student Transportation Services	2,391,974	20,933	2,412,907	1,872,239	540,668				
UNALLOCATED BENEFITS									
Social Security Contributions	308,000	5,147	313,147	275,194	37,953				
Other Retirement Contributions-PERS	281,833	44,932	326,765	325,381	1,384				
Unemployment Compensation	55,000	5,618	60,618	60,618					
Workmen's Compensation	142,553	147	142,700	142,700					
Health Benefits	4,260,380	(34,651)	4,225,729	3,526,098	699,631				
Tuition Reimbursement	103,000	103,117	206,117	133,327	72,790				
Other Employee Benefits	78,700	90,000	168,700	94,737	73,963				
TOTAL UNALLOCATED BENEFITS	5,229,466	214,310	5,443,776	4,558,055	885,721				
ON-BEHALF CONTRIBUTIONS									
On-behalf TPAF NCGI Premium (non-budgeted)				38,915	(38,915)				
On-behalf TPAF Post-Retirement Medical (non-budgeted)				929,918	(929,918)				
On-behalf TPAF Premium				1,074,030	(1,074,030)				
Reimbursed TPAF Social Security Contributions (non-budgeted)				826,580	(826,580)				
TOTAL ON-BEHALF CONTRIBUTIONS				2,869,443	(2,869,443)				
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	5,229,466	214,310	5,443,776	7,427,498	(1,983,722)				
TOTAL UNDISTRIBUTED EXPENDITURES	17,288,307	753,267	18,041,574	17,785,848	255,726				
TOTAL GENERAL CURRENT EXPENSE	28,387,226	1,644,971	30,032,197	27,717,948	2,314,249				

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment:						
Undist. Expend.-Grades 6-8		6,600	6,600	5,482	1,118	
Undist. Expend.-Instruction	27,580		27,580	22,418	5,162	
Undist. Expend.-Admin Info Tech.		4,500	4,500	4,446	54	
Undist. Expend.-Require Maint. For School Fac.	30,000	(4,500)	25,500	23,397	2,103	
Undist. Expend.-District Tech.		64,029	64,029		64,029	
Total Equipment	57,580	70,629	128,209	55,743	72,466	
Facilities Acquisition and Construction Services						
Architectural/Engineering Services	7,000	5,493	12,493	2,835	9,658	
Other Purchased Professional and Technical Services	72,350	(5,765)	66,585	5,629	60,956	
Construction Services	25,000	24,252	49,252	21,752	27,500	
Supplies & Materials	17,762		17,762	17,762		
Assessment for Debt Service SDA Funding						
Total Facilities Acquisition and Construction Services	122,112	23,980	146,092	47,978	98,114	
Assets Acquired Under Capital Leases (non-budgeted)						
Undistributed Expenditures						
Instructional Equipment				127,843	(127,843)	
TOTAL CAPITAL OUTLAY	179,692	94,609	274,301	231,564	42,737	
TOTAL EXPENDITURES	28,566,918	1,739,580	30,306,498	27,949,512	2,356,986	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,839,866)	(1,739,580)	(4,579,446)	1,300,280	5,879,726	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Transfers/ Adjustments	Final Budget	16-17 Actual	Variance Final to Actual	
Other Financing Sources/(Uses):						
Operating Transfer In (Out):						
Capital Leases (non-budgeted)	(710,000)	(100,950)	(810,950)	127,843	127,843	
Transfer to Capital Project Fund				(470,511)	340,439	
Total Other Financing Sources/(Uses):	(710,000)	(100,950)	(810,950)	(342,668)	468,282	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,549,866)	(1,840,530)	(5,390,396)	957,612	6,348,008	
Fund Balance, July 1	12,740,633		12,740,633	12,740,633		
Fund Balance, June 30	9,190,767	(1,840,530)	7,350,237	13,698,245	6,348,008	
Reconciliation:						
Adjustment for prior years encumbrances		(1,840,530)	(1,840,530)	(1,840,530)	900,768	
Transfer to Capital Reserve				900,768	177,500	
Transfer to Maintenance Reserve				66,867	66,867	
Transfer to Impact Aid Reserve				(470,511)	239,489	
Withdrawal from Capital Reserve Principal	(710,000)		(710,000)	(188,750)		
Withdrawal from Maintenance Reserve Principal	(188,750)		(188,750)	2,312,268	4,963,384	
Budgeted Fund Balances	(2,651,116)		(2,651,116)			
Total	(3,549,866)	(1,840,530)	(5,390,396)	957,612	6,348,008	
Recapitulation:						
Restricted Fund Balance:						
Capital Reserve				3,227,440		
Maintenance Reserve				1,623,166		
Emergency Reserve				250,000		
Impact Aid				103,514		
Excess Surplus - Designated for Subsequent Year's Expenditures				2,700,553		
Excess Surplus - Current Year				2,931,401		
Assigned Fund Balance:						
Year-End Encumbrances				1,756,404		
Designated for Subsequent Year's Expenditures-Fund Balance Appropriated				227,446		
Unassigned Fund Balance				878,321		
Total				13,698,245		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(353,097)		
Fund Balance per Governmental Funds (GAAP)				13,345,148		

**Tinton Falls School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		13,120	13,120	13,120	
State Sources	141,627	22,743	164,370	164,370	
Federal Sources	568,780	207,377	776,157	776,157	
Total Revenues	710,407	243,240	953,647	953,647	
EXPENDITURES:					
Instruction:					
Salaries of Teachers		114,704	114,704	114,704	
Salaries of Other Professional Staff					
Other Salaries for Instruction					
Purchased Professional - Educational Services		(28,695)	71,750	71,750	
Purchased Professional and Technical Services	100,445	13,120	13,120	13,120	
Other Purchased Services (400-500 series)		6,895	6,895	6,895	
General Supplies	37,663	(15,973)	21,690	21,690	
Textbooks					
Other Objects					
Total Instruction	138,108	90,051	228,159	228,159	
Support Services:					
Salaries		15,483	15,483	15,483	
Personal Services - Employee Benefits		27,045	27,045	27,045	
Purchased Professional & Technical Services		10,814	10,814	10,814	
Purchased Professional - Educational Services	103,964	101,306	205,270	205,270	
Purchased Technical Services					
Other Purchased Services (400-500 series)	468,335	(2,731)	465,604	465,604	
Supplies & Materials		1,272	1,272	1,272	
Other Objects					
Total Support Services	572,299	153,189	725,488	725,488	
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	710,407	243,240	953,647	953,647	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**Tinton Falls School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2017**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	29,249,792	953,647
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		NONE	NONE
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		351,420	
State aid payment recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(353,097)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	29,248,115	953,647
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	27,949,512	953,647
Differences - budget to GAAP		NONE	NONE
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	27,949,512	953,647

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Tinton Falls School District
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0289584800%	0.0291305962%	0.0289024950%
District's proportionate share of the net pension liability (asset)	8,576,671.00 \$	6,539,235 \$	5,411,338 \$
District's covered payroll - PERS	1,841,746.00 \$	1,944,818 \$	1,982,147 \$
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	465.68%	336.24%	273.00%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	47.93%	52.08%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Tinton Falls School District
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 257,263.00	\$ 250,445.00	\$ 238,268.00
Contributions in relation to the contractually required contribution	<u>\$ (257,263.00)</u>	<u>\$ (250,445.00)</u>	<u>\$ (238,268.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 1,841,746	\$ 1,944,818	\$ 1,982,147
Contributions as a percentage of covered payroll	13.97%	12.88%	12.02%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Tinton Falls School District
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Districts proportion of the net pension liability (asset)	0.0101404953%	0.1071318514%	0.1084254465%
District's proportionate share of the net pension liability (asset)	\$ 79,771,592	\$ 67,711,905	\$ 57,949,872
District's covered payroll - TPAF	\$ 10,713,027	\$ 9,781,169	\$ 9,802,382
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	744.62%	692.27%	591.18%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Tinton Falls School District
Note to Required Schedules of Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

Tinton Falls School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1a)	Title I, Part A 2016-17	Title II, Part A 2016-17	Title III 2016-17	Totals 2017
REVENUES					
Local Sources	13,120				13,120
State Sources	164,370				164,370
Federal Sources	597,495	140,092	31,584	6,986	776,157
Total Revenues	774,985	140,092	31,584	6,986	953,647
EXPENDITURES:					
Instruction:					
Salaries of Teachers	11,971	97,564		5,169	114,704
Salaries of Other Professional Staff					
Other Salaries for Instruction					
Purchased Professional - Educational Services	71,750				71,750
Purchased Professional and Technical Services	13,120				13,120
Other Purchased Services (400-500 series)				1,817	6,895
General Supplies	5,078				5,078
Textbooks	21,690				21,690
Other Objects					
Total Instruction	123,609	97,564		6,986	228,159
Support Services:					
Salaries		15,483			15,483
Personal Services - Employee Benefits		27,045			27,045
Purchased Professional & Technical Services	10,814				10,814
Purchased Professional - Educational Services	173,979		31,291		205,270
Purchased Technical Services					
Other Purchased Services (400-500 series)	465,604				465,604
Supplies & Materials	979		293		1,272
Other Objects					
Total Support Services	651,376	42,528	31,584		725,488
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	774,985	140,092	31,584	6,986	953,647
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

Tinton Falls School District
Special Revenue Fund
Combing Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1b)	IDEA Part B, Basic 2015-16	IDEA Preschool 2015-16	Non-Public ESL	Non-Public Security	Total Carried Forward
REVENUES						
Local Sources	13,120					13,120
State Sources	126,351			822	37,197	164,370
Federal Sources	-	585,547	11,948			597,495
Total Revenues	139,471	585,547	11,948	822	37,197	774,985
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	23	11,948			11,971
Salaries of Other Professional Staff	-					-
Other Salaries for Instruction	-	71,750				71,750
Purchased Professional - Educational Services	13,120					13,120
Purchased Professional and Technical Services	-					-
Other Purchased Services (400-500 series)	-	5,078				5,078
General Supplies	21,690					21,690
Textbooks	-					-
Other Objects	-					-
Total Instruction	34,810	76,851	11,948	-	-	123,609
Support services:						
Salaries	-					-
Personal Services - Employee Benefits	-					-
Purchased Professional & Technical Services	10,814					10,814
Purchased Professional - Educational Services	93,847	42,113		822	37,197	173,979
Purchased Technical Services	-					-
Other Purchased Services (400-500 series)	-	465,604				465,604
Supplies & Materials	-	979				979
Other Objects	-					-
Total Support Services	104,661	508,696	-	822	37,197	651,376
Facilities Acquisition and Const. Serv.:						
Instructional Equipment	-					-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-
Total Expenditures	139,471	585,547	11,948	822	37,197	774,985
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

Tinton Falls School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2017

	Ch. 193 - Handicapped Services							
	Nonpublic Technology Aid	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Local Sources	Total Carried Forward
REVENUES								
Local Sources	10,814	21,690	36,782	30,796	12,104	14,165	13,120	13,120
State Sources								126,351
Federal Sources								-
Total Revenues	10,814	21,690	36,782	30,796	12,104	14,165	13,120	139,471
EXPENDITURES:								
Instruction:								
Salaries of Teachers								-
Salaries of Other Professional Staff								-
Other Salaries for Instruction								-
Purchased Professional - Educational Services								-
Purchased Professional and Technical Services							13,120	13,120
Other Purchased Services (400-500 series)								-
General Supplies		21,690						21,690
Textbooks								-
Other Objects								-
Total Instruction	-	21,690	-	-	-	-	13,120	34,810
Support Services:								
Salaries								-
Personal Services - Employee Benefits								-
Purchased Professional & Technical Services	10,814							10,814
Purchased Professional - Educational Services			36,782	30,796	12,104	14,165		93,847
Purchased Technical Services								-
Other Purchased Services (400-500 series)								-
Supplies & Materials								-
Other Objects								-
Total Support Services	10,814	-	36,782	30,796	12,104	14,165	-	104,661
Facilities Acquisition and Const. Serv.:								
Instructional Equipment								-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-	-	-
Total Expenditures	10,814	21,690	36,782	30,796	12,104	14,165	13,120	139,471
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

CAPITAL PROJECTS FUND

**Tinton Falls School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2017**

Revenues and Other Financing Sources

State Sources - SCC Grant	\$	
Bond proceeds and transfers		
Interest on Investments		8,753
Transfer from capital reserve		470,511
Transfer from capital outlay		
Total revenues		479,264

Expenditures and Other Financing Uses

Purchased professional and technical services		33,930
Land and Improvements		
Construction Services		436,581
Equipment Purchases		
Total expenditures		470,511
Excess (deficiency) of revenues over (under) expenditures		8,753
Transfers out to Debt Service		(8,753)
Fund balance - beginning		3,357,463
Fund balance - ending	\$	3,357,463

Recapitulation:

Unrestricted Fund Balance		3,263,045
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(1,259,894)
Fund Balance per Governmental Funds (GAAP)		2,003,151

**Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Mahala F. Atchison Elementary School
For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,603,200	\$ -	\$ 1,603,200	\$ 1,603,200
Bond proceeds and transfers	1,627,000	-	1,627,000	1,627,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	778,862	-	778,862	778,862
Transfer from capital outlay	-	-	-	-
Total revenues	<u>4,009,062</u>	<u>-</u>	<u>4,009,062</u>	<u>4,009,062</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	151,408	-	151,408	151,408
Land and Improvements	-	-	-	-
Construction Services	2,533,650	-	2,533,650	2,533,650
Equipment purchases	-	-	-	-
Total expenditures	<u>2,685,058</u>	<u>-</u>	<u>2,685,058</u>	<u>2,685,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,324,004</u>	<u>\$ -</u>	<u>\$ 1,324,004</u>	<u>\$ 1,324,004</u>

Additional project information:

Project Number	5185-030-10-1001
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,627,635
Bonds Issued	\$1,627,000
Original Authorized Cost	\$4,008,000
Revised Authorized Cost	\$4,009,062
Percentage Increase over Original Authorized Cost	0.03%
Percentage completion	66.97%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Swimming River Elementary School
For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,406,720	\$ -	\$ 1,406,720	\$ 1,406,720
Bond proceeds and transfers	1,336,480	-	1,336,480	1,336,480
Contribution from private source	-	-	-	-
Transfer from capital reserve	789,325	-	789,325	789,325
Transfer from capital outlay	-	-	-	-
Total revenues	<u>3,532,525</u>	<u>-</u>	<u>3,532,525</u>	<u>3,532,525</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	139,027	-	139,027	139,027
Land and Improvements	-	-	-	-
Construction Services	2,703,619	-	2,703,619	2,703,619
Equipment purchases	-	-	-	-
Total expenditures	<u>2,842,646</u>	<u>-</u>	<u>2,842,646</u>	<u>2,842,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 689,879</u>	<u>\$ -</u>	<u>\$ 689,879</u>	<u>\$ 689,879</u>

Additional project information:

Project Number	5185-050-10-1002
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,336,780
Bonds Issued	\$1,336,480
Original Authorized Cost	\$3,516,800
Revised Authorized Cost	\$3,532,525
Percentage Increase over Original Authorized Cost	0.45%
Percentage completion	80.47%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Swimming River Elementary School
For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 360,880	\$ -	\$ 360,880	\$ 360,880
Bond proceeds and transfers	541,320	-	541,320	541,320
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>902,200</u>	<u>-</u>	<u>902,200</u>	<u>902,200</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	50,654	-	50,654	50,654
Land and Improvements	-	-	-	-
Construction Services	501,178	-	501,178	501,178
Equipment purchases	-	-	-	-
Total expenditures	<u>551,832</u>	<u>-</u>	<u>551,832</u>	<u>551,832</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 210,220</u>	<u>\$ -</u>	<u>\$ 350,368</u>	<u>\$ 350,368</u>

Additional project information:

Project Number	5185-050-10-1005
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$541,320
Bonds Issued	\$541,320
Original Authorized Cost	\$902,200
Revised Authorized Cost	\$902,200
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	61.17%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Tinton Falls Middle School
For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 728,000	\$ -	\$ 728,000	\$ 728,000
Bond proceeds and transfers	1,061,200	-	1,061,200	1,061,200
Contribution from private source	-	-	-	-
Transfer from capital reserve	68,854	-	68,854	68,854
Transfer from capital outlay	-	-	-	-
Total revenues	<u>1,858,054</u>	<u>-</u>	<u>1,858,054</u>	<u>1,858,054</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	72,518	-	72,518	72,518
Land and Improvements	-	-	-	-
Construction Services	1,358,477	-	1,358,477	1,358,477
Equipment purchases	-	-	-	-
Total expenditures	<u>1,430,995</u>	<u>-</u>	<u>1,430,995</u>	<u>1,430,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 427,059</u>	<u>\$ -</u>	<u>\$ 427,059</u>	<u>\$ 427,059</u>

Additional project information:

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$1,061,200
Bonds Issued	\$1,061,200
Original Authorized Cost	\$1,820,000
Revised Authorized Cost	\$1,858,054
Percentage Increase over Original Authorized Cost	2.09%
Percentage completion	77.02%
Original target completion date	N/A
Revised target completion date	6/30/2013

**Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Improvements to Administration Building
For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	202,000		202,000	202,000
Contribution from private source	-	-	-	-
Transfer from capital reserve	137,500		137,500	137,500
Transfer from capital outlay	-	-	-	-
Total revenues	<u>339,500</u>	<u>-</u>	<u>339,500</u>	<u>339,500</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	13,987		13,987	13,987
Land and Improvements	-	-	-	-
Construction Services	267,041		267,041	267,041
Equipment purchases	-	-	-	-
Total expenditures	<u>281,028</u>	<u>-</u>	<u>281,028</u>	<u>281,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 58,472</u>	<u>\$ -</u>	<u>\$ 58,472</u>	<u>\$ 58,472</u>

Additional project information:

Project Number	5185-070-10-1003
Grant Date	9/2/2010
Bond Authorization Date	2/1/2011
Bonds Authorized	\$202,000
Bonds Issued	\$202,000
Original Authorized Cost	\$339,500
Revised Authorized Cost	\$339,500
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	82.78%
Original target completion date	N/A
Revised target completion date	6/30/2013

Tinton Falls School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Security Upgrades to Mahala F. Atchison Elementary School
 For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 80,000	\$ -	\$ 80,000	\$ 80,000
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	120,000		120,000	120,000
Transfer from capital outlay	-	-	-	-
Total revenues	200,000	-	200,000	200,000
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	-
Land and Improvements	-	-	-	-
Construction Services	56,846		56,846	56,846
Equipment purchases	-	-	-	-
Total expenditures	56,846	-	56,846	56,846
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 143,154	\$ 143,154

Additional project information:

Project Number	5185-030-14-G2DY
Grant Date	2014
Original Authorized Cost	\$200,000
Revised Authorized Cost	\$200,000

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Security Upgrades to Swimming River Elementary School
For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 76,000	\$ -	\$ 76,000	\$ 76,000
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	114,000		114,000	114,000
Transfer from capital outlay	-	-	-	-
Total revenues	190,000	-	190,000	190,000
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	-
Land and Improvements	-	-	-	-
Construction Services	50,536		50,536	50,536
Equipment purchases	-	-	-	-
Total expenditures	50,536	-	50,536	50,536
Excess (deficiency) of revenues over (under) expenditures	\$ 58,472	\$ -	\$ 139,464	\$ 139,464

Additional project information:

Project Number	5185-050-14-G2DZ
Grant Date	2014
Original Authorized Cost	\$190,000
Revised Authorized Cost	\$190,000

**Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Security Upgrades to Tinton Falls Middle School
For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 80,000	\$ -	\$ 80,000	\$ 80,000
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	120,000	-	120,000	120,000
Transfer from capital outlay	-	-	-	-
Total revenues	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	-	-	-	-
Land and Improvements	-	-	-	-
Construction Services	69,355	-	69,355	69,355
Equipment purchases	-	-	-	-
Total expenditures	<u>69,355</u>	<u>-</u>	<u>69,355</u>	<u>69,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,645</u>	<u>\$ 130,645</u>

Additional project information:

Project Number	5185-070-14-G2EA
Grant Date	2014
Original Authorized Cost	\$200,000
Revised Authorized Cost	\$200,000

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Various Capital Projects
For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	753,423	-	753,423	753,423
Transfer from capital outlay	-	-	-	-
Total revenues	<u>753,423</u>	<u>-</u>	<u>753,423</u>	<u>753,423</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	65,574	-	65,574	65,574
Land and Improvements	-	-	-	-
Construction Services	504,096	-	504,096	504,096
Equipment purchases	183,753	-	183,753	183,753
Total expenditures	<u>753,423</u>	<u>-</u>	<u>753,423</u>	<u>753,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Various Capital Projects
For the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve		470,511	470,511	470,511
Transfer from capital outlay	-	-	-	-
Total revenues	<u>-</u>	<u>470,511</u>	<u>470,511</u>	<u>470,511</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		33,930	33,930	33,930
Land and Improvements	-	-	-	-
Construction Services		436,581	436,581	436,581
Equipment purchases	-	-	-	-
Total expenditures	<u>-</u>	<u>470,511</u>	<u>470,511</u>	<u>470,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PROPRIETARY FUNDS

Tinton Falls School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	135,879	776,682	588,096	1,500,657
Accounts Receivable:				
State	893			893
Federal	31,852			31,852
Interfund-Accounts Receivable	27,387			27,387
Inventory	4,000			4,000
Total Current Assets	<u>200,011</u>	<u>776,682</u>	<u>588,096</u>	<u>1,564,789</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	31,316			31,316
Less Accumulated Depreciation	(27,141)			(27,141)
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,175</u>	<u>-</u>	<u>-</u>	<u>4,175</u>
Total Assets	<u>204,186</u>	<u>776,682</u>	<u>588,096</u>	<u>1,568,964</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	17,893	783		18,676
Deferred Revenue	18,199			18,199
Total Current Liabilities	<u>36,092</u>	<u>783</u>	<u>-</u>	<u>36,875</u>
Total Liabilities	<u>36,092</u>	<u>783</u>	<u>-</u>	<u>36,875</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	4,175			4,175
Unrestricted	163,919	775,899	588,096	1,527,914
Total Net Position	<u>168,094</u>	<u>775,899</u>	<u>588,096</u>	<u>1,532,089</u>
	-	-	-	

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

	Food Service Program	Time + Program	Kindergarten Enrichment Program	Totals
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	194,392			194,392
Daily Sales - Non-Reimbursable Programs	85,441			85,441
Miscellaneous	3,184	245,272		248,456
Total Operating Revenues	<u>283,017</u>	<u>245,272</u>	<u>-</u>	<u>528,289</u>
Operating Expenses:				
Cost of Food - Reimbursable	128,909			128,909
Cost of Food - Non-Reimbursable	22,749			22,749
Cost of Sales - Other	109,020			109,020
Labor	191,415	118,462		309,877
Supplies and Materials	11,040	4,163		15,203
Employee Benefits	12,450	10,000		22,450
Miscellaneous Expense	161			161
Depreciation	1,044			1,044
Total Operating Expenses	<u>476,788</u>	<u>132,625</u>	<u>-</u>	<u>609,413</u>
Operating Income (Loss)	(193,771)	112,647	-	(81,124)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,130			5,130
Federal Sources:				
National School Lunch Program	144,903			144,903
National School Breakfast Program	21,006			21,006
Food Distribution Program	39,086			39,086
Total Non-operating Revenues (Expenses)	<u>210,125</u>	<u>-</u>	<u>-</u>	<u>210,125</u>
Income (Loss) Before Contributions & Transfers	16,354	112,647	-	129,001
Transfers In (Out)				-
Change in Net Position	<u>16,354</u>	<u>112,647</u>	<u>-</u>	<u>129,001</u>
Total Net Position - Beginning	<u>151,740</u>	<u>663,252</u>	<u>588,096</u>	<u>1,403,088</u>
Total Net Position—Ending	<u><u>168,094</u></u>	<u><u>775,899</u></u>	<u><u>588,096</u></u>	<u><u>1,532,089</u></u>

Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	290,108	245,272		535,380
Payments to employees		(118,462)		(118,462)
Payments to Food Service Management Company	(523,795)	(15,442)		(539,237)
Net Cash Provided by (Used for) Operating Activities	<u>(233,687)</u>	<u>111,368</u>	<u>-</u>	<u>(122,319)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	4,655			4,655
Federal Sources	182,823			182,823
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>187,478</u>	<u>-</u>	<u>-</u>	<u>187,478</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(46,209)	111,368	-	65,159
Balances—Beginning of Year	182,088	665,314	588,096	1,435,498
Balances—End of Year	<u>135,879</u>	<u>776,682</u>	<u>588,096</u>	<u>1,500,657</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(193,771)	112,647	-	(81,124)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:				
Depreciation	1,044			1,044
Increase (Decrease) in Deferred Revenue	7,091			7,091
(Increase) Decrease in Inventory	(430)			(430)
Increase (Decrease) in Accounts Payable	(47,621)	(1,279)		(48,900)
Total Adjustments	<u>(39,916)</u>	<u>(1,279)</u>	<u>-</u>	<u>(41,195)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(233,687)</u>	<u>111,368</u>	<u>-</u>	<u>(122,319)</u>

FIDUCIARY FUND

Tinton Falls School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	79,370
Total assets	<u>79,370</u>
LIABILITIES	
Payable to student groups	42,590
Payroll deductions and withholdings	36,780
Total liabilities	<u>79,370</u>
NET POSITION	<u><u>-</u></u>

**Tinton Falls School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

N/A

**Tinton Falls School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
ELEMENTARY SCHOOLS:				
Atchinson	22,375	2,213	2,277	22,311
Swimming River	8,952	1,808	1,915	8,845
Tinton Falls	12,862	20,428	21,856	11,434
Tinton Falls Athletic Fund	-	11,386	11,386	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>44,189</u>	<u>35,835</u>	<u>37,434</u>	<u>42,590</u>

**Tinton Falls School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll	42,539	9,369,625	9,411,931	233
Payroll Deductions and Withholdings	114,641	7,665,393	7,743,487	36,547
	<u>157,180</u>	<u>17,035,018</u>	<u>17,155,418</u>	<u>36,780</u>

LONG-TERM DEBT

**Tinton Falls School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2017**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance	
						July 1, 2016	June 30, 2017
School Refunding Bonds of 2004	7/15/2004	\$ 13,295,000	10/15/2016	870,000	5.000%	870,000	
							870,000
School Refunding Bonds of 2011	7/7/2011	\$ 2,150,000	3/15/2018	255,000	5.000%		
			3/15/2019	265,000	5.000%		
			3/15/2020	270,000	5.000%		
			3/15/2021	270,000	5.000%		
			3/15/2022	265,000	3.250%		
						1,565,000	240,000
							1,325,000

**Tinton Falls School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2017**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
School Bonds of 2011	2/1/2011	\$ 4,768,000	3/15/2018	205,000	3.000%			
			3/15/2019	210,000	3.000%			
			3/15/2020	220,000	3.250%			
			3/15/2021	225,000	3.250%			
			3/15/2022	240,000	3.500%			
			3/15/2023	245,000	4.000%			
			3/15/2024	255,000	4.000%			
			3/15/2025	265,000	4.000%			
			3/15/2026	275,000	4.000%			
			3/15/2027	285,000	4.000%			
			3/15/2028	300,000	4.125%			
			3/15/2029	310,000	4.250%			
			3/15/2030	325,000	4.250%			
			3/15/2031	328,000	4.250%			
						3,883,000	195,000	3,688,000
						<u>6,318,000</u>	<u>1,305,000</u>	<u>5,013,000</u>

Exhibit I-2

**Tinton Falls School District
 General Long Term Debt Account Group
 Statement of Obligations under Capital Leases
 June 30, 2017**

SERIES	Amount Outstanding on July 1, 2016	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2017
Xerox Copiers	54,575	127,843	67,360	115,058
TOTAL	54,575	127,843	67,360	115,058

**Tinton Falls School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,510,456	-	1,510,456	1,510,456	-
State Sources:					
Debt Service Aid Type II	31,107	-	31,107	31,107	-
Miscellaneous Revenue	-	-	-	-	-
Total Revenues	1,541,563	-	1,541,563	1,541,563	-
EXPENDITURES:					
Regular Debt Service:					
Interest	240,428	-	240,428	240,428	-
Redemption of Principal	1,305,000	-	1,305,000	1,305,000	-
Total Regular Debt Service	1,545,428	-	1,545,428	1,545,428	-
Total expenditures	1,545,428	-	1,545,428	1,545,428	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,865)	-	(3,865)	(3,865)	-
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund	-	-	-	8,753	8,753
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(3,865)	-	(3,865)	4,888	8,753
Fund Balance, July 1	9,061	-	9,061	9,061	-
Fund Balance, June 30	5,196	-	5,196	13,949	8,753

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

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- J-16 Full-time Equivalent District Employees by Function/Program
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- J-18 School Building Information*
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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<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 changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	7,547,803	8,362,663	9,983,688	8,045,100	12,239,035	15,185,862	16,413,404	16,993,755	18,149,617	18,402,959
Restricted	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529	9,452,784	10,128,673	10,323,834	11,469,106	12,853,174
Unrestricted	107,311	560,969	110,138	(39,857)	48,971	3,141,906	2,973,257	(2,960,149)	(3,135,586)	(4,007,492)
Total Governmental Activities Net Position	18,662,428	19,542,674	19,773,909	22,671,601	25,677,535	27,780,552	29,515,334	24,357,440	26,483,137	27,248,641
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	9,394	8,350	7,307	6,263	5,219	4,175
Restricted	-	-	-	-	777,445	935,275	1,093,434	1,249,337	1,397,869	1,527,914
Unrestricted	390,501	474,656	580,555	689,404	786,839	943,625	1,100,741	1,255,600	1,403,088	1,532,089
Total Business-type Activities Net Position	390,501	474,656	580,555	689,404	786,839	943,625	1,100,741	1,255,600	1,403,088	1,532,089
District-wide										
Invested in Capital Assets, Net of Related Debt	7,547,803	8,362,663	9,983,688	8,045,100	12,248,429	15,194,212	16,420,711	17,000,018	18,154,836	18,407,134
Restricted	11,007,314	10,619,042	9,680,083	14,666,358	13,389,529	9,452,784	10,128,673	10,323,834	11,469,106	12,853,174
Unrestricted	497,812	1,035,625	690,693	649,547	826,416	4,077,181	4,066,691	(1,710,812)	(1,737,717)	(2,479,578)
Total District Net Position	19,052,929	20,017,330	20,354,464	23,361,005	26,464,374	28,724,177	30,616,075	25,613,040	27,886,225	28,780,730

Source: District Audits

Note: The assigned reserve for encumbrances were included in unrestricted for FY 2013 and 2014, prior to that it was included in the restricted dollar amounts.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction:										
Regular	7,314,967	7,663,566	7,438,363	7,155,788	7,657,700	7,727,613	7,111,079	7,662,108	7,462,267	6,973,674
Special Education	2,366,441	2,462,588	2,059,213	1,869,541	2,268,751	2,163,019	2,245,663	2,646,554	2,508,558	2,721,078
Other Special Instruction	379,837	374,905	317,664	279,564	373,591	406,369	428,882	425,761	369,798	388,129
Other Instruction	113,457	111,262	124,842	112,936	115,722	117,308	123,080	171,835	128,277	131,710
Support Services:										
Tuition	666,895	554,227	544,104	538,468	457,644	540,165	472,421	547,665	664,173	621,870
Student & Instruction Related Services	2,648,756	2,888,643	2,905,887	2,762,055	2,903,659	3,309,953	3,446,431	4,271,609	3,867,661	4,691,414
General Administrative Services	617,402	589,948	582,216	634,441	541,409	532,366	575,136	556,687	560,877	544,547
School Administrative Services	822,457	887,085	908,499	923,854	942,805	908,650	915,384	978,620	922,480	903,093
Central Services & Admin. Info. Technology	329,273	326,551	389,127	384,650	430,472	385,938	360,903	422,291	427,027	459,300
Plant Operations and Maintenance	1,936,764	1,985,540	1,843,435	1,745,891	1,659,335	1,713,986	1,770,799	1,830,685	1,797,717	1,945,615
Pupil Transportation	1,845,817	1,929,737	1,853,934	1,712,608	1,639,865	1,542,468	1,603,811	1,801,115	1,797,081	1,872,239
Business and Other Support Services										
Unallocated Benefits	4,700,705	4,352,444	4,465,189	4,517,516	4,993,625	6,047,880	6,189,116	9,029,891	10,469,011	12,761,445
Capital outlay-undepreciable	194,514		45,688	10,169	12,942	17,762	17,762	17,235	17,762	23,244
Interest on Long-term Debt	683,791	628,340	568,946	569,882	536,127	507,278	441,297	347,834	304,998	235,922
Unallocated Depreciation	705,673	725,378	779,482	813,818	934,218	1,147,000	1,251,235	1,454,699	1,456,741	1,545,998
Total Governmental Activities Expenses	25,326,749	25,480,214	24,828,589	24,031,181	25,467,865	27,067,755	26,952,999	32,164,589	32,754,428	35,819,278
Business-type Activities:										
Food Service	457,132	466,979	457,353	444,806	487,597	452,665	445,823	456,482	480,606	476,788
Time+	159,006	155,410	151,532	167,828	144,880	158,016	145,455	159,142	132,581	132,625
Kindergarten Enrichment Program	95,545	104,650	94,042	89,080	99,501	100,954	93,265	100,055	1,546	
Total Business-type Activities Expenses	711,683	727,039	702,927	701,714	731,978	711,635	684,543	715,679	614,733	609,413
Total District Expenses	26,038,432	26,207,253	25,529,516	24,732,895	26,199,843	27,779,390	27,637,542	32,880,268	33,369,161	36,428,691
Program Revenues										
Governmental Activities:										
Operating and Capital Grants and Contributions	1,758,617	1,890,794	1,508,265	1,459,399	2,691,591	2,520,762	2,640,958	1,792,817	1,336,988	1,843,290
Total Governmental Activities Program Revenues	1,758,617	1,890,794	1,508,265	1,459,399	2,691,591	2,520,762	2,640,958	1,792,817	1,336,988	1,843,290
Business-type Activities:										
Charges for Services:										
Food Service	365,812	362,350	373,031	363,976	346,008	348,374	309,023	283,691	302,980	283,017
Operating Grants and Contributions	95,513	97,248	105,729	114,424	124,028	138,602	153,371	170,779	204,668	210,125
Kindergarten Enrichment	131,349	132,520	154,829	155,968	158,418	157,990	163,015	192,239	10,453	
Time+	199,119	181,697	174,326	174,458	182,109	184,447	243,012	223,829	244,120	245,272
Total Business-type Activities Program Revenues	791,793	773,815	807,915	808,826	810,563	829,413	868,421	870,538	762,221	738,414
Total District Program Revenues	2,550,410	2,664,609	2,316,180	2,268,225	3,502,154	3,350,175	3,509,379	2,663,355	2,099,209	2,581,704

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	(23,568,132)	(23,589,420)	(23,318,324)	(22,571,782)	(22,776,274)	(24,546,993)	(24,312,041)	(30,371,772)	(31,417,440)	(33,975,988)
Business-type Activities	80,110	46,776	104,988	107,112	78,585	117,778	183,878	154,859	147,488	129,001
Total District-wide Net Expense	<u>(23,488,022)</u>	<u>(23,542,644)</u>	<u>(23,213,336)</u>	<u>(22,464,670)</u>	<u>(22,697,689)</u>	<u>(24,429,215)</u>	<u>(24,128,163)</u>	<u>(30,216,913)</u>	<u>(31,269,952)</u>	<u>(33,846,987)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	16,576,450	17,282,133	17,580,444	17,680,228	18,387,437	18,755,185	19,016,660	20,115,792	20,843,321	21,882,943
Taxes Levied for Debt Service	1,745,469	1,781,871	1,723,472	1,527,327	1,535,406	1,880,554	1,827,908	2,008,505	1,967,742	1,510,456
Unrestricted Federal and State Aid	5,330,029	5,563,284	5,146,911	4,134,280	4,201,864	5,065,716	5,541,513	8,092,232	9,469,938	11,127,164
Tuition Received	167,380	134,678	100,582	136,707	34,161	93,011	58,954	197,953	190,185	148,742
Interest on Investments	589,576	430,984	130,048	39,121	26,928	14,410	8,160			
Miscellaneous Income	40,379	111,742	81,683	65,459	51,486	89,999	71,166	102,628	113,901	120,263
Loss on refunding of long-term debt			106,032			54,162				
Capital Asset Adjustment	(18,306)	(167,895)		15,303			5,452		964,736	(48,076)
Gain / (Loss) on Disposal of Assets	(3,795)	(6,171)	(16,977)							
Transfers										
Total Governmental Activities	<u>24,427,182</u>	<u>25,130,626</u>	<u>24,852,195</u>	<u>23,598,425</u>	<u>24,237,282</u>	<u>25,953,037</u>	<u>26,529,813</u>	<u>30,517,110</u>	<u>33,549,823</u>	<u>34,741,492</u>
Business-type Activities:										
Transfers	3,795	6,171	3,279							
Total Business-type Activities	<u>3,795</u>	<u>6,171</u>	<u>3,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-wide	<u>24,430,977</u>	<u>25,136,797</u>	<u>24,855,474</u>	<u>23,598,425</u>	<u>24,237,282</u>	<u>25,953,037</u>	<u>26,529,813</u>	<u>30,517,110</u>	<u>33,549,823</u>	<u>34,741,492</u>
Change in Net Position										
Governmental Activities	859,050	1,541,206	1,533,871	1,026,643	1,461,008	1,406,044	2,217,772	145,338	2,125,697	765,504
Business-type Activities	83,905	52,947	108,267	107,112	78,585	117,778	183,878	154,859	147,488	129,001
Total District	<u>942,955</u>	<u>1,594,153</u>	<u>1,642,138</u>	<u>1,133,755</u>	<u>1,539,593</u>	<u>1,523,822</u>	<u>2,401,650</u>	<u>300,197</u>	<u>2,273,185</u>	<u>894,505</u>

Source: District Audits

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	9,518,854	9,205,113	8,543,862		6,932,087	6,815,872	7,905,907	7,855,568	9,456,894	10,836,074
Unreserved	754,923	1,209,313	475,869		2,530,453	3,055,392	2,985,905	2,193,326	2,470,719	1,983,850
Restricted				5,602,013						
Assigned				2,763,846						
Unassigned				703,474	674,684	741,512	604,776	760,277	461,600	525,224
Total General fund	10,273,777	10,414,426	9,019,731	9,069,333	10,137,234	10,612,776	11,496,588	10,809,171	12,389,213	13,345,148
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Special Revenue Fund										
Capital Projects Fund	1,420,914	1,401,637	1,405,888		3,873,604	2,582,143	2,212,246	2,460,204	2,003,151	2,003,151
Debt Service	67,546	12,292	1,681		53,375	54,769	9,404	8,062	9,061	13,949
Restricted, Reported in:										
Capital Projects Fund				6,296,540						
Debt Service Fund				3,959						
Total All Other Governmental Funds	1,488,460	1,413,929	1,407,569	6,300,499	3,926,979	2,636,912	2,221,650	2,468,266	2,012,212	2,017,100

Source: District Audits

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	19,064,004	19,303,916	19,207,555	19,922,843	20,635,739	20,844,568	21,493,097	22,124,297	22,811,063	23,393,399
Other Local Revenue	677,404	329,309	256,445	195,894	197,420	229,506	188,305	300,581	304,086	289,005
State Sources	6,549,403	5,710,103	4,740,322	5,966,111	6,801,088	7,295,646	6,385,646	6,583,007	6,752,855	7,199,162
Federal Sources	904,675	928,077	838,199	844,025	751,702	795,600	642,468	762,989	693,013	890,512
Total Revenues	27,195,486	26,271,405	25,042,521	26,928,873	28,385,949	29,165,320	28,689,516	29,770,874	30,561,017	31,752,078
Expenditures										
Instruction:										
Regular	7,185,127	7,536,311	7,333,207	7,079,836	7,591,154	7,700,597	7,086,213	7,604,821	7,405,055	6,919,342
Special	2,366,441	2,462,588	2,059,213	1,869,541	2,268,751	2,163,019	2,245,663	2,646,554	2,508,558	2,721,078
Other Special Instruction	379,837	374,905	317,664	279,564	373,591	406,369	428,882	425,761	369,798	388,129
Other Instruction	113,457	111,262	124,842	112,936	115,722	117,308	123,080	171,835	128,277	131,710
Support Services:										
Instruction - Tuition	666,895	554,227	544,104	521,532	443,585	540,165	472,421	547,665	664,173	621,870
Student Related Services	2,906,861	2,909,608	2,980,152	2,785,430	2,883,712	3,309,953	3,446,431	4,271,609	3,867,661	4,691,414
Instructional Staff										
General Administration	616,915	589,948	582,216	634,441	541,409	512,028	545,022	543,026	546,159	601,789
School Administration	822,457	887,085	908,499	923,854	942,805	908,650	915,384	978,620	922,480	903,093
Central Services & Admin. Info. Technology	329,273	326,551	389,127	384,650	430,472	385,938	388,191	449,579	454,315	459,300
Operations and Maintenance	1,934,547	1,940,740	1,841,218	1,738,765	1,648,346	1,749,202	1,758,067	1,820,464	1,785,816	1,934,133
Student Transportation	1,845,817	1,929,737	1,853,934	1,712,608	1,639,865	1,542,468	1,603,811	1,801,115	1,797,081	1,872,239
Business and Other Support Services										
Employee Benefits	4,668,448	4,318,657	4,483,265	4,459,981	5,072,247	6,004,770	6,213,400	6,456,757	6,949,405	7,427,498
Transfer to Charter School					14,060					
Capital Outlay	306,043	405,296	1,234,000	2,443,102	3,095,904	2,900,166	1,121,963	431,166	983,585	702,075
Debt Service:										
Principal	1,200,000	1,200,000	1,210,000	1,270,000	1,345,000	1,360,000	1,415,000	1,675,000	1,710,000	1,305,000
Interest and Other Charges	694,175	641,395	582,135	521,165	575,123	521,103	455,703	387,703	309,402	240,428
Total Governmental Fund Expenditures	26,036,293	26,188,310	26,443,576	26,737,405	28,981,746	30,121,736	28,219,231	30,211,675	30,401,765	30,919,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,159,193	83,095	(1,401,055)	191,468	(595,797)	(956,416)	470,285	(440,801)	159,252	832,980
Other Financing Sources (Uses)										
Cancelled Receivable's from State										
Operating Transfers In	10,757	(16,977)	533,184	1,926,678	5,004	10,659	59,972	357,865	(94,418)	479,264
Operating Transfers Out	(16,928)		(533,184)	(1,943,614)	(5,004)	(5,207)	(61,707)	(357,865)	1,426,984	(479,264)
Proceeds from Borrowing				4,768,000	34,014				(367,830)	
Payment to refunding escrow					(743,836)					
Capital Leases (non-budgeted)						136,439				127,843
Total Other Financing Sources (Uses)	(6,171)	(16,977)	66,118	4,751,064	(709,822)	141,891	(1,795)		964,736	127,843
Net Changes in Fund Balance	1,153,022	66,118	(1,401,055)	4,942,532	(1,305,619)	(814,525)	468,550	(440,801)	1,123,988	960,823
Debt Service as a percentage of noncapital expenditures	7.36%	7.14%	7.11%	7.37%	7.42%	6.91%	6.90%	6.93%	6.86%	5.11%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	134,678	420,227	77,663	632,568
2009	100,582	130,048	98,679	329,309
2010	136,707	38,975	65,459	241,141
2011	34,161	24,015	51,486	109,662
2012	93,011	9,406	56,311	158,728
2013	58,984	8,160	65,930	133,074
2014	72,534		62,121	134,655
2015	197,953	7,565	95,063	300,581
2016	190,185	16,527	52,353	259,065
2017	148,742	35,141	63,249	247,132

Source: District records.

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

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	41,155,900	930,617,300	2,938,700	198,100	191,731,300	15,274,600	97,242,400	1,279,158,300	0	1,444,988	1,280,603,288	1.447	2,985,510,952
2008	119,373,500	2,097,157,300	6,307,800	239,200	439,797,200	36,222,500	219,667,600	2,918,765,100	0	3,722,499	2,922,487,599	0.644	3,277,610,613
R 2009	96,684,100	2,096,852,400	6,307,800	239,200	520,712,800	38,601,400	242,240,100	3,001,637,800	0	4,276,318	3,005,914,118	0.623	3,241,270,014
2010	96,028,200	2,061,510,100	5,773,200	235,700	553,538,700	38,136,900	239,172,900	2,994,395,700	0	4,447,519	2,998,843,219	0.648	3,167,733,583
2011	81,442,000	1,979,718,700	5,732,500	229,100	526,100,300	35,757,400	239,172,900	2,868,152,900	0	4,457,320	2,872,610,220	0.703	3,094,264,906
2012	73,089,000	1,895,100,800	5,732,500	229,200	509,307,800	32,164,200	239,172,900	2,754,796,400	0	3,862,979	2,758,659,379	0.739	2,911,474,837
2013	76,574,400	1,894,145,300	5,732,500	229,200	506,907,300	32,164,200	239,172,900	2,754,925,800	0	3,862,979	2,758,788,779	0.763	2,863,000,331
2014	71,275,400	1,884,256,400	6,093,600	229,100	506,638,000	31,777,200	203,907,700	2,704,177,400	0	3,188,772	2,707,366,172	0.804	2,999,964,878
2015	69,736,200	2,027,957,900	7,423,500	192,900	580,527,900	31,358,700	203,955,800	2,921,152,900	0	3,750,585	2,924,903,485	0.768	3,055,364,119
2016	65,269,000	2,087,213,900	7,912,800	194,700	596,546,900	30,908,000	189,335,900	2,977,381,200	0	3,672,701	2,981,053,901	0.774	3,180,001,569

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

R Denotes revaluation.

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

Shrewsbury Township:

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$0	\$9,103,800	\$0	\$0	\$0	\$0	\$18,134,300	\$27,238,100	0	40,437	\$27,278,537	1.946	75,297,009
2008	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	140,814	\$72,717,014	0.671	79,818,479
2009	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,611,500	\$72,576,200	0	149,178	\$72,725,378	0.670	79,314,947
2010	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.663	75,611,792
2011	\$0	\$24,964,700	\$0	\$0	\$0	\$0	\$47,606,300	\$72,571,000	0	191,912	\$72,762,912	0.637	69,659,242
2012	\$0	\$20,494,700	\$0	\$0	\$0	\$0	\$36,002,600	\$56,497,300	0	358,313	\$56,855,613	0.779	53,374,413
2013	\$0	\$20,494,700	\$0	\$0	\$0	\$0	\$36,002,600	\$56,497,300	0	358,313	\$56,855,613	0.776	60,896,723
2014	\$0	\$20,465,600	\$0	\$0	\$0	\$0	\$36,002,600	\$56,468,200	0	386,483	\$56,854,683	0.695	56,854,683
2015	\$0	\$17,662,400	\$0	\$0	\$0	\$0	\$32,241,700	\$49,904,100	0	403,243	\$50,307,343	0.681	52,019,037
2016	\$0	\$19,315,800	\$0	\$0	\$0	\$0	\$33,224,700	\$52,540,500	0	403,895	\$52,944,395	0.681	52,018,826

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

R Denotes revaluation.

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

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Tinton Falls School District				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Local School District		Monmouth Regional School District	Tinton Falls Borough		Monmouth County	
			Total Direct	Library/Other		Library/Other	County		
2007	1.333	0.114	1.447	0.824	0.785	0.627	3.683		
R 2008	0.586	0.644	0.644	0.369	0.383	0.283	1.679		
2009	0.569	0.054	0.623	0.336	0.410	0.277	1.646		
2010	0.592	0.056	0.648	0.344	0.416	0.285	1.693		
2011	0.649	0.054	0.703	0.366	0.439	0.300	1.808		
2012	0.672	0.067	0.739	0.409	0.464	0.305	1.917		
2013	0.693	0.070	0.763	0.406	0.477	0.314	1.960		
2014	0.729	0.075	0.804	0.434	0.517	0.342	2.097		
2015	0.696	0.072	0.768	0.415	0.504	0.320	2.007		
2016	0.707	0.067	0.774	0.428	0.515	0.315	2.032		

Township of Shrewsbury:

Fiscal Year Ended June 30,	Tinton Falls School District				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Local School District		Monmouth Regional School District	Shrewsbury Township		Monmouth County	
			Total Direct	Library/Other		Library/Other	County		
2007	1.740	0.190	1.930	0.570	1.915	0.685	5.100		
R 2008	0.655	0.060	0.715	0.322	0.859	0.265	2.176		
2009	0.612	0.058	0.670	0.324	0.926	0.266	2.201		
2010	0.606	0.057	0.663	0.315	1.019	0.267	2.278		
2011	0.588	0.049	0.637	0.316	1.042	0.255	2.264		
2012	0.701	0.078	0.779	0.469	1.327	0.264	2.853		
2013	0.699	0.077	0.776	0.427	1.429	0.313	2.964		
2014	0.644	0.051	0.695	0.451	1.462	0.286	2.911		
2015	0.631	0.050	0.681	0.573	1.688	0.305	3.266		
2016	0.575	0.054	0.629	0.582	1.453	0.276	2.958		

Source: District Records and Municipal Tax Collector

N/A=NOT AVAILABLE

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

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

R Revaluation year.

Tinton Falls School District
Principal Property Taxpayers,

Exhibit J-8a

Unaudited

TINTON FALLS BOROUGH

	2016			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
CPG Tinton Falls Urban Renewal, LLC	\$186,734,900	1	6.26%	\$73,706,400	1	6.46%
TF Campus LLC	\$135,000,000	2	4.53%			
Avalonbay Community Inc.	\$36,330,400	3	1.22%			
Stavola Realty Company	\$16,669,000	8	0.56%	\$22,053,600	2	1.93%
Tinton Pines Construction Co.	\$15,495,500	4	0.52%			
Hovsons, Inc.	\$15,333,200	6	0.51%	\$7,033,100	6	0.62%
Tinton Falls Lodging Realy LLC	\$15,184,400	5	0.51%	\$6,621,100	7	0.58%
XPD (NJ), LLC	\$14,752,300	8	0.49%			
New Plan Realty Trust	\$13,019,600	9	0.44%			
Attival LLC	\$12,925,000	10	0.43%			
Tinton Telecom Center, LLC				\$12,000,000	3	1.05%
BT-NEWYO,LLC				\$8,967,500	4	0.79%
Kapson Tinton Falls Corp.				\$7,905,600	5	0.69%
Shrewsbury / 35 Associates, LLC				\$6,446,400	8	0.57%
HPTY Corp. (Marriot)				\$5,880,600	9	0.52%
Winn Ltd (Holiday Inn)				\$5,800,000	10	0.51%
	\$461,444,300		15.48%	\$156,414,300		13.72%

Source: Municipal Tax Assessor

Tinton Falls School District
Principal Property Taxpayers

Exhibit J-8b

Unaudited

SHREWSBURY TOWNSHIP

	2015			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Alfred Vail Mutual	21,187,000	1	0.78%	\$ 13,334,300	1	48.86%
Coolidge Shrewsbury, LLC	11,054,700	2	0.41%			
Bell Atlantic	403,243	3	0.01%	4,800,000	2	17.59%
Township of Shrewsbury			0.01%	861,000	3	3.16%
Taxpayer #1	330,100	4	0.01%	77,900	4	0.29%
Taxpayer #2	179,700	5	0.01%	77,900	5	0.29%
Taxpayer #3	179,700	6	0.01%	77,900	6	0.29%
Taxpayer #4	179,700	7	0.01%	77,900	7	0.29%
Taxpayer #5	179,700	8	0.01%	77,900	8	0.29%
Taxpayer #6	179,700	9	0.01%	77,900	9	0.29%
Taxpayer #7	179,700	10	0.01%	77,900	10	0.29%
Total	\$ 34,053,243		1.25%	\$ 19,540,600		71.64%

Source: Municipal Tax Assessor
N/A = Not Available

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

TINTON FALLS BOROUGH

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	18,525,689	18,525,689	100.00%	-
2009	18,815,939	18,815,939	100.00%	-
2010	18,720,023	18,720,023	100.00%	-
2011	19,445,362	19,445,362	100.00%	-
2012	20,203,280	20,203,280	100.00%	-
2013	20,401,832	20,401,832	100.00%	-
2014	21,046,655	21,046,655	100.00%	-
2015	21,766,123	21,766,123	100.00%	-
2016	22,478,336	22,478,336	100.00%	-
2017	23,076,751	23,076,751	100.00%	-

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

a

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

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

SHREWSBURY TOWNSHIP

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	538,315	538,315	100.00%	-
2009	487,977	487,977	100.00%	-
2010	487,532	487,532	100.00%	-
2011	477,481	477,481	100.00%	-
2012	432,459	432,459	100.00%	-
2013	442,736	442,736	100.00%	-
2014	446,442	446,442	100.00%	-
2015	358,174	358,174	100.00%	-
2016	332,727	332,727	100.00%	-
2017	316,648	316,648	100.00%	-

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

a

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

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

Borough of Tinton Falls:

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Percentage of Personal Income ^a	Total District	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Bond Anticipation Notes (BANs)	Capital Leases	Certificates of Participation	Bond Anticipation Notes (BANs)			
2008	13,161,107	0	0	310,214	0	0	1.20%	13,471,321	688
2009	11,990,060	0	0	218,865	0	0	1.13%	12,208,925	617
2010	10,816,959	0	0	128,435	0	0	1.07%	10,945,394	612
2011	14,289,380	0	0	85,480	0	0	1.38%	14,374,860	803
2012	12,228,440	0	0	45,808	0	0	1.12%	12,274,248	687
2013	10,881,187	0	0	136,439	0	0	0.97%	11,017,626	613
2014	9,508,940	0	0	109,151	0	0	0.81%	9,618,091	537
2015	7,867,440	0	0	81,863	0	0	N/A	7,949,303	N/A
2016	6,191,640	0	0	54,575	0	0	N/A	6,246,215	N/A
2017	4,912,740	0	0	115,058	0	0	N/A	5,027,798	N/A

Shrewsbury Township:

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Percentage of Personal Income ^a	Total District	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Bond Anticipation Notes (BANs)	Capital Leases	Certificates of Participation	Bond Anticipation Notes (BANs)			
2008	331,893	0	0	310,214	0	0	1.06%	642,107	597
2009	302,940	0	0	218,865	0	0	0.89%	521,805	490
2010	266,041	0	0	128,435	0	0	0.61%	394,476	346
2011	291,620	0	0	85,480	0	0	0.57%	377,100	330
2012	249,560	0	0	45,808	0	0	0.43%	295,368	263
2013	236,813	0	0	136,439	0	0	0.53%	373,252	332
2014	194,060	0	0	109,151	0	0	N/A	242,423	N/A
2015	160,560	0	0	81,863	0	0	N/A	180,935	N/A
2016	126,360	0	0	54,575	0	0	N/A	180,935	N/A
2017	100,260	0	0	115,058	0	0	N/A	215,318	N/A

N/A= Not Available

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

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

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

Borough of Tinton Falls:

Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	13,161,107	-	13,161,107	0.45%	\$ 669
2009	11,990,060	-	11,990,060	0.40%	\$ 606
2010	10,816,959	-	10,816,959	0.36%	\$ 603
2011	14,289,380	-	14,289,380	0.50%	\$ 798
2012	12,228,440	-	12,228,440	0.44%	\$ 684
2013	10,881,186	-	10,881,186	0.39%	\$ 605
2014	9,508,940	-	9,508,940	0.35%	\$ 531
2015	7,867,440	-	7,867,440	0.27%	\$ 443
2016	6,191,640	-	6,191,640	0.21%	N/A
2017	4,912,740	-	4,912,740	N/A	N/A

Shrewsbury Township:

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		
2007	335,743	-	335,743	1.23%	\$ 312
2008	331,893	-	331,893	0.46%	\$ 311
2009	302,940	-	302,940	0.42%	\$ 284
2010	266,041	-	266,041	0.37%	\$ 235
2011	291,620	-	291,620	0.40%	\$ 258
2012	249,560	-	249,560	0.44%	\$ 222
2013	236,813	-	236,813	0.42%	\$ 211
2014	194,060	-	194,060	0.34%	\$ 173
2015	160,560	-	160,560	0.32%	\$ 143
2016	126,360	-	126,360	0.24%	\$ N/A
2017	100,260	-	100,260	N/A	N/A

N/A= Not Available

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

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

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

Tinton Falls School District
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2016

Exhibit J-12

Borough of Tinton Falls

Debt repaid with property taxes

Tinton Falls Borough (Net Debt)			
Monmouth County General Obligation Debt (Net Debt)	\$ 18,457,620	100.0000%	\$ 18,457,620
Monmouth Regional High School	456,319,190	2.745%	12,526,144
	4,559,000	60.179%	2,743,578

Tinton Falls School District Direct Debt

Authorized but not issued
 Outstanding

	0		-
	5,448,000	98.0000%	5,339,040
			\$ 39,066,383

Total direct and overlapping debt

Township of Shrewsbury

Debt repaid with property taxes

Township of Shrewsbury (Net Debt)			
Monmouth County General Obligation Debt	\$ 795,521	100.0000%	\$ 795,521
Monmouth Regional High School	456,319,190	0.047%	214,215
	4,559,000	1.103%	128,120

Shrewsbury Township School District Direct Debt

Authorized but not issued
 Outstanding

	5,448,000	2.00%	108,960
			\$ 1,246,816

Total direct and overlapping debt

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

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

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.

Legal Debt Margin Calculation for Fiscal Year 2016

	Total Equalized Valuation		Borough of Tinton Falls		Township of Shrewsbury					
	2016	2015	2012	2013	2014	2015	2016			
Equalized valuation basis	3,135,282,299	3,179,253,947	3,083,372,440	51,909,859	90,765,367	93,461,670	\$93,838,473			
2016	3,179,253,947	3,127,662,817	3,127,662,817	51,591,130	90,915,352	93,461,670	\$93,838,473			
2015	3,069,311,026	3,017,718,335	3,017,718,335	51,592,691	9,703,000	8,028,000	5,448,000			
2014	<u>9,383,847,272</u>	<u>9,228,753,592</u>	<u>9,228,753,592</u>	<u>155,093,680</u>	<u>81,062,367</u>	<u>85,433,670</u>	<u>\$88,390,473</u>			
[A]	\$ 3,127,949,091	\$ 3,076,251,197	\$ 3,076,251,197	\$ 51,697,893						
[A/3]										
Average equalized valuation of taxable property										
Debt limit (3 % of average equalization value)	[B]	93,838,473	a							
Net bonded school debt	[C]	5,448,000								
Legal debt margin	[B-C]	<u>88,390,473</u>								
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 88,710,399	\$ 95,234,386	\$ 97,548,534	\$ 97,336,153	\$ 97,336,153	\$ 92,776,495	\$ 90,915,352	\$ 90,765,367	\$ 93,461,670	\$93,838,473
Total net debt applicable to limit	13,493,000	12,478,000	11,278,000	14,786,000	12,478,000	13,108,000	10,513,000	9,703,000	8,028,000	5,448,000
Legal debt margin	<u>\$ 75,217,399</u>	<u>\$ 82,756,386</u>	<u>\$ 86,270,534</u>	<u>\$ 82,550,153</u>	<u>\$ 84,858,153</u>	<u>\$ 79,668,495</u>	<u>\$ 80,402,352</u>	<u>\$ 81,062,367</u>	<u>\$ 85,433,670</u>	<u>\$88,390,473</u>
Total net debt applicable to the limit as a percentage of debt limit	15.21%	13.10%	11.56%	15.19%	12.82%	14.13%	11.56%	10.69%	8.59%	5.81%

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

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

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

Exhibit J-14

Borough of Tinton Falls:

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2006	18,954	\$ 975,278,070	51,455	4.1%
2007	19,129	\$ 1,048,288,329	54,801	3.7%
2008	19,668	\$ 1,116,257,340	56,755	4.8%
2009	19,772	\$ 1,082,932,212	54,771	7.9%
2010	17,925	\$ 1,020,918,375	56,955	8.1%
2011	17,906	\$ 1,044,904,630	58,355	8.1%
2012	17,878	1,098,174,028	61,426	8.5%
2013	17,986	1,131,337,386	62,901	8.6%
2014	17,898	1,181,608,062	66,019	5.9%
2015	17,772	1,233,554,520	69,410	4.9%

Shrewsbury Township:

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2006	1,085	\$ 55,828,675	51,455	7.2%
2007	1,075	\$ 58,911,075	54,801	6.6%
2008	1,068	\$ 60,614,340	56,755	8.4%
2009	1,065	\$ 58,331,115	54,771	13.5%
2010	1,134	\$ 64,586,970	56,955	13.7%
2011	1,129	\$ 65,882,795	58,355	13.8%
2012	1,125	\$ 69,104,250	61,426	14.3%
2013	1,124	\$ 70,700,724	62,901	8.0%
2014	1,119	\$ 73,875,261	66,019	6.6%
2015	1,122	\$ 77,878,020	69,410	5.3%

N/A= Not Available

a US Bureau of the Census, Population Division

b Population times per capita income

c Bureau of Economic Analysis November 2013

d New Jersey Department of Labor and Workforce Development

Tinton Falls School District
Principal Employers,
Unaudited

SHREWSBURY TOWNSHIP

Employer	2016			2007		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	-		0.00%	-		0.00%

N/A

N/A= NOT AVAILABLE

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

Exhibit J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	102	106	99	95	99	100	92	95.35	93.62	91
Special education	42	35	37	38	31	31	31	33.13	35	58
Other special education	38	38	35	31	36	35	35	37.5		31
Vocational	-	-	-	-	-	-	-	-		
Other instruction	4	4	3	3	4	4.5	7	3	3	10
Nonpublic school programs	-	-	-	-	-	-	-	-		
Adult/continuing education programs	-	-	-	-	-	-	-	-		
Support Services:										
Tuition	-	-	-	-	-	-	-	-		
Student & instruction related services	19	20	27	21	23	24.5	20.5	20.54	53	13
General administrative services	5	5	5	5	3	3	3	4	4	7
School administrative services	13	13	15	15	14	14	13	15	15	12
Business administrative services	4	4	4	5	5	5	5	5	4.3	7
Plant operations and maintenance	15	10	6	6	5	5	-	-		
Pupil transportation	-	-	-	-	-	-	-	-		
Special Schools	-	-	-	-	-	-	-	-		
Food Service	-	-	-	-	-	-	-	-		
Child Care	-	-	-	-	-	-	-	-		
Total	242	235	231	219	220	222	207	214	208	229

Source: District Personnel Records

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Elementary School	Middle School	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	1,583	23,194,661	\$ 14,652.34	3.89%	159	105	54	1,575.30	1,506.40	0.89%	95.63%
2009	1,632	23,604,953	\$ 14,463.82	-1.29%	159	105	54	1,611.70	1,539.50	1.02%	95.52%
2010	1,585	23,093,165	\$ 14,569.82	0.73%	150	95.8	54.2	1,582.30	1,511.20	0.98%	95.51%
2011	1,580	24,946,240	\$ 15,788.76	8.37%	145	85	59	1,580.00	1,537.32	1.00%	97.30%
2012	1,565	23,965,719	\$ 15,313.56	-3.01%	149	98	51	1,554.10	1,487.30	0.98%	95.70%
2013	1,531	25,340,467	\$ 16,551.58	8.08%	154	98	56	1,521.40	1,449.60	0.98%	95.28%
2014	1,542	25,226,565	\$ 16,359.64	-1.16%	143	93	50	1,519.54	1,448.64	1.00%	95.33%
2015	1,524	27,717,806	\$ 18,187.54	11.17%	133	82	51	1,495.85	1,431.05	0.98%	95.67%
2016	1,529	27,398,778	\$ 17,919.41	-1.47%	160	104	56	1,503.20	1,437.42	1.00%	95.62%
2017	1,559	28,671,595	\$ 18,391.02	2.63%	154	109	51	1,535.12	1,467.81	1.02%	95.62%

Source:

- 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.

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Mahala F. Atchinson(Year)										
Square Feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	86,950	87,249
Capacity (students)										
Enrollment										
Swimming River (Year)										
Square Feet	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	67,692	68,636
Capacity (students)										
Enrollment										
Middle School										
Tinton Falls Middle School (Year)										
Square Feet	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255	102,255	105,094
Capacity (students)										
Enrollment										
Other										
Central Administration (Year)										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	8,000
Number of Schools at June 30, 2015										
Elementary										
2										
Middle School										
1										
Other										
1										
	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897	268,979

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

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

School Facilities	Project #'s	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Mahala F. Atchinson	N/A	122,065	148,783	172,020	124,865	114,631	132,929	105,152	82,462	100,980	118,075
Swimming River School	N/A	149,597	115,899	110,480	99,147	100,017	93,569	96,051	84,359	113,422	106,642
Tinton Falls Middle School	N/A	216,307	126,027	127,215	127,723	134,828	108,725	100,696	107,060	104,479	100,536
Administration Building	N/A	25,639	35,303	15,566	9,939	9,097	10,052	17,270	35,454	8,915	28,864
Total School Facilities		513,608	426,012	425,281	361,674	358,573	345,275	319,169	309,335	327,796	354,117

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property - Blanket Building & Contents	49,415,680	1,000
Comprehensive General Liability	\$2M OCC./\$2M AGG.	
Comprehensive Automobile Liability	1,000,000	500
Automobile Physical Damage	1,000,000	500
Comprehensive Crime Coverage	100,000	500
Employee Dishonest, Forgery and Alteration	100,000	500
Theft, Disappearance, Destruction	25,000	500
Computers and Schedule Equipment -		
Data Processing-Hardware	1,500,000	500
Data Processing-Media/Data	100,000	500
Computer Fraud	100,000	500
Boiler and Machinery - Property Damage	Incl. In Property	1,000
Umbrella Liability - Umbrella Policy	10,000,000	10,000
School Board Legal Liability	Cov. A \$1M/3M Cov. B \$50K/\$150K Each loss	7,500
Public Employee Faithful Performance	100,000	0
Business Administrator Bond	250,000	0
Treasurer Bond	250,000	0
Student Accident	1,000,000	0
Workers Compensation	Statutory	
Employers Liability	2,000,000	
Supplemental Workers Compensation	52 Week Limit	7 Day
Employee Benefit Liability	\$1M OCC./\$3M AGG.	5,000

Source: District Records.

SINGLE AUDIT SECTION

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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 FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Tinton Falls School District, in the County of Monmouth, 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, and have issued our report thereon dated October 2, 2017.

Internal Control Over Financial Reporting

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

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



corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Paul J. Cuva

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

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 2, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

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

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 Borough of Tinton Falls Board of Education'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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)



and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Tinton Falls Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Tinton Falls Board of Education's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Borough of Tinton Falls Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Tinton Falls Board of Education's internal control over compliance with the type 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Tinton Falls Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Paul J. Cuva

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

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Certified Public Accountants
Pompton Lakes, New Jersey

October 2, 2017

BOROUGH OF TINTON FALLS SCHOOL DISTRICT														K-3	
Schedule of Expenditures of Federal Awards														SCHEDULE A	
for the Fiscal Year Ended June 30, 2017															
Federal Grantor/Pass-Through Grantor/Program Title	Federal CEDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2016	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	(Accounts Receivable)	Deferred Revenue	MEMO Cumulative Total Expenditures
U.S. Department of Education															
General Fund:															
Impact Aid	84.041	N/A	N/A		7/1/16	6/30/17			66,867	(66,867)					66,867
Medical Assistance Program (SEMI)	93.778	1605N15MAP	N/A		7/1/16	6/30/17			47,488	(47,488)					47,488
							114,355			(114,355)					114,355
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010	S010A150030	NCLB18516	139,162	7/1/15	6/30/16	(134)		134	(140,092)			(37,688)		140,092
Title I	84.010	S010A150030	NCLB18517		7/1/16	6/30/17			102,404	(140,092)			(31,584)		31,584
Title II, Part A	84.367	S365A150029	NCLB18517		7/1/16	6/30/17			1,887	(6,986)			(5,099)		6,986
Title III, Part A	84.365	S365A150030	NCLB18517	7,287	7/1/15	6/30/16	(4,949)		2,507			2,442			
Title III, Part A	84.365	S365A150030	NCLB18516		7/1/15	6/30/16	(5,083)		106,932	(178,662)			(74,371)		178,662
Sub-total									516,687	(585,547)			(68,860)		585,547
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA18517	400,302	7/1/15	6/30/16	(173,222)		173,222	(11,948)					11,948
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA18516		7/1/15	6/30/16			11,948	(11,948)					
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA18513		7/1/16	6/30/17			701,857	(597,495)			(68,860)		597,495
Sub-total							(173,222)		808,789	(776,157)		2,442	(143,231)		776,157
Total Special Revenue Fund							(173,222)		808,789	(776,157)		2,442	(143,231)		776,157
U.S. Department of Agriculture															
Passed-through State Department of Education															
Child Nutrition Cluster:															
Non-Cash Assistance	10.555	171N1305N1099	N/A	39,086	7/1/16	6/30/17			39,086	(39,086)					39,086
Food Distribution Program	10.555	171N1305N1099	N/A	145,126	7/1/16	6/30/17			117,726	(145,126)			(27,400)		145,126
Cash Assistance:									8,525						
National School Lunch Program	10.555	1616N304N1099	N/A	144,506	7/1/15	6/30/16	(8,525)		16,531	(20,783)			(4,452)		20,783
School Breakfast Program	10.555	171N1305N1099	N/A	16,904	7/1/15	6/30/16	(1,155)		1,155						
School Breakfast Program	10.555	1616N304N1099	N/A	16,904	7/1/15	6/30/16	(9,680)		182,823	(204,995)			(31,852)		204,995
Total Enterprise Fund							(187,985)		1,105,967	(1,095,507)		2,442	(175,083)		1,095,732
Total Federal Financial Awards							(187,985)		1,105,967	(1,095,507)		2,442	(175,083)		1,095,732

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-42-2.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,677 for the general fund, \$-0- for the special revenue fund, and \$-0- for the capital projects fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$114,355	\$7,003,685	\$7,118,040
Special Revenue Fund	776,157	164,370	940,527
Food Service Fund	<u>204,995</u>	<u>5,130</u>	<u>210,125</u>
Total Financial Awards	<u>\$1,095,507</u>	<u>\$7,173,185</u>	<u>\$8,268,692</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

NOTE 7. INDIRECT COST RATE

The Borough of Tinton Falls School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF TINTON FALLS 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

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	<u>H027A150100</u> <u>H173A150114</u>	<u>I.D.E.A. Cluster:</u> <u>I.D.E.A. Part B Basic/Preschool</u>

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

Auditee qualified as low-risk auditee? _____ yes X no

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
	Cluster: State Aid - Public
<u>17-495-034-5120-089</u>	(A) <u>Special Education Categorial Aid</u>
<u>17-495-034-5120-084</u>	(A) <u>Security Aid</u>
<u>17-495-034-5120-085</u>	(A) <u>Adjustment Aid</u>
<u>17-495-034-5120-097</u>	(A) <u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	(A) <u>PARCC Readiness Aid</u>
<u>17-495-034-5120-101</u>	(A) <u>Professional Learning Comm. Aid</u>
<u>17-495-034-5120-014</u>	(A) <u>Transportation Aid</u>
<u>17-495-034-5120-044</u>	(A) <u>Extraordinary Aid</u>
<u>17-495-034-5095-002</u>	(A) <u>Reimbursed TPAF Social Security Contributions</u>

Note: (A) - Tested as major program.

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

None

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

None

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

All prior year findings have been corrected.