

**SCHOOL DISTRICT OF THE
BOROUGH OF TINTON FALLS
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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

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INTRODUCTORY SECTION

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Superintendent of Schools

Kerri Walsifer
Director of Special Services

Vincent J. Daniels
Business Administrator/Board Secretary

January 17, 2019

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, 2018. 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 the Single Audit Act of 1996, as amended, the U.S. Office of Management and budget circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB and/or 15-08 OMB< "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts

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and grants, along with findings and questioned costs, are included in the single audit section of this report.

1. **Reporting Entity and it 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 2017-2018 fiscal year with an enrollment of 1,522 which is seven (-7) students less 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>
2003-2004	1,729	- 4.68%
2004-2005	1,761	+1.85%
2005-2006	1,610	- 8.57%
2006-2007	1,602	-0.50%
2007-2008	1,577	-1.56%
2008-2009	1,578	+0.06%
2009-2010	1,632	+3.42%
2010-2011	1,585	- 2.88%
2011-2012	1,572	- 0.82%
2012-2013	1,565	- 0.45%
2013-2014	1,531	- 2.17 %
2014-2015	1,542	+ 0.72%
2015-2016	1,524	- 1.18%
2016-2017	1,529	+0.33%
2017-2018	1,522	-0.45%

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 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. During the 17-18 school year a bill was passed

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providing the option for Earle residents to attend Colts Neck schools with a transition occurring over the next 3 years. As of 7/1/21 all Earle students must attend Colts Neck schools. Until the new developments in Tinton Falls are constructed, the enrollment numbers are expected to decrease because of this bill but ultimately will increase as homes are built and occupied.

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 2017-2018 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 2017-18 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. All students in grades 3-8 have access to one to one technology. 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 handheld 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 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

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 for teaching and learning as well as the integration of technology into the classrooms.

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.

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

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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, 2018.

6. **Accounting System and Reports:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
7. **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **Risk Management:** The Board carries various forms of insurance, included but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. **Other Information:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo & Cuva, P.A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996, as amended and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining the individual fund statement and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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Business Administrator/Board Secretary

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,

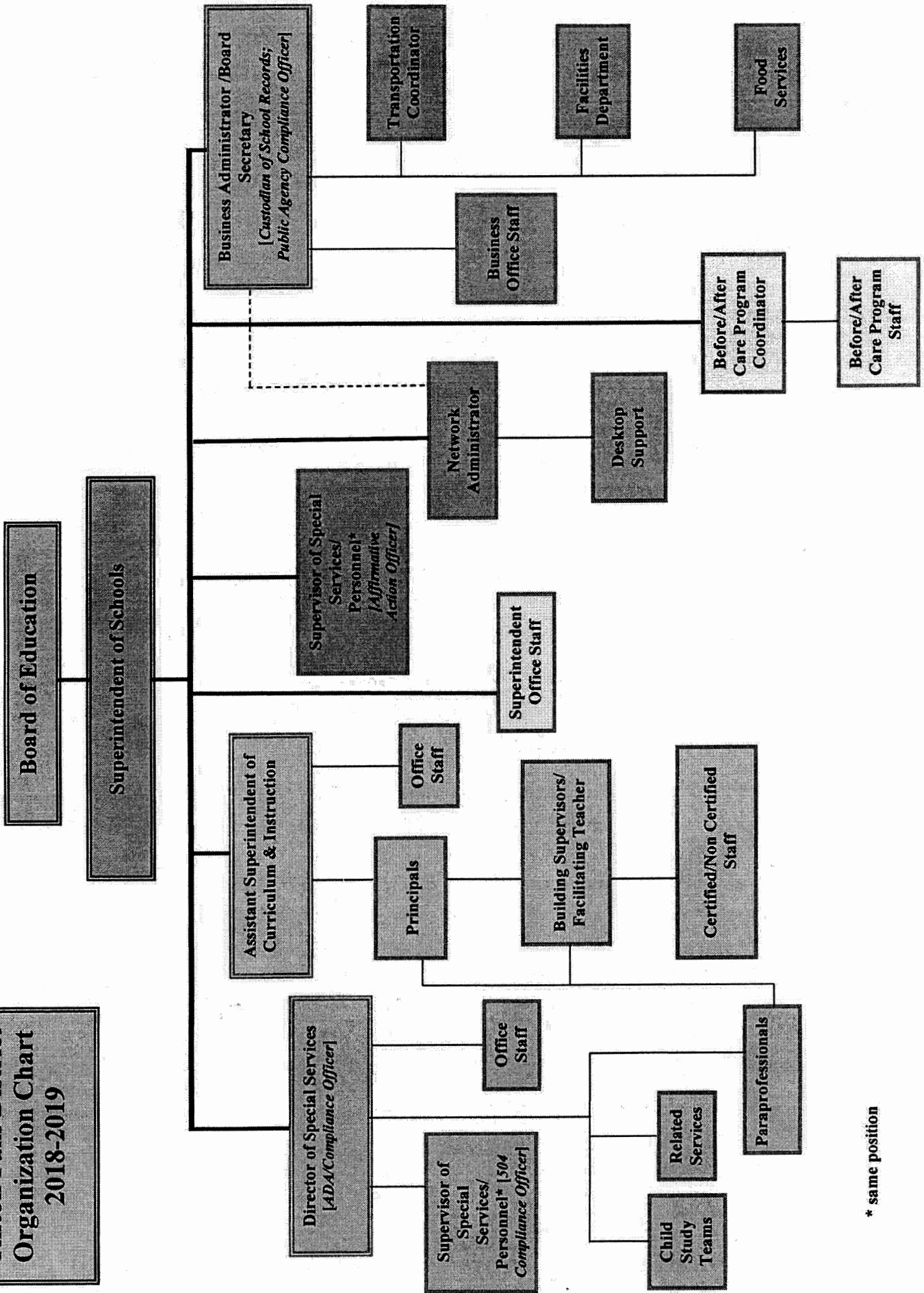


Mrs. Lisa Goldey
Superintendent of Schools



Mr. Vincent J. Daniels
Business Administrator/Board Secretary

**Tinton Falls District
Organization Chart
2018-2019**



* same position

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John P. Russo
Superintendent of Schools

Elizabeth W. Cole
Director of Special Services

Vincent Daniels
Business Administrator/Board Secretary

ROSTER OF OFFICIALS as of June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
R. Chris Skurat, President	2018
Jeff Davidson	2019
Ryan Hager	2018
Nicole Jennings	2020
Fred Lomangino, Vice President	2018
Jason Puleio	2020
Gerard Ryan	2020
Sivan Sepe	2019
Christopher Theobald	2019

Other Officials:

John Russo, Superintendent of Schools

Vincent Daniels, Business Administrator/Board Secretary

Mike Laffey, Solicitor

Martin M. Barger, Solicitor

TINTON FALLS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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401 Wanaque Avenue
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Attorney

Martin M. Barger, Esq.

Official Depository

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

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Charles J. Ferraioli, Jr., MBA, 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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
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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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to



Honorable President and
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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.

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.



Honorable President and
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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 January 17, 2019 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 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

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Certified Public Accountants
Pompton Lakes, New Jersey

January 17, 2019



**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, 2018**

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, 2018. 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 decreased \$1,702,831. Net position of governmental activities decreased by \$1,751,130 and net position of business-type activity increased by \$48,299.
- General revenues accounted for \$35,194,840 in revenue or 93.40 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,488,745 or 6.60 percent of total revenues of \$37,683,585.
- The School District had \$38,691,124 in expenses related to governmental activities; only \$1,745,154 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$35,194,840 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, 2018**

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, 2018**

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, 2018**

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 \$27,077,899 at June 30, 2018 and \$28,780,730 at June 30, 2017. 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 2018 compared to 2017 (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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	15,723,574	15,831,004	1,608,410	1,564,789	17,331,984	17,395,793
Capital Assets	<u>24,609,247</u>	<u>23,531,017</u>	<u>3,131</u>	<u>4,175</u>	<u>24,612,378</u>	<u>23,535,192</u>
Total Assets	<u>40,332,821</u>	<u>39,362,021</u>	<u>1,611,541</u>	<u>1,568,964</u>	<u>41,944,362</u>	<u>40,930,985</u>
Deferred Outflow of Resources	<u>1,838,215</u>	<u>2,673,828</u>	_____	_____	<u>1,838,215</u>	<u>2,673,828</u>
Liabilities						
Current Liabilities	3,782,654	1,277,866	31,153	36,875	3,813,807	1,314,741
Noncurrent Liabilities	<u>11,376,451</u>	<u>13,481,292</u>	_____	_____	<u>11,376,451</u>	<u>13,481,292</u>
Total Liabilities	<u>15,159,105</u>	<u>14,759,158</u>	<u>31,153</u>	<u>36,875</u>	<u>15,190,258</u>	<u>14,796,033</u>
Deferred Inflow of Resources	<u>1,514,420</u>	<u>28,050</u>	_____	_____	<u>1,514,420</u>	<u>28,050</u>
Net Position						
Invested in Capital Assets	19,966,758	18,402,959	3,131	4,175	19,969,889	18,407,134
Restricted	11,668,484	12,853,174	_____	_____	11,668,484	12,853,174
Unrestricted	<u>(6,137,731)</u>	<u>(4,007,492)</u>	<u>1,577,257</u>	<u>1,527,914</u>	<u>(4,560,474)</u>	<u>(2,479,578)</u>
Total Net Position	<u>25,497,511</u>	<u>27,248,641</u>	<u>1,580,388</u>	<u>1,532,089</u>	<u>27,077,899</u>	<u>28,780,730</u>

This year, the District was able to report a balance of \$(4,560,474) in its unrestricted net position, which is a decrease from the previous years' balance of \$2,080,896. 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, 2018**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2018 compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			547,903	528,289	547,903	528,289
Operating Grants and						
Contributions	1,745,154	1,843,290	195,688	210,125	1,940,842	2,053,415
General Revenues:						
Taxes:						
Property taxes	23,151,359	23,393,399			23,151,359	23,393,399
Federal and State Aid						
Not Restricted	12,095,044	11,127,164			12,095,044	11,127,164
Tuition Received	77,784	148,742			77,784	148,742
Miscellaneous Income	<u>264,142</u>	<u>120,263</u>			<u>264,142</u>	<u>120,263</u>
Total Revenues and Transfers	<u>37,333,483</u>	<u>36,632,858</u>	<u>743,591</u>	<u>738,414</u>	<u>38,077,074</u>	<u>37,371,272</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Functions/Program						
Instruction:						
Regular	8,228,680	6,973,674			8,228,680	6,973,674
Special Education	3,570,659	2,721,078			3,570,659	2,721,078
Other Special Instruction	434,846	388,129			434,846	388,129
Other Instruction	129,645	131,710			129,645	131,710
Support Services:						
Tuition	514,783	621,870			514,783	621,870
Student & Instruction						
Related Services	4,359,164	4,691,414			4,359,164	4,691,414
School Administrative						
Services	898,976	903,093			898,976	903,093
General Administrative						
Services	551,705	544,547			551,705	544,547
Central Services and						
Admin.Technology	471,537	459,300			471,537	459,300
Plant Operations and						
Maintenance	1,939,079	1,945,615			1,939,079	1,945,615
Pupil Transportation	1,752,236	1,872,239			1,752,236	1,872,239
Unallocated Benefits	14,056,811	12,761,445			14,056,811	12,761,445
Capital Outlay - Non-						
Depreciable	18,282	23,244			18,282	23,244
Transfer of Funds to Charter						
Schools	28,763				28,763	
Unallocated Depreciation	1,538,243	1,545,998			1,538,243	1,545,998
Interest on Long Term Debt	197,715	235,922			197,715	235,922
Loss on Equipment Deletion		48,076				48,076
Cancellation of Federal						
Grants Receivable	393,489				393,489	
Food Service			475,937	476,788	475,937	476,788
Time+			192,137	132,625	192,137	132,625
Kindergarten Enrichment			27,218		27,218	0
Total Expenses and Transfers	<u>39,084,613</u>	<u>35,867,354</u>	<u>695,292</u>	<u>609,413</u>	<u>39,779,905</u>	<u>36,476,767</u>
Increase or (Decrease) in						
Net Position	<u>(1,751,130)</u>	<u>765,504</u>	<u>48,299</u>	<u>129,001</u>	<u>(1,702,831)</u>	<u>894,505</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$39,386,416. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$23,151,359 because some of the cost was paid by those who benefitted from the programs \$547,903, by other governments and organizations who subsidized certain programs with grants and contributions \$14,035,886, tuition income \$77,784 and by miscellaneous sources \$264,142.

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 \$48,299.
- ✓ Charges for services provided totaled \$571,099. 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 \$195,688.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2018, 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 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$23,493,285	74.11%	(\$169,119)	(0.07)%
State Sources	7,467,402	23.56%	268,240	3.73%
Federal Sources	<u>738,505</u>	<u>2.33%</u>	<u>(152,007)</u>	<u>17.07%</u>
Total	<u>\$31,699,192</u>	<u>100.00%</u>	<u>(\$52,886)</u>	0.02%

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$12,322,227	35.77%	\$2,161,968	21.28%
Undistributed	18,733,027	54.39%	221,691	1.20%
Capital Outlay	2,697,800	7.83%	1,995,725	284.26%
Debt Service	663,228	1.93%	(882,200)	(57.08)%
Transfer to Charter Schools	<u>28,763</u>	<u>0.08%</u>	<u>28,763</u>	100.00%
Total	<u>\$34,445,045</u>	<u>100.00%</u>	<u>\$3,525,947</u>	11.40%

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, 2018, 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 \$184,026 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, 2018**

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

General Fund

The general fund actual revenue was \$30,141,633. That amount is \$3,762,605 above the final amended budget of \$26,379,028. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$3,214,128 for TPAF social security reimbursements and on-behalf pension and medical retirement payments, an excess in other state and federal aids of \$362,467, and a \$186,010 excess in local anticipated revenues.

The actual expenditures of the general fund were \$30,393,530. This is \$848,252 below the final amended budget of \$31,241,782. 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 \$3,214,128, and a favorable variance of \$2,365,876 in unexpended budgeted funds.

The general fund had total revenues of \$30,141,633 and total expenditures of \$30,393,530, and transfers of \$177,155 to the capital project fund with an ending fund balance of \$13,269,193.

Special Revenue Fund

The special revenue fund actual revenue was \$886,618. That amount is above the original budget estimate of \$702,592. The \$184,026 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 \$886,618, which is above the original budget of \$702,592. The \$184,026 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, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the School District had \$47,601,629 invested in land, buildings and building improvements, machinery and equipment, and construction in progress. Of this amount, \$22,989,251 in depreciation has been taken over the years. We currently have a net book value of \$24,612,378. Total depreciable additions for the year were \$1,602,332, the majority of which was for various technology and office equipment and building improvements and deductions of \$1,442,978, which was transfers from construction in progress to capital assets being depreciated and asset deletions. Table 3 shows fiscal year 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	239,620	239,620			239,620	239,620
Buildings and Site Improvements	21,643,678	22,600,273			21,643,678	22,600,273
Furniture, Equipment and Vehicles	569,838	691,124	3,131	4,175	572,969	695,299
Construction in Progress	<u>2,156,111</u>	<u> </u>	<u> </u>	<u> </u>	<u>2,156,111</u>	<u>0</u>
	<u>24,609,247</u>	<u>23,531,017</u>	<u>3,131</u>	<u>4,175</u>	<u>24,612,378</u>	<u>23,535,192</u>

Debt Administration

At June 30, 2018, the district had \$11,376,451 of outstanding debt. Of this amount, \$239,632 is for compensated absences; \$89,489 is for various capital leases; \$4,553,000 of serial bonds issued for the financing of various school construction projects; and \$6,494,330 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 2018-2019 fiscal year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

The following factors were considered in preparing the 2018-2019 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, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	8,059,862	1,568,527	9,628,389
Receivables, net	1,717,035	10,504	1,727,539
Internal Balances	(27,387)	27,387	-
Inventory		1,992	1,992
Restricted assets:			
Cash and cash equivalents	5,974,064		5,974,064
Capital assets:			
Land	239,620		239,620
Depreciable Capital Assets-(Net)	24,369,627	3,131	24,372,758
Total Assets	<u>40,332,821</u>	<u>1,611,541</u>	<u>41,944,362</u>
Deferred outflows of resources-Related to PERS Pension	<u>1,838,215</u>		<u>1,838,215</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,549,348	19,630	3,568,978
Prepaid Taxes	71,528		71,528
Payable to the State Government	3,348		3,348
Deferred revenue	158,430	11,523	169,953
Noncurrent liabilities:			
Due within one year	500,569		500,569
Due beyond one year	10,875,882		10,875,882
Total liabilities	<u>15,159,105</u>	<u>31,153</u>	<u>15,190,258</u>
Deferred inflows of resources-Related to PERS Pension	<u>1,514,420</u>		<u>1,514,420</u>
NET POSITION			
Invested in capital assets	19,966,758	3,131	19,969,889
Restricted for:			
Debt service	13,961		13,961
Capital projects	(714,852)		(714,852)
Other Purposes	12,369,375		12,369,375
Unrestricted (Deficit)	<u>(6,137,731)</u>	<u>1,577,257</u>	<u>(4,560,474)</u>
Total net position	<u><u>25,497,511</u></u>	<u><u>1,580,388</u></u>	<u><u>27,077,899</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, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	8,187,077	41,603		535,355		(7,693,325)		(7,693,325)
Special education	3,570,659					(3,570,659)		(3,570,659)
Other special instruction	434,846					(434,846)		(434,846)
Other instruction	129,645					(129,645)		(129,645)
Support services:								
Tuition	514,783					(514,783)		(514,783)
Student & instruction related services	4,359,164			351,263		(4,007,901)		(4,007,901)
General administrative services	541,745	9,960				(551,705)		(551,705)
School administrative services	898,976					(898,976)		(898,976)
Central Services and Administrative Technology	471,537					(471,537)		(471,537)
Plant operations and maintenance	1,927,597	11,482				(1,939,079)		(1,939,079)
Pupil transportation	1,752,236			858,536		(893,700)		(893,700)
Employee Benefits	14,056,811					(14,056,811)		(14,056,811)
Capital outlay-undepreciable	18,282					(18,282)		(18,282)
Transfer of Funds to Charter Schools	28,763					(28,763)		(28,763)
Interest on long-term debt	197,715					(197,715)		(197,715)
Unallocated depreciation	1,538,243					(1,538,243)		(1,538,243)
Total governmental activities	38,628,079	63,045	-	1,745,154	-	(36,945,970)	-	(36,945,970)
Business-type activities:								
Food Service	475,937		274,238	195,688			(6,011)	(6,011)
Time + Program	192,137		250,469				58,332	58,332
Early Bird Program	27,218		23,196				(4,022)	(4,022)
Total business-type activities	695,292	-	547,903	195,688	-	-	48,299	48,299
Total primary government	39,323,371	63,045	547,903	1,940,842	-	(36,945,970)	48,299	(36,897,671)
General revenues:								
Property Taxes Levied for:								
General Purposes						22,493,327		22,493,327
Debt Service						658,032		658,032
Federal and State aid not restricted						12,095,044		12,095,044
Tuition						77,784		77,784
Miscellaneous Income						264,142		264,142
Cancellations of State Grants Receivable						(393,489)		(393,489)
Total general revenues, special items, extraordinary items and transfers						35,194,840		35,194,840
Change in Net Position						(1,751,130)	48,299	(1,702,831)
Net Position—beginning						27,248,641	1,532,089	28,780,730
Net Position—ending						25,497,511	1,580,388	27,077,899

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	7,337,998	101,055	612,056	8,753	8,059,862
Receivables from Other Governments	538,996	93,535	1,002,814		1,635,345
Interfund Accounts Receivable	968,248	1,173		5,208	974,629
Tuitions Receivable	17,663				17,663
Other Receivables			52,429		52,429
Restricted Cash and Cash Equivalents	5,974,064				5,974,064
Total Assets	<u>14,836,969</u>	<u>195,763</u>	<u>1,667,299</u>	<u>13,961</u>	<u>16,713,992</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Accrued Liabilities Payable	1,757,841	89,228	1,420,293		3,267,362
Interfund Accounts Payable	28,560		961,858		990,418
Prepaid Taxes	71,528				71,528
Payable to the State Government		3,348			3,348
Deferred Revenue	55,243	103,187			158,430
Total Liabilities	<u>1,913,172</u>	<u>195,763</u>	<u>2,382,151</u>		<u>4,491,086</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- current year	2,751,863				2,751,863
Excess Surplus - prior year -designated for subsequent year's expenditures	2,931,401				2,931,401
Emergency Reserve	250,000				250,000
Maintenance Reserve	1,579,694				1,579,694
Impact Aid	170,876				170,876
Capital Reserve	3,973,494				3,973,494
Assigned to:					
Other purposes	712,047				712,047
Debt Service				13,961	13,961
Designated by the BOE for subsequent year's expenditures					
Capital Projects			(714,852)		(714,852)
Unassigned:					
General Fund	554,422				554,422
Total Fund Balances	<u>12,923,797</u>		<u>(714,852)</u>	<u>13,961</u>	<u>12,222,906</u>
Total Liabilities and Fund Balances	<u>14,836,969</u>	<u>195,763</u>	<u>1,667,299</u>	<u>13,961</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 \$47,570,313 and the accumulated depreciation is \$22,961,066.	24,609,247
Deferred outflow of resources related to PERS pension liability	1,838,215
Interest on Long-term debt accrued	(53,762)
Deferred inflow of resources related to PERS pension liability	(1,514,420)
Accounts payable for PERS payment subsequent to the measurement date.	(228,224)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5)	<u>(11,376,451)</u>
Net position of governmental activities	<u>25,497,511</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, 2018

	<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	22,493,327			658,032	23,151,359
Tuition	77,784				77,784
Miscellaneous	208,226	50,708	5,208		264,142
Total - Local Sources	<u>22,779,337</u>	<u>50,708</u>	<u>5,208</u>	<u>658,032</u>	<u>23,493,285</u>
State Sources	7,280,057	187,345		-	7,467,402
Federal Sources	89,940	648,565			738,505
Total Revenues	<u>30,149,334</u>	<u>886,618</u>	<u>5,208</u>	<u>658,032</u>	<u>31,699,192</u>
EXPENDITURES					
Current:					
Regular Instruction	7,651,722	535,355			8,187,077
Special Education Instruction	3,570,659				3,570,659
Other Special Instruction	434,846				434,846
Other Instruction	129,645				129,645
Support Services and Undistributed Costs:					
Tuition	514,783				514,783
Student & Instruction Related Services	4,007,901	351,263			4,359,164
General Administrative Services	567,314				567,314
School Administrative Services	898,976				898,976
Central Services and Administrative Technology	471,537				471,537
Plant Operations and Maintenance	1,927,597				1,927,597
Pupil Transportation	1,752,236				1,752,236
Employee Benefits	8,241,420				8,241,420
Debt Service:					
Principal				460,000	460,000
Interest and Other Charges				203,228	203,228
Capital Outlay	196,131		2,501,669		2,697,800
Transfer to Charter Schools	28,763	-			28,763
Total Expenditures	<u>30,393,530</u>	<u>886,618</u>	<u>2,501,669</u>	<u>663,228</u>	<u>34,445,045</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>(244,196)</u>	<u>-</u>	<u>(2,496,461)</u>	<u>(5,196)</u>	<u>(2,745,853)</u>
OTHER FINANCING SOURCES (USES)					
Cancellation of Federal Grant Receivable	-		(393,489)		(393,489)
Transfers in			177,155	5,208	182,363
Transfers out	(177,155)		(5,208)		(182,363)
Total other financing sources and uses	<u>(177,155)</u>	<u>-</u>	<u>(221,542)</u>	<u>5,208</u>	<u>(393,489)</u>
Net Change in Fund Balances	(421,351)	-	(2,718,003)	12	(3,139,342)
Fund Balance—July 1	13,345,148		2,003,151	13,949	15,362,248
Fund Balance—June 30	<u>12,923,797</u>	<u>-</u>	<u>(714,852)</u>	<u>13,961</u>	<u>12,222,906</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, 2018**

Total net change in fund balances - governmental funds (from B-2)	(3,139,342)
<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	(1,601,288)
Depreciable Capital outlays	2,679,518
<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	460,000
Principal Payments on Capital Leases	25,569
<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	258,450
Less: Pension Expense	<u>(462,050)</u>
Increase in Pension Expense	(203,600)
<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	3,161,742
Increase in On-behalf TPAF Pension Expense	(3,161,742)
<p>Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF medical 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 Medical	2,472,549
Increase in On-behalf TPAF Medical Expense	(2,472,549)
<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	22,500
<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	(53,762)
Accrued interest - prior year	59,275
 Change in net assets of governmental activities	 <u><u>(1,751,130)</u></u>

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, 2018

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	145,900	834,531		588,096	1,568,527
Accounts Receivable:					
State	345				345
Federal	10,159				10,159
Other					-
Interfund-Accounts Receivable	27,387				27,387
Inventory	1,992				1,992
Total Current Assets	<u>185,783</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,608,410</u>
Noncurrent Assets:					
Capital Assets:					
Equipment	31,316				31,316
Less Accumulated Depreciation	(28,185)				(28,185)
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,131</u>
Total Assets	<u>188,914</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,611,541</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	15,308	4,322			19,630
Deferred Revenue	11,523				11,523
Interfunds Payable					-
Total Current Liabilities	<u>26,831</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>31,153</u>
Noncurrent Liabilities:					
Compensated Absences					-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>26,831</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>31,153</u>
NET POSITION					
Invested in Capital Assets Net of Related Debt	3,131				3,131
Unrestricted	158,952	830,209	-	588,096	1,577,257
Total Net Position	<u>162,083</u>	<u>830,209</u>	<u>-</u>	<u>588,096</u>	<u>1,580,388</u>

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2018

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	187,830				187,830
Daily Sales - Non-Reimbursable Programs	83,139				83,139
Special Functions					-
Miscellaneous	3,269	250,469	23,196		276,934
Total Operating Revenues	<u>274,238</u>	<u>250,469</u>	<u>23,196</u>	<u>-</u>	<u>547,903</u>
Operating Expenses:					
Cost of Food - Reimbursable	142,428				142,428
Cost of Food - Non-Reimbursable	25,175				25,175
Cost of Sales - Other	60,934				60,934
Labor	196,500	130,235	22,198		348,933
Supplies and Materials	5,505	7,445			12,950
Employee Benefits	34,258	11,354			45,612
Miscellaneous Expense	10,093	43,103	5,020		58,216
Depreciation	1,044				1,044
Total Operating Expenses	<u>475,937</u>	<u>192,137</u>	<u>27,218</u>	<u>-</u>	<u>695,292</u>
Operating Income (Loss)	(201,699)	58,332	(4,022)	-	(147,389)
Non-operating Revenues (Expenses):					
State Sources:					
State School Lunch Program	4,925				4,925
Federal Sources:					
National School Lunch Program	128,116				128,116
National School Breakfast Program	17,862				17,862
Food Distribution Program	44,785				44,785
Total Non-operating Revenues (Expenses)	<u>195,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,688</u>
Income (Loss) Before Contributions & Transfers	(6,011)	58,332	(4,022)	-	48,299
Transfers In (Out)		(2,688)	2,688		-
Change in Net Position	(6,011)	55,644	(1,334)	-	48,299
Total Net Position - Beginning	<u>168,094</u>	<u>774,565</u>	<u>1,334</u>	<u>588,096</u>	<u>1,532,089</u>
Total Net Position—Ending	<u>162,083</u>	<u>830,209</u>	<u>-</u>	<u>588,096</u>	<u>1,580,388</u>

Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2018

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	267,562	250,469	25,884		543,915
Payments to employees			(22,198)		(22,198)
Payments to vendors	(475,471)	(191,286)	(5,020)		(671,777)
Net Cash Provided by (Used for) Operating Activities	<u>(207,909)</u>	<u>59,183</u>	<u>(1,334)</u>	<u>-</u>	<u>(150,060)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	5,473				5,473
Federal Sources	212,457				212,457
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>217,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,930</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>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,021	59,183	(1,334)	-	67,870
Balances—Beginning of Year	135,879	775,348	1,334	588,096	1,500,657
Balances—End of Year	<u>145,900</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,568,527</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(201,699)	58,332	(4,022)	-	(147,389)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:					
(Increase) Decrease in Transfers		(2,688)	2,688		
Increase (Decrease) in Deferred Revenue	(6,676)				(6,676)
(Increase) Decrease in Inventory	2,007				2,007
Increase (Decrease) in Accounts Payable	(2,585)	3,539			954
Increase (decrease) in other current liabilities					-
Total Adjustments	<u>(6,210)</u>	<u>851</u>	<u>2,688</u>	<u>-</u>	<u>(2,671)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(207,909)</u>	<u>59,183</u>	<u>(1,334)</u>	<u>-</u>	<u>(150,060)</u>

**Tinton Falls School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	52,321
Total Assets	52,321
LIABILITIES	
Payable to student groups	36,890
Due to Genberal Fund	11,598
Payroll deductions and withholdings	3,833
Total Liabilities	52,321
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, 2018**

NOTE 1. 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.

A. 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. 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 - *government*, *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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation: (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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation: (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.

C. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. 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.

D. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. 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.

E. 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 2017/2018, 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. 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.

F. 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.

G. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. 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.

H. 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.

I. 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, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food and Supplies	<u>\$1,992</u>
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**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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.

K. 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.

L. 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, 2018 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

M. 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.

N. 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 1(F) regarding the special revenue fund.

O. 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.

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. 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.

Q. 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.

R. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. 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.

S. 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.

T. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

U. 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.

V. 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.

W. 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.

X. Allowance for Uncollectible Accounts:

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

Y. Recent Accounting Pronouncements:

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 and was implemented by the District for the year ended June 30, 2018.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Y. Recent Accounting Pronouncements: (continued)

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 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.

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 implemented this Statement for the year ended June 30, 2018.

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 had no transactions of this type for the year ended June 30, 2018.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Y. Recent Accounting Pronouncements: (continued)

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.

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

NOTE 2. 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, 2018, \$-0- of the District's bank balance of \$16,355,541 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,

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments, (continued)

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, 2018, 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.

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, 2018, the District had \$5,389,751 on deposit with the New Jersey Cash Management Fund.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 3. RECEIVABLES:

Receivables at June 30, 2018, 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	\$1,543,115	\$345	\$1,543,460
Federal Aid	88,882	10,159	99,041
Tuition	17,663		17,663
Interfunds	974,629		11,598
Other	<u>55,777</u>		<u>55,777</u>
Gross receivables	2,680,066	10,504	1,727,539
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$2,680,066</u>	<u>\$10,504</u>	<u>\$1,727,539</u>

NOTE 4. CAPITAL ASSETS:

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

	Balance <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/18</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$239,620	\$	\$	\$239,620
Construction in Progress	<u> </u>	2,156,111	<u> </u>	2,156,111
Total Capital Assets, Not Being Depreciated	<u>239,620</u>	<u>2,156,111</u>	<u> </u>	<u>2,395,731</u>
Capital Assets Being Depreciated				
Sites and Improvements	2,123,361			2,123,361
Buildings and Improvements	40,174,026	523,407		40,697,433
Furniture, Equipment and Vehicles	<u>2,353,788</u>			<u>2,353,788</u>
Total Capital Assets, Being Depreciated	<u>44,651,175</u>	<u>523,407</u>	<u> </u>	<u>45,174,582</u>
Less Accumulated Depreciation:				
Sites and Improvements	(1,706,308)	(37,024)		(1,743,332)
Buildings and Improvements	(17,990,806)	(1,442,978)		(19,433,784)
Furniture, Equipment and Vehicles	<u>(1,662,664)</u>	<u>(121,286)</u>		<u>(1,783,950)</u>
Total Accumulated Depreciation	<u>(21,359,778)</u>	<u>(1,601,288)</u>	<u> </u>	<u>(22,961,066)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,291,397</u>	<u>(1,077,881)</u>	<u> </u>	<u>22,213,516</u>
Governmental Activities Capital Assets, Net	<u>\$23,531,017</u>	<u>\$1,078,230</u>	<u>\$ </u>	<u>\$24,609,247</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 4. CAPITAL ASSETS: (continued)

	Balance <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/18</u>
Business-Type Activity				
Machinery and Equipment	\$31,316	\$ _____	\$ _____	\$31,316
Totals	<u>31,316</u>	_____	_____	<u>31,316</u>
Less Accumulated Depreciation				
Machinery and Equipment	(27,141)	(1,044)	_____	(28,185)
Total Accumulated Depreciation	<u>(27,141)</u>	<u>(1,044)</u>	_____	<u>(28,185)</u>
Business-Type Activity Capital Assets, Net	<u>\$4,175</u>	<u>(\$1,044)</u>	<u>\$ _____</u>	<u>\$3,131</u>

Depreciation expense was charged to the functions as follows:

Instruction - Regular	\$41,603
Support Services - Administration	9,960
Plant Operations and Maintenance	11,482
Unallocated Depreciation	<u>1,538,243</u>
Total Depreciation Expense	<u>\$1,601,288</u>

NOTE 5. LONG-TERM DEBT OBLIGATIONS:

For the fiscal year ended June 30, 2018 the following liabilities are reported in the general long-term debt account group:

	Balance <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2018</u>	Amounts Due Within <u>One Year</u>
Compensated absences payable	\$262,132	\$	\$22,500	\$239,632	\$
Bonds payable	5,013,000		460,000	4,553,000	475,000
Capital leases payable	115,058		25,569	89,489	25,569
Net (PERS) pension obligation	<u>8,576,671</u>	_____	<u>2,082,341</u>	<u>6,494,330</u>	_____
	<u>\$13,966,861</u>	<u>\$0</u>	<u>\$2,590,410</u>	<u>\$11,376,451</u>	<u>\$500,569</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 5. LONG-TERM DEBT OBLIGATIONS: (continued)

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.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$4,553,000</u>	<u>\$1,181,983</u>	<u>\$5,734,983</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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 5. LONG-TERM DEBT OBLIGATIONS: (continued)

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, 2018.

<u>Year</u>	
2018	\$25,569
2019	25,569
2020	25,569
2021	<u>12,782</u>
	<u>\$89,489</u>

C. Bonds Authorized but not Issued

As of June 30, 2018, the District had \$32,499,000 of bonds authorized but not issued 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.

NOTE 6. 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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.

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 1/60th 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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

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 1/60th 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/18	\$258,450	\$24,394
6/30/17	257,263	25,293
6/30/16	250,445	9,833

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:

Year	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>	Long-Term Disability <u>Insurance</u>
<u>Ending</u> 6/30/18	\$1,425,195	\$942,841	\$34,586	\$2,516
6/30/17	1,074,030	927,336	38,915	2,582
6/30/16	773,363	966,733	38,524	

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 \$808,990 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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

Public Employees Retirement System (PERS)

At June 30, 2018, the District had a liability of \$6,494,330 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2017, the District's proportion was .02798985208 percent, which was a decrease of .0010599592 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$462,050. At June 30, 2018, 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	\$1,308,384	\$1,303,587
Difference in actual and expected experience	152,919	
Net difference between projected and actual earnings on pension plan investments	44,222	
Changes in proportion and differences between District contributions and proportionate share of contributions	104,466	210,833
District contributions subsequent to the measurement date	<u>228,224</u>	<u> </u>
Total	<u>\$1,838,215</u>	<u>\$1,514,420</u>

The \$228,224 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 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:	
2018	\$152,883
2019	230,704
2020	139,795
2021	(185,927)
2022	(135,516)

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District s Proportion	.02789852%	.02895848%

Actuarial Assumptions

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	<u>June 30, 2017</u>		
	<u>1%</u> Decrease <u>4.00%</u>	<u>At Current</u> Discount Rate <u>5.00%</u>	<u>1%</u> Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$8,056,657	\$6,494,330	\$5,192,718

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, 2018**

NOTE 6. 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, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>66,712,769</u>
	<u>\$66,712,769</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .0989457150%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$4,621,523 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

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

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

NOTE 7. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

Plan Description and Benefits Provided

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. 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. POST-RETIREMENT BENEFITS: (continued)

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

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

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>55,536,062</u>
	<u><u>\$55,536,062</u></u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. POST-RETIREMENT BENEFITS: (continued)

(a) *Health Care Trend Assumptions*

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

(b) *Discount Rate*

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$3,415,390 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Tinton Falls School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. 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 9. 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.

NOTE 10. 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.

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 10. CAPITAL RESERVE ACCOUNT: (continued)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$3,227,440
Deposits:	
Transfer by Board Resolution, June 18, 2018	900,000
Interest earned on capital reserve funds	23,209
Withdrawals	<u>177,155</u>
Ending Balance, June 30, 2018	<u>\$3,973,494</u>

NOTE 11. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	<u>\$250,000</u>
Ending balance, June 30, 2018	\$250,000

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 12. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017		\$1,623,166
Increased by:		
Unexpended Required Maintenance	\$141,936	
Interest on Investments	<u>14,592</u>	
		156,528
Decreased by:		
Withdrawals		<u>200,000</u>
Ending Balance, June 30, 2018		<u>\$1,579,694</u>

NOTE 13. 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.

The activity of the federal impact aid reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017		\$103,514
Increased by:		
Transfer by Board Resolution, June 18, 2018		<u>67,362</u>
Ending Balance, June 30, 2018		<u>\$170,876</u>

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$12,923,797 General Fund fund balance at June 30, 2018, \$712,047 is reserved for encumbrances; \$5,683,264 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$2,931,401 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$3,973,494 has been reserved in the Capital Reserve Account; \$1,579,694 has been reserved in the maintenance reserve account; \$250,000 has been reserved in the Emergency Reserve Account; \$0- has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$170,876 has been reserved for Impact Aid; and \$554,422 is unreserved and undesignated.

Debt Service Fund - Of the \$13,961 Debt Service Fund fund balance at June 30, 2018, \$8,753 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$5,208 is restricted for debt service.

NOTE 15. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2018 is \$5,683,264. Of this amount, \$2,751,863 is the result of current year’s operations.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES:

The composition of interfund balances as of June 30, 2018 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	\$27,387
General Fund	Capital Projects Fund	956,651
General Fund	Payroll Agency Fund	11,597
Special Revenue Fund	General Fund	1,173
Debt Service Fund	Capital Projects Fund	5,208

**Borough of Tinton Falls School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES: (continued)

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

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

NOTE 17. CONTINGENT LIABILITIES:

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

NOTE 18. SUBSEQUENT EVENTS:

On July 24, 2018, the District sold \$29,085,000 of Governmental Pooled Loan Revenue Bonds, Series 2018B through the Monmouth County Improvement Authority to finance the 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.

The Board has evaluated subsequent events through January 17, 2019, 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, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	22,493,327		22,493,327	22,493,327		
Tuition	50,000		50,000	77,784	27,784	
Miscellaneous	50,000		50,000	208,226	158,226	
Total - Local Sources	22,593,327		22,593,327	22,779,337	186,010	
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	1,551,513	(71,821)	
Extraordinary Aid	175,000		175,000	514,710	339,710	
Professional Learning Community Aid	14,970		14,970	14,970		
PARCC Readiness Aid	14,305		14,305	14,305		
Host District Support Aid	138		138	11,309	11,171	
Per Pupil Growth Aid	14,305		14,305	14,305		
Other State Aid-Non Public Transportation				12,977		
On-behalf TPAF NCGI Premium (non-budgeted)				34,586		
On-behalf TPAF Post-Retirement Medical (non-budgeted)				942,841		
On-behalf Long-Term Disability Insurance				2,516		
On-behalf TPAF Premium				1,425,195		
TPAF Social Security (Reimbursed - Non-Budgeted)				808,990		
Total - State Sources	3,766,191		3,766,191	7,272,356	3,506,165	
Federal sources:						
Impact Aid				67,362		
Medical Assistance Program (SEMI)	19,510		19,510	22,578	3,068	
Total - Federal Sources	19,510		19,510	89,940	70,430	
TOTAL REVENUES	26,379,028		26,379,028	30,141,633	3,762,605	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 17-18 Actual	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool/Kindergarten - Salaries of Teachers	588,580	136,800	725,380	720,879	4,501	
Grades 1-5 - Salaries of Teachers	3,287,730	336,821	3,624,551	3,566,360	58,191	
Grades 6-8 - Salaries of Teachers	2,562,935	175,988	2,738,923	2,738,922	1	
Regular Programs - Home Instruction:						
Salaries of Teachers	21,600		21,600	13,671	7,929	
Purchased Professional-Educational Services	1,000	61	1,061	1,043	18	
Other Purchased Services (400-500 series)	500	(390)	110		110	
Regular Programs - Undistributed Instruction						
Purchased Technical Services	47,366	11,127	58,493	23,084	35,409	
Other Purchased Services	307,105	9,500	316,605	131,699	184,906	
General Supplies	432,726	20,847	453,573	363,295	90,278	
Textbooks	106,539	(10,300)	96,239	83,481	12,758	
Other Objects	6,840	4,663	11,503	9,288	2,215	
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,362,921	685,117	8,048,038	7,651,722	396,316	
SPECIAL EDUCATION - INSTRUCTION						
Learning and/or Language Disabilities:						
Salaries of Teachers	213,397	(41,311)	172,086	155,139	16,947	
Other Salaries for Instruction						
General Supplies	1,240		1,240	466	774	
Total Learning and/or Language Disabilities	214,637	(41,311)	173,326	155,605	17,721	
Auditory Impairments:						
General Supplies						
Total Auditory Impairments						
Behavioral Disabilities:						
Salaries of Teachers	16,010	70,000	86,010	78,430	7,580	
Other Salaries for Instruction	4,000	25,000	29,000	28,339	661	
General Supplies	8,000		8,000	2,735	5,265	
Total Behavioral Disabilities	28,010	95,000	123,010	109,504	13,506	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 17-18 Actual	Variance Final to Actual	
Multiple Disabilities:						
Salaries of Teachers	490,171	31,021	521,192	505,032	16,160	
Other Salaries for Instruction		84,692	84,692	84,275	417	
Other Purchased Services						
General Supplies	5,086		5,086	3,757	1,329	
Total Multiple Disabilities	495,257	115,713	610,970	593,064	17,906	
Resource Room/Resource Center:						
Salaries of Teachers	1,584,318	293,891	1,878,209	1,877,751	458	
Other Salaries for Instruction	58,212	(14,000)	44,212	39,081	5,131	
General Supplies	14,646	2,991	17,637	12,701	4,936	
Other Purchased Services						
Total Resource Room/Resource Center	1,657,176	282,882	1,940,058	1,929,533	10,525	
Autism:						
Salaries of Teachers	177,915	14,899	192,814	191,961	853	
Other Salaries for Instruction	28,662	61,000	89,662	87,702	1,960	
General Supplies	10,342	179	10,521	6,696	3,825	
Total Autism	216,919	76,078	292,997	286,359	6,638	

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2018									
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual				
SPECIAL EDUCATION - INSTRUCTION (Continued)									
Preschool Disabilities - Part-Time:									
Salaries of Teachers	60,098		60,098	56,108	3,990				
Other Salaries for Instruction	98,320	(25,431)	72,889	72,397	492				
Purchased Professional-Educational Services	500		500		500				
General Supplies	3,026		3,026	1,155	1,871				
Total Preschool Disabilities - Part-Time	161,944	(25,431)	136,513	129,660	6,853				
Preschool Disabilities - Full-Time:									
Salaries of Teachers	234,045	28,151	262,196	240,059	22,137				
Other Salaries for Instruction	116,103	(31,311)	84,792	101,742	11,230				
General Supplies	3,000	(375)	2,625	1,264	1,361				
Total Preschool Disabilities - Full-Time	353,148	24,645	377,793	343,065	34,728				
Special Education - Home Instruction									
Salaries of Teachers	42,920	(12,500)	30,420	22,065	8,355				
Purchased Professional-Educational Services	2,000	314	2,314	1,804	510				
Other Purchased Services (400-500) Series	200		200		200				
Total Home Instruction	45,120	(12,186)	32,934	23,869	9,065				
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,172,211	515,390	3,687,601	3,570,659	116,942				
Basic Skills/Remedial - Instruction									
Salaries of Teachers	309,810	51,033	360,843	360,593	250				
General Supplies	3,893		3,893	2,172	1,721				
Total Basic Skills/Remedial - Instruction	313,703	51,033	364,736	362,765	1,971				
Bilingual Education - Instruction									
Salaries of Teachers	73,308	10,559	83,867	70,362	13,505				
Other Purchased Services (400-500) Series									
General Supplies	2,900		2,900	1,719	1,181				
Total Bilingual Education - Instruction	76,208	10,559	86,767	72,081	14,686				
School-Sponsored Occurricular Activities - Instruction									
Salaries	91,320		91,320	71,407	19,913				
Supplies and Materials	8,135	58	8,193	3,430	4,763				
Total School-Sponsored Occurricular Activities - Instruction	99,455	58	99,513	74,837	24,676				
School-Sponsored Athletics - Instruction									
Salaries	47,000		47,000	39,174	7,826				
Purchased Services (300-500 series)	13,785	1,870	15,655	9,005	6,650				
Supplies and Materials	8,940		8,940	6,629	2,311				
Other Objects									
Total Other Instructional Programs - Instruction	69,725	1,870	71,595	54,808	16,787				
TOTAL INSTRUCTION	11,094,223	1,264,027	12,358,250	11,786,872	571,378				

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2018									
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual				
Undistributed Expenditures - Instruction:									
Tuition to State- Regular		15,000	15,000	15,000					
Tuition to Other LEAs Within the State-Special	295,200	4,692	299,892	181,845	118,047				
Tuition to Private Schools for the Handicapped - Within State	694,455	(25,951)	668,504	317,938	350,566				
Total Undistributed Expenditures - Instruction:	989,655	(6,259)	983,396	514,783	468,613				
Undist. Expend. - Health Services									
Salaries	297,155	17,560	314,715	307,158	7,557				
Purchased Professional and Technical Services	215,310		215,310	120,912	94,398				
Other Purchased Services (400-500 series)	30,050	(5,003)	25,047	14,575	10,472				
Supplies and Materials	6,074	1,704	7,778	6,995	783				
Total Undistributed Expenditures - Health Services	548,589	14,261	562,850	449,640	113,210				
Undist. Expend. - Other Supp. Serv. Students - Related Serv.									
Salaries	470,411	37,438	507,849	398,866	108,983				
Purchased Professional - Educational Services	112,440	108,686	221,126	199,787	21,339				
Supplies and Materials	6,499	150	6,649	4,795	1,854				
Other Objects	400		400	149	251				
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	589,750	146,274	736,024	603,597	132,427				
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.									
Salaries	1,662,333	(124,907)	1,537,426	1,233,751	303,675				
Purchased Professional - Educational Services	6,040	(6,000)	40	40					
Supplies and Materials	250		250	250					
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	1,668,623	(130,907)	1,537,716	1,233,751	303,965				
Undist. Expend. - Guidance									
Salaries of Other Professional Staff	230,924	37,236	268,160	267,458	702				
Salaries of Secretarial and Clerical Assistants	200		200	200					
Purchased Professional - Educational Services	6,000		6,000	3,751	2,249				
Other Purchased Prof. and Tech. Services	500		500	500					
Other Purchased Services (400-500 series)	1,000	(500)	500	500					
Supplies and Materials	1,374	800	2,174	984	1,190				
Other Objects									
Total Undist. Expend. - Guidance	239,998	37,536	277,534	272,193	5,341				
Undist. Expend. - Child Study Teams									
Salaries of Other Professional Staff	489,257	32,811	522,068	514,099	7,969				
Other Salaries	36,000	1,307	37,307	36,968	339				
Purchased Professional - Educational Services	158,800	(53,173)	105,627	86,440	19,187				
Other Purchased Prof. and Tech. Services	500		500	500					
Other Purchased Services (400-500 series)	14,690		14,690	11,708	2,982				
Miscellaneous Purchased Services (400-500 series Other Resid Costs)	3,000		3,000	3,000					
Supplies and Materials	10,396		10,396	9,186	1,210				
Other Objects	2,665		2,665	1,764	901				
Total Undist. Expend. - Child Study Team	715,308	(19,055)	696,253	660,165	36,088				

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	2,36,887		236,887	225,675	11,212	
Salaries of Other Professional Staff	10,500		10,500	1,920	8,580	
Salaries of Secretarial and Clerical Assistants	57,976		57,976	54,562	3,414	
Other Salaries	156,271		156,271	126,294	29,977	
Salaries of Facilitators, Math and Literacy Coaches	160,842	13,732	174,574	89,618	84,956	
Purchased Prof.- Educational Services	5,500		5,500		5,500	
Other Purch Prof. and Tech. Services	5,000		5,000	240	4,760	
Other Purch Services (400-500)	13,000		13,000	11,228	1,772	
Supplies and Materials	1,490	23	1,513	1,350	163	
Other Objects	510	800	1,310	1,050	260	
Total Undist. Expend. - Improvement of Inst. Services	647,976	14,555	662,531	511,937	150,594	
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	212,696	10,064	222,760	154,904	67,856	
Purchased Professional and Technical Services	4,800		4,800	4,365	435	
Other Purchased Services (400-500 series)	800		800		800	
Supplies and Materials	8,533		8,533	6,700	1,833	
Total Undist. Expend. - Educational Media Serv./Sch. Library	226,829	10,064	236,893	165,969	70,924	
Undist. Expend. - Instructional Staff Training Serv.						
Salaries of Other Professional Staff	70,683		70,683	69,412	1,271	
Other Salaries	70,000	(67,200)	2,800	2,720	80	
Purchased Professional - Educational Services	35,450	(4,000)	31,450	24,650	6,800	
Other Purchased Services (400-500 series)	4,650	17,109	21,759	12,497	9,262	
Supplies and Materials						
Other Objects	28,740	(11,540)	17,200	1,370	15,830	
Total Undist. Expend. - Instructional Staff Training Serv.	209,523	(65,651)	143,872	110,649	33,224	

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2018									
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual				
Undist. Expend. - Supp. Serv. - General Administration									
Salaries	265,663	19,000	284,663	276,997	7,666				
Unused Vacation Payment to Terminated/Retired Staff		4,250	4,250	4,248	2				
Legal Services	80,000	10,332	90,332	47,924	42,408				
Audit Fees	35,000	6,500	41,500	24,740	16,760				
Architectural/Engineering Services	3,000	15,193	18,193	1,686	16,507				
Other Purchased Professional Services	83,065	18,403	101,468	31,817	69,651				
Purchased Technical Services	51,632	18,713	70,345	23,960	46,385				
Other Purch Prof. and Tech. Services									
Communications/Telephone	110,366	6,700	117,066	60,127	56,939				
BOE Other Purchased Services	4,000	390	4,390	2,977	1,413				
Miscellaneous Purchased Services (400-500) [Other than 530 & 585]	77,664		77,664	60,125	17,539				
General Supplies	10,000	(1,483)	8,517	7,870	647				
BOE Training/Meeting Supplies	925	17	942	141	801				
Judgments Against the School District	30,000	30,864	60,864		60,864				
Miscellaneous Expenditures	13,900	(12)	13,888	12,917	971				
BOE Membership Dues/Fees	14,250		14,250	11,785	2,465				
Total Undist. Expend. - Supp. Serv. - General Administration	779,465	128,867	908,332	567,314	341,018				
Undist. Expend. - Support Serv. - School Administration									
Salaries of Principals/Assistant Principals	375,965		375,965	373,958	2,007				
Salaries of Other Professional Staff	121,834	750	122,584	122,583	1				
Salaries of Secretarial and Clerical Assistants	379,971	(755)	379,216	372,866	6,350				
Other Salaries	8,925	5	8,930	8,930					
Purchased Professional and Technical Services	7,731		7,731	1,362	6,369				
Other Purchased Services (400-500 series)	7,180	(223)	6,957	3,096	3,861				
Supplies and Materials	14,249	(1,111)	13,138	9,817	3,321				
Other Objects	9,813	(1,000)	8,813	6,364	2,449				
Total Undist. Expend. - Support Serv. - School Administration	925,668	(2,334)	923,334	898,976	24,358				
Undistributed Expenditures Central Services									
Salaries	319,811		319,811	306,519	13,292				
Purchased Technical Service	14,950		14,950	9,170	5,780				
Misc. Purchased Serv. (400-500) O/T 594	25,676		25,676	17,779	7,897				
Supplies and Materials	12,000	775	12,775	7,895	4,880				
Miscellaneous Expenditures	5,450		5,450	2,915	2,535				
Total Undistributed Expenditures Central Services	377,887	775	378,662	344,278	34,384				

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2018									
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual				
Undistributed Expenditures Admin Info Tech									
Salaries	74,649		74,649	74,251	398				
Purchased Technical Services	29,000	22,850	51,850	42,879	8,971				
Other Purchased Services (400-500 series)	1,000	7,554	8,554		8,554				
Supplies and Materials	15,000	6,387	21,387	9,981	11,406				
Other Objects	700		700	148	552				
Total Undistributed Expenditures Admin Info Tech	120,349	36,791	157,140	127,259	29,881				
Undist. Expend. - Required Maint. for School Facilities									
Salaries									
Cleaning, Repair and Maintenance Services	474,969	7,093	482,062	389,460	92,602				
General Supplies	171,000	19,964	190,964	59,902	131,062				
Other Objects	1,150		1,150	471	679				
Total Undist. Expend. - Required Maint. for School Facilities	647,119	27,057	674,176	449,833	224,343				
Undist. Expend. - Custodial Services									
Salaries	25,000		25,000	9,278	15,722				
Salaries of Non-Instructional Aides	88,214		88,214	48,545	39,669				
Purchased Professional and Technical Services	29,277	9,742	39,019	20,866	18,153				
Cleaning, Repair and Maintenance Services	768,450	1,472	769,922	672,355	97,567				
Other Purchased Property Services	49,500	1,852	51,352	45,349	5,983				
Insurance	86,283		86,283	81,306	4,977				
Miscellaneous Purchased Services									
General Supplies	46,300	447	46,747	14,232	32,515				
Energy (Natural Gas)	197,000	24,258	221,258	145,732	75,526				
Energy (Electricity)	335,800		335,800	233,337	102,463				
Other Objects	1,000		1,000	182	818				
Total Undist. Expend. - Custodial Services	1,626,824	37,751	1,664,575	1,271,182	393,393				
Undist. Expend. - Care & Upkeep of Grounds									
Purchased Professional and Technical Services	153,000	(33,000)	120,000	111,221	8,779				
Cleaning, Repair and Maintenance Services		14,242	14,242	12,263	1,979				
General Supplies		18,903	18,903	13,705	5,198				
Total Undist. Expend. - Care & Upkeep of Grounds	153,000	145	153,145	137,189	15,956				
Undist. Expend. - Security									
Salaries	1,400		1,400	874	526				
Purchased Professional and Technical Services	28,000	(8,350)	19,650	7,575	12,075				
Repair and Maintenance	5,000	138	5,138	4,372	766				
General Supplies	16,000	46,541	62,541	56,572	5,969				
Total Undist. Expend. - Security	50,400	38,329	88,729	69,393	19,336				
Total Undist. Expend-Oper & Maint of Plant Services	2,477,343	103,282	2,580,625	1,927,597	653,028				

Tinton Falls School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2018									
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual				
Undist. Expend. - Student Transportation Services									
Contracted Services (Between Home & School)-Vendors	984,544		984,544	773,109	211,435				
Contract Services (Other than Between Home & School)-Vendors	55,450		55,450	44,019	11,431				
Contracted Services (Between Home & School)-Joint Agreements	200,628	16,643	217,271	113,487	103,784				
Contracted Services (Special Ed. Students)-Vendors	619,898		619,898	409,858	210,040				
Contracted Services (Special Ed. Students)-Joint Agreements	30,192		30,192	11,137	19,055				
Contracted Services (Special Ed. Students)-ESC's & CTISAs	508,635	1,154	509,789	385,150	124,639				
Misc. Purchased Services-Transportation	4,500		4,500	3,255	1,245				
Transportation Supplies	5,000		5,000		5,000				
Total Undist. Expend. - Student Transportation Services	2,408,847	17,797	2,426,644	1,740,015	686,629				
Other Support Services - Child Study Team									
Unused Sick Payment to Terminated/Retired Staff		7,200	7,200	7,200					
Total Other Support Services - Child Study Team		7,200	7,200	7,200					
Support Services - General Admin									
Unused Sick Payment to Terminated/Retired Staff		5,021	5,021	5,021					
Total Support Services - General Admin		5,021	5,021	5,021					
UNALLOCATED BENEFITS									
Social Security Contributions	308,000	12,397	320,397	280,669	39,728				
Other Retirement Contributions-PERS	307,000	1,181	308,181	293,570	14,611				
Unemployment Compensation	60,000	6,000	66,000	65,978	22				
Workmen's Compensation	152,000		152,000	141,971	10,029				
Health Benefits	4,373,029	(162,528)	4,210,501	4,063,807	146,694				
Tuition Reimbursement	145,000	106,731	251,731	145,074	106,657				
Other Employee Benefits	67,800		67,800	36,223	31,577				
TOTAL UNALLOCATED BENEFITS	5,412,829	(36,219)	5,376,610	5,027,292	349,318				
ON-BEHALF CONTRIBUTIONS									
On-behalf TPAF NCGI Premium (non-budgeted)				34,586	(34,586)				
On-behalf TPAF Post-Retirement Medical (non-budgeted)				942,841	(942,841)				
On-behalf Long-Term Disability Insurance				2,516	(2,516)				
On-behalf TPAF Premium				1,425,195	(1,425,195)				
Reimbursed TPAF Social Security Contributions (non-budgeted)				808,990	(808,990)				
TOTAL ON-BEHALF CONTRIBUTIONS				3,214,128	(3,214,128)				
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	5,412,829	(36,219)	5,376,610	8,241,420	(2,864,810)				
TOTAL UNDISTRIBUTED EXPENDITURES	18,338,639	262,018	18,600,657	18,381,764	218,893				
TOTAL GENERAL CURRENT EXPENSE	29,432,862	1,526,045	30,958,907	30,168,636	790,271				

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	17-18 Actual	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment:						
Undist. Expend.-Grades 1-5	37,535	3,000	40,535	40,025	510	
Undist. Expend.-Grades 6-8	4,195	(4,149)	46		46	
Undist. Expend.-Auditory Impairments		2,249	2,249	2,249		
Undist. Expend.-School Sponsored Other Instruction		5,977	5,977	2,977	3,000	
Undist. Expend.-Admin Info Tech.						
Undist. Expend.-Related & Extra	2,500	(2,500)				
Undist. Expend.-Required Maintenance for Schools		65,555	65,555	56,041	9,514	
Undist. Expend.-Care and Upkeep of Grounds		41,125	41,125	4,701	36,424	
Undist. Expend.-Security		72,379	72,379	72,376	3	
Total Equipment	44,230	183,636	227,866	178,369	49,497	
Facilities Acquisition and Construction Services						
Architectural/Engineering Services		5,658	5,658		5,658	
Other Purchased Professional and Technical Services		2,416	2,416		2,416	
Construction Services						
Supplies & Materials						
Assessment for Debt Service SDA Funding	17,762		17,762	17,762		
Total Facilities Acquisition and Construction Services	17,762	8,074	25,836	17,762	8,074	
TOTAL CAPITAL OUTLAY	61,992	191,710	253,702	196,131	57,571	
Transfer of Funds to Charter Schools	12,173	17,000	29,173	28,763	410	
TOTAL EXPENDITURES	29,507,027	1,734,755	31,241,782	30,393,530	848,252	
Excess (Deficiency) of Revenues						
(Over Under) Expenditures	(3,127,999)	(1,734,755)	(4,862,754)	(2,51,897)	4,610,857	

Tinton Falls School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Transfers/ Adjustments	Final Budget	Budget 17-18 Actual	Variance Final to Actual	
Other Financing Sources/(Uses):						
Operating Transfer In (Out):						
Capital Leases (non-budgeted)	(175,000)	(21,650)	(196,650)	(177,155)	19,495	
Transfer to Capital Project Fund	(175,000)	(21,650)	(196,650)	(177,155)	19,495	
Total Other Financing Sources/(Uses):						
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,302,999)	(1,756,405)	(5,059,404)	(429,052)	4,630,352	
Fund Balance, July 1	13,698,245		13,698,245	13,698,245		
Fund Balance, June 30	10,395,246	(1,756,405)	8,638,841	13,269,193	4,630,352	
Reconciliation:						
Adjustment for prior years encumbrances						
Transfer to Capital Reserve		(1,734,755)	(1,734,755)	(1,734,755)	923,209	
Transfer to Maintenance Reserve					156,528	
Transfer to Impact Aid Reserve					67,362	
Withdrawal from Capital Reserve Principal	(175,000)	(21,650)	(196,650)	(177,155)	19,495	
Withdrawal from Maintenance Reserve Principal	(200,000)		(200,000)	(200,000)		
Budgeted Fund Balances	(2,927,999)		(2,927,999)	535,759	3,463,758	
Total	(3,302,999)	(1,756,405)	(5,059,404)	(429,052)	4,630,352	
Recapitulation:						
Restricted Fund Balance:						
Capital Reserve				3,973,494		
Maintenance Reserve				1,579,694		
Emergency Reserve				250,000		
Impact Aid				170,876		
Excess Surplus - Designated for Subsequent Year's Expenditures				2,931,401		
Excess Surplus - Current Year				2,751,863		
Assigned Fund Balance:						
Year-End Encumbrances				712,047		
Designated for Subsequent Year's Expenditures-Fund Balance Appropriated				899,818		
Unassigned Fund Balance				13,269,193		
Total						
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(345,396)		
Fund Balance per Governmental Funds (GAAP)				12,923,797		

**Tinton Falls School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		50,708	50,708	50,708	
State Sources	150,924	36,421	187,345	187,345	
Federal Sources	551,668	96,897	648,565	648,565	
Total Revenues	702,592	184,026	886,618	886,618	
EXPENDITURES:					
Instruction:					
Salaries of Teachers		(1,488)	110,930	110,930	
Salaries of Other Professional Staff	112,418				
Other Salaries for Instruction		3,710	3,710	3,710	
Purchased Professional - Educational Services					
Purchased Professional and Technical Services	300,000	43,073	343,073	343,073	
Other Purchased Services (400-500 series)	9,772	7,589	17,361	17,361	
General Supplies	32,013	(13,676)	18,337	18,337	
Textbooks		41,944	41,944	41,944	
Other Objects					
Total Instruction	454,203	81,152	535,355	535,355	
Support Services:					
Salaries		9,552	9,552	9,552	
Personal Services - Employee Benefits		30,674	30,674	30,674	
Purchased Professional & Technical Services		51,133	51,133	51,133	
Purchased Professional - Educational Services	248,389	(6,603)	241,786	241,786	
Purchased Technical Services		17,457	17,457	17,457	
Other Purchased Services (400-500 series)					
Supplies & Materials		661	661	661	
Other Objects					
Total Support Services	248,389	102,874	351,263	351,263	
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	702,592	184,026	886,618	886,618	
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, 2018**

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]	30,141,633	886,618
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		353,097	
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).		(345,396)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	30,149,334	886,618
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	30,393,530	886,618
Differences - budget to GAAP			
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	30,393,530	886,618

**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*

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0278985200%	0.0289584800%	0.0291305962%	0.0289024950%
District's proportionate share of the net pension liability (asset)	\$6,494,330	\$8,576,671	\$ 6,539,235	\$ 5,411,338
District's covered payroll - PERS	\$1,894,697	\$1,841,746	\$ 1,944,818	\$ 1,982,147
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	342.76%	465.68%	336.24%	273.00%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$258,450	\$257,263	\$250,445	\$238,268
Contributions in relation to the contractually required contribution	<u>(\$258,450)</u>	<u>(\$257,263)</u>	<u>(\$250,445)</u>	<u>(\$238,268)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll - PERS	\$ 1,894,897	\$ 1,841,746	\$ 1,944,818	\$ 1,982,147
Contributions as a percentage of covered payroll	13.64%	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*

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0989457150%	0.0101404953%	0.1071318514%	0.1084254465%
District's proportionate share of the net pension liability (asset)	\$ 66,712,769	\$ 79,771,592	\$ 67,711,905	\$ 57,949,872
District's covered payroll - TPAF	\$ 11,286,911	\$ 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	591.06%	744.62%	692.27%	591.18%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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, 2018

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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. 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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. 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, 2018

	Total Brought Forward (Ex. E-1a)	Title I, Part A 2017-18	Title II, Part A 2017-18	Title III 2017-18	Totals 2018
REVENUES					
Local Sources	50,708				50,708
State Sources	187,345				187,345
Federal Sources	489,969	128,817	25,992	3,787	648,565
Total Revenues	728,022	128,817	25,992	3,787	886,618
EXPENDITURES:					
Instruction:					
Salaries of Teachers	9,765	97,379		3,786	110,930
Salaries of Other Professional Staff					
Other Salaries for Instruction	3,710				3,710
Purchased Professional - Educational Services					
Purchased Professional and Technical Services	343,073				343,073
Other Purchased Services (400-500 series)	16,804	556		1	17,361
General Supplies	18,337				18,337
Textbooks	41,944				41,944
Other Objects					
Total Instruction	433,633	97,935		3,787	535,355
Support Services:					
Salaries	9,552				9,552
Personal Services - Employee Benefits		30,674			30,674
Purchased Professional & Technical Services	51,133				51,133
Purchased Professional - Educational Services	220,147		21,639		241,786
Purchased Technical Services	13,557		3,900		17,457
Other Purchased Services (400-500 series)					
Supplies & Materials		208			661
Other Objects					
Total Support Services					
	294,389	30,882	25,992		351,263
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	728,022	128,817	25,992	3,787	886,618
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, 2018

	Total Brought Forward (Ex. E-1b)	IDEA Part B, Basic 2016-17	IDEA Part B, Basic 2017-18	IDEA Preschool 2017-18	Non-Public ESL	Non-Public Security	Total Carried Forward
REVENUES							
Local Sources	50,708						50,708
State Sources	134,767		458,390	16,756	1,445	51,133	187,345
Federal Sources	-	14,823					489,969
Total Revenues	185,475	14,823	458,390	16,756	1,445	51,133	728,022
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-			9,765			9,765
Salaries of Other Professional Staff	-						-
Other Salaries for Instruction	-			3,710			3,710
Purchased Professional - Educational Services	-						-
Purchased Professional and Technical Services	-		343,073				343,073
Other Purchased Services (400-500 series)	-		7,769	271			16,804
General Supplies	8,764						18,337
Textbooks	18,337						41,944
Other Objects	41,944						433,633
Total Instruction	69,045	-	350,842	13,746	-	-	9,552
Support services:							
Salaries	-		9,552				-
Personal Services - Employee Benefits	-						-
Purchased Professional & Technical Services	-					51,133	51,133
Purchased Professional - Educational Services	102,873	14,823	97,996	3,010	1,445		220,147
Purchased Technical Services	13,557						13,557
Other Purchased Services (400-500 series)	-						-
Supplies & Materials	-						-
Other Objects	-						-
Total Support Services	116,430	14,823	107,548	3,010	1,445	51,133	294,389
Facilities Acquisition and Const. Serv.:							
Instructional Equipment	-						-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-	-
Total Expenditures	185,475	14,823	458,390	16,756	1,445	51,133	728,022
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, 2018

	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	13,557	18,337	35,740	33,666	16,022	17,445	50,708	50,708
State Sources								134,767
Federal Sources								-
Total Revenues	13,557	18,337	35,740	33,666	16,022	17,445	50,708	185,475
EXPENDITURES:								
Instruction:								
Salaries of Teachers								-
Salaries of Other Professional Staff								-
Other Salaries for Instruction								-
Purchased Professional - Educational Services								-
Purchased Professional and Technical Services								-
Other Purchased Services (400-500 series)							8,764	8,764
General Supplies		18,337						18,337
Textbooks							41,944	41,944
Other Objects								-
Total Instruction	-	18,337	-	-	-	-	50,708	69,045
Support Services:								
Salaries								-
Personal Services - Employee Benefits								-
Purchased Professional & Technical Services								-
Purchased Professional - Educational Services			35,740	33,666	16,022	17,445		102,873
Purchased Technical Services	13,557							13,557
Other Purchased Services (400-500 series)								-
Supplies & Materials								-
Other Objects								-
Total Support Services	13,557	-	35,740	33,666	16,022	17,445	-	116,430
Facilities Acquisition and Const. Serv.:								
Instructional Equipment								-
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-	-	-
Total Expenditures	13,557	18,337	35,740	33,666	16,022	17,445	50,708	185,475
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, 2018**

**Revenues and Other Financing
Sources**

State Sources - SCC Grant	\$	
Bond proceeds and transfers		
Interest on Investments		5,208
Transfer from capital reserve		177,155
Transfer from capital outlay		
Total revenues		<u>182,363</u>

**Expenditures and Other Financing
Uses**

Purchased professional and technical services		667,913
Land and Improvements		-
Construction Services		1,744,818
Other Purchased Services		88,938
Total expenditures		<u>2,501,669</u>
Excess (deficiency) of revenues over (under) expenditures		(2,319,306)
Transfers out to Debt Service		(5,208)
Cancellations of SCC Grants Receivable		(1,332,475)
Fund balance - beginning		<u>3,263,045</u>
Fund balance - ending	\$	<u>(393,944)</u>

Recapitulation:

Unrestricted Fund Balance		(393,944)
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		<u>(320,908)</u>
Fund Balance per Governmental Funds (GAAP)		<u>(714,852)</u>

**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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,603,200	\$ (526,732)	\$ 1,076,468	\$ 1,076,468
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	4,009,062	(526,732)	3,482,330	3,482,330
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	2,685,058	-	2,685,058	2,685,058
Excess (deficiency) of revenues over (under) expenditures	\$ 1,324,004	\$ (526,732)	\$ 797,272	\$ 797,272
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	77.11%			
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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,406,720	\$ (506,748)	\$ 899,972	\$ 899,972
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>(506,748)</u>	<u>3,025,777</u>	<u>3,025,777</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>\$ (506,748)</u>	<u>\$ 183,131</u>	<u>\$ 183,131</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	93.95%
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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 360,880	\$ (298,995)	\$ 61,885	\$ 61,885
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>(298,995)</u>	<u>603,205</u>	<u>603,205</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>\$ (298,995)</u>	<u>\$ 51,373</u>	<u>\$ 51,373</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	91.48%
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 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	<u>190,000</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>
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	<u>50,536</u>	<u>-</u>	<u>50,536</u>	<u>50,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 58,472</u>	<u>\$ -</u>	<u>\$ 139,464</u>	<u>\$ 139,464</u>

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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 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
Renovations, Alterations and Improvements to Mahala F. Atchinson School
For the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total revenues	-	-	-	-
Expenditures and Other Financing Uses				
Purchased professional and technical services		354,695	354,695	354,695
Land and Improvements		-	-	-
Construction Services		914,255	914,255	914,255
Other Purchased Services		30,256	30,256	30,256
Total expenditures	-	1,299,206	1,299,206	1,299,206
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,299,206)	\$ (1,299,206)	\$ (1,299,206)

Additional project information:

Bond Authorization Date	43,005
Bonds Authorized	\$9,607,000
Bonds Issued	7/24/2018
Original Authorized Cost	\$9,607,000
Revised Authorized Cost	\$9,607,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	#DIV/0!
Original target completion date	
Revised target completion date	

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Renovations, Alterations and Improvements to Swimming River School
For the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve			-	-
Transfer from capital outlay	-	-	-	-
Total revenues	-	-	-	-
Expenditures and Other Financing Uses				
Purchased professional and technical services		63,728	63,728	63,728
Land and Improvements		-	-	-
Construction Services		66,323	66,323	66,323
Other Purchased Services		14,243	14,243	14,243
Total expenditures	-	144,294	144,294	144,294
Excess (deficiency) of revenues over (under) expenditures	\$	\$ (144,294)	\$ (144,294)	\$ (144,294)

Additional project information:

Bond Authorization Date	9/27/18
Bonds Authorized	\$9,484,000
Bonds Issued	7/24/2018
Original Authorized Cost	\$9,484,000
Revised Authorized Cost	\$9,484,000

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	#DIV/0!
Original target completion date	
Revised target completion date	

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Renovations, Alterations and Improvements to Tinton Falls Middle School
For the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve			-	-
Transfer from capital outlay	-	-	-	-
Total revenues	-	-	-	-
Expenditures and Other Financing Uses				
Purchased professional and technical services		249,490	249,490	249,490
Land and Improvements		-	-	-
Construction Services		587,085	587,085	587,085
Other Purchased Services		44,439	44,439	44,439
Total expenditures	-	881,014	881,014	881,014
Excess (deficiency) of revenues over (under) expenditures	\$	\$ (881,014)	\$ (881,014)	\$ (881,014)

Additional project information:

Bond Authorization Date	9/27/18
Bonds Authorized	\$13,408,000
Bonds Issued	7/24/2018
Original Authorized Cost	\$13,408,000
Revised Authorized Cost	\$13,408,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	#DIV/0!
Original target completion date	
Revised target completion date	

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Renovations, Alterations and Improvements to Tinton Falls Middle School
For the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve			-	-
Transfer from capital outlay	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		249,490	249,490	249,490
Land and Improvements		-	-	-
Construction Services		587,085	587,085	587,085
Other Purchased Services		44,439	44,439	44,439
Total expenditures	<u>-</u>	<u>881,014</u>	<u>881,014</u>	<u>881,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (881,014)</u>	<u>\$ (881,014)</u>	<u>\$ (881,014)</u>

Additional project information:

Bond Authorization Date	9/27/18
Bonds Authorized	\$13,408,000
Bonds Issued	7/24/2018
Original Authorized Cost	\$13,408,000
Revised Authorized Cost	\$13,408,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	#DIV/0!
Original target completion date	
Revised target completion date	

Tinton Falls School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Playground Equipment for Mahala F. Athinson and Swimming River Schools
For the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -	\$ -	\$ -	\$ -
Bond proceeds and transfers			-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve		177,155	177,155	177,155
Transfer from capital outlay	-	-	-	-
Total revenues	<u>-</u>	<u>177,155</u>	<u>177,155</u>	<u>177,155</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	-
Land and Improvements			-	-
Construction Services		177,155	177,155	177,155
Other Purchased Services			-	-
Total expenditures	<u>-</u>	<u>177,155</u>	<u>177,155</u>	<u>177,155</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, 2018

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	145,900	834,531		588,096	1,568,527
Accounts Receivable:					
State	345				345
Federal	10,159				10,159
Interfund-Accounts Receivable	27,387				27,387
Inventory	1,992				1,992
Total Current Assets	<u>185,783</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,608,410</u>
Noncurrent Assets:					
Capital Assets:					
Equipment	31,316				31,316
Less Accumulated Depreciation	<u>(28,185)</u>				<u>(28,185)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,131</u>
Total Assets	<u>188,914</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,611,541</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	15,308	4,322			19,630
Deferred Revenue	<u>11,523</u>				<u>11,523</u>
Total Current Liabilities	<u>26,831</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>31,153</u>
Total Liabilities	<u>26,831</u>	<u>4,322</u>	<u>-</u>	<u>-</u>	<u>31,153</u>
NET POSITION					
Invested in Capital Assets Net of Related Debt	3,131				3,131
Unrestricted	<u>158,952</u>	<u>830,209</u>	<u>-</u>	<u>588,096</u>	<u>1,577,257</u>
Total Net Position	<u>162,083</u>	<u>830,209</u>	<u>-</u>	<u>588,096</u>	<u>1,580,388</u>

Tinton Falls School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2018

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
Operating Revenues:					
Charges for Services:					
Daily Sales - Reimbursable Programs	187,830				187,830
Daily Sales - Non-Reimbursable Programs	83,139				83,139
Miscellaneous	3,269	250,469	23,196		276,934
Total Operating Revenues	<u>274,238</u>	<u>250,469</u>	<u>23,196</u>	<u>-</u>	<u>547,903</u>
Operating Expenses:					
Cost of Food - Reimbursable	142,428				142,428
Cost of Food - Non-Reimbursable	25,175				25,175
Cost of Sales - Other	60,934				60,934
Labor	196,500	130,235	22,198		348,933
Supplies and Materials	5,505	7,445			12,950
Employee Benefits	34,258	11,354			45,612
Miscellaneous Expense	10,093	43,103	5,020		58,216
Depreciation	1,044				1,044
Total Operating Expenses	<u>475,937</u>	<u>192,137</u>	<u>27,218</u>	<u>-</u>	<u>695,292</u>
Operating Income (Loss)	(201,699)	58,332	(4,022)	-	(147,389)
Non-operating Revenues (Expenses):					
State Sources:					
State School Lunch Program	4,925				4,925
Federal Sources:					
National School Lunch Program	128,116				128,116
National School Breakfast Program	17,862				17,862
Food Distribution Program	44,785				44,785
Total Non-operating Revenues (Expenses)	<u>195,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,688</u>
Income (Loss) Before Contributions & Transfers	(6,011)	58,332	(4,022)	-	48,299
Transfers In (Out)					
Change in Net Position	(6,011)	(2,688)	55,644	2,688	48,299
Total Net Position - Beginning	<u>168,094</u>	<u>774,565</u>	<u>1,334</u>	<u>588,096</u>	<u>1,532,089</u>
Total Net Position—Ending	<u>162,083</u>	<u>830,209</u>	<u>-</u>	<u>588,096</u>	<u>1,580,388</u>

**Tinton Falls School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2018**

	<u>Food Service Program</u>	<u>Time + Program</u>	<u>Early Birds Program</u>	<u>Kindergarten Enrichment Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	267,562	250,469	25,884		543,915
Payments to employees			(22,198)		(22,198)
Payments to vendors	(475,471)	(191,286)	(5,020)		(671,777)
Net Cash Provided by (Used for) Operating Activities	<u>(207,909)</u>	<u>59,183</u>	<u>(1,334)</u>	-	<u>(150,060)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources					5,473
Federal Sources	5,473				5,473
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>Seapa@1954</u>	-	-	-	<u>217,930</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Net Cash Provided by (Used for) Capital Related Financing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	#VALUE!	59,183	(1,334)	-	67,870
Balances—Beginning of Year	135,879	775,348	1,334	588,096	1,500,657
Balances—End of Year	<u>#VALUE!</u>	<u>834,531</u>	<u>-</u>	<u>588,096</u>	<u>1,568,527</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(201,699)	58,332	(4,022)	-	(147,389)
Adjustments to reconcile operating income (loss) to net cash provided by (Used for) operating activities:					
Depreciation	1,044				1,044
(Increase) Decrease in Transfers		(2,688)	2,688		
Increase (Decrease) in Deferred Revenue	(6,676)				(6,676)
(Increase) Decrease in Inventory	2,007				2,007
Increase (Decrease) in Accounts Payable	(2,585)	3,539			954
Total Adjustments	<u>(6,210)</u>	<u>851</u>	<u>2,688</u>	<u>-</u>	<u>(2,671)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(207,909)</u>	<u>59,183</u>	<u>(1,334)</u>	<u>-</u>	<u>(150,060)</u>

FIDUCIARY FUND

Tinton Falls School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	52,321
Total assets	<u>52,321</u>
LIABILITIES	
Payable to student groups	36,890
Due to General Fund	11,598
Payroll deductions and withholdings	3,833
Total liabilities	<u>52,321</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, 2018**

N/A

**Tinton Falls School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS:				
Atchinson	22,311	3,438	4,058	21,691
Swimming River	8,845	1,128	1,091	8,882
Tinton Falls	11,434	15,372	20,490	6,316
Tinton Falls Athletic Fund	-	10,511	10,510	1
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>42,590</u>	<u>30,449</u>	<u>36,149</u>	<u>36,890</u>

**Tinton Falls School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	233	9,290,450	9,287,782	2,901
Payroll Deductions and Withholdings	36,547	5,956,809	5,992,424	932
Due to General Fund	<u> </u>	<u>11,598</u>	<u> </u>	<u>11,598</u>
	<u><u>36,780</u></u>	<u><u>15,258,857</u></u>	<u><u>15,280,206</u></u>	<u><u>15,431</u></u>

LONG-TERM DEBT

**Tinton Falls School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2018**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
School Refunding Bonds of 2011	7/7/2011	\$ 2,150,000	3/15/2019	265,000	5.000%	1,325,000			1,070,000
			3/15/2020	270,000	5.000%				
			3/15/2021	270,000	5.000%				
			3/15/2022	265,000	3.250%				
						1,325,000		255,000	1,070,000
School Bonds of 2011	2/1/2011	\$ 4,768,000	3/15/2019	210,000	3.000%				3,483,000
			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%							
						3,688,000		205,000	3,483,000
						5,013,000		460,000	4,553,000

Exhibit I-2

**Tinton Falls School District
 General Long Term Debt Account Group
 Statement of Obligations under Capital Leases
 June 30, 2018**

SERIES	Amount Outstanding on July 1, 2017	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2018
Xerox Copiers	115,058		25,569	89,489
TOTAL	115,058	-	25,569	89,489

**Tinton Falls School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	658,032		658,032	658,032	-
State Sources:					
Debt Service Aid Type II			-		-
Miscellaneous Revenue			-		
Total Revenues	658,032	-	658,032	658,032	-
EXPENDITURES:					
Regular Debt Service:					
Interest	203,228		203,228	203,228	-
Redemption of Principal	460,000		460,000	460,000	-
Total Regular Debt Service	663,228		663,228	663,228	-
Total expenditures	663,228	-	663,228	663,228	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,196)		(5,196)	(5,196)	-
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund				5,208	5,208
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(5,196)		(5,196)	12	5,208
Fund Balance, July 1	13,949		13,949	13,949	
Fund Balance, June 30	8,753		8,753	13,961	5,208

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-16 Full-time Equivalent District Employees by Function/Program
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- J-20 Insurance Schedule

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	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	19,966,758
Restricted	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	11,668,484
Unrestricted	560,969	110,138	(39,857)	48,971	3,141,906	2,973,257	(2,960,149)	(3,135,586)	(4,007,492)	(6,137,731)
Total Governmental Activities Net Position	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	25,497,511
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	-	-	-	9,394	8,350	7,307	6,263	5,219	4,175	3,131
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	474,656	580,555	689,404	777,445	935,275	1,093,434	1,249,337	1,397,869	1,527,914	1,577,257
Total Business-type Activities Net Position	474,656	580,555	689,404	786,839	943,625	1,100,741	1,255,600	1,403,088	1,532,089	1,580,388
District-wide										
Invested in Capital Assets, Net of Related Debt	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	19,969,889
Restricted	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	11,668,484
Unrestricted	1,035,625	690,693	649,547	826,416	4,077,181	4,066,691	(1,710,812)	(1,737,717)	(2,479,578)	(4,560,474)
Total District Net Position	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	27,077,899

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular	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	8,228,680
Special Education	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	3,570,659
Other Special Instruction	374,905	317,664	279,564	373,591	406,369	428,882	425,761	369,798	388,129	434,846
Other Instruction	111,262	124,842	112,936	115,722	117,308	123,080	171,835	128,277	131,710	129,645
Support Services:										
Tuition	554,227	544,104	538,468	457,644	540,165	472,421	547,665	664,173	621,870	514,783
Student & Instruction Related Services	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	4,359,164
General Administrative Services	589,948	582,216	634,441	541,409	532,366	575,136	556,687	560,877	544,547	551,705
School Administrative Services	887,085	908,499	923,854	942,805	908,650	915,384	978,620	922,480	903,093	898,976
Central Services & Admin. Info. Technology	326,551	389,127	384,650	430,472	385,938	360,903	422,291	427,027	459,300	471,537
Plant Operations and Maintenance	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	1,939,079
Pupil Transportation	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	1,752,236
Unallocated Benefits	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	14,056,811
Capital outlay-undepreciable		45,688	10,169	12,942	17,762	17,762	17,235	17,762	23,244	18,282
Transfer of Funds to Charter School	628,340	568,946	569,882	536,127	507,278	441,297	347,834	304,998	235,922	28,763
Interest on Long-term Debt	725,378	779,482	813,818	934,218	1,147,000	1,251,235	1,454,699	1,456,741	1,545,998	1,538,243
Unallocated Depreciation	25,480,214	24,826,589	24,031,181	25,467,865	27,067,755	26,952,999	32,164,589	32,754,428	35,819,278	38,691,124
Total Governmental Activities Expenses	466,979	457,353	444,806	487,597	452,665	445,823	456,482	480,606	476,788	475,937
Business-type Activities:										
Food Service	155,410	151,532	167,828	144,880	158,016	145,455	159,142	132,581	132,625	192,137
Kindergarten Enrichment Program	104,650	94,042	89,080	99,501	100,954	93,265	100,055	1,546		
Early Bird Program										27,218
Total Business-type Activities Expenses	727,039	702,927	701,714	731,978	711,635	684,543	715,679	614,733	609,413	695,292
Total District Expenses	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	39,386,416
Program Revenues										
Governmental Activities:										
Operating and Capital Grants and Contributions	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	1,745,154
Total Governmental Activities Program Revenues	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	1,745,154
Business-type Activities:										
Charges for Services:										
Food Service	362,350	373,031	363,976	346,008	348,374	309,023	283,691	302,980	283,017	274,238
Operating Grants and Contributions	97,248	105,729	114,424	124,028	138,602	153,371	170,779	204,668	210,125	195,688
Kindergarten Enrichment	132,520	154,829	155,968	158,418	157,990	163,015	192,239	10,453		
Time+	181,697	174,326	174,458	182,109	184,447	243,012	223,829	244,120	245,272	250,469
Early Bird Program										23,196
Total Business-type Activities Program Revenues	773,815	807,915	808,826	810,563	829,413	868,421	870,538	762,221	738,414	743,591
Total District Program Revenues	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	2,488,745

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	(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)	(36,945,970)
Business-type Activities	46,776	104,988	107,112	78,585	117,778	183,878	154,859	147,488	129,001	48,299
Total District-wide Net Expense	(23,542,644)	(23,213,336)	(22,464,670)	(22,697,689)	(24,429,215)	(24,128,163)	(30,216,913)	(31,269,952)	(33,846,987)	(36,897,671)

General Revenues and Other Changes in Net Position

Governmental Activities:										
Property Taxes Levied for General Purposes	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	22,493,327
Taxes Levied for Debt Service	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	658,032
Unrestricted Federal and State Aid	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	12,095,044
Tuition Received	134,678	100,582	136,707	34,161	93,011	58,954	197,953	190,185	148,742	77,784
Interest on Investments	430,984	130,048	39,121	26,928	14,410	8,160				
Miscellaneous Income	111,742	81,683	65,459	51,486	89,999	71,166	102,628	113,901	120,263	264,142
Loss on refunding of long-term debt		106,032			54,162					
Capital Asset Adjustment	(167,895)		15,303						(48,076)	
Gain / (Loss) on Disposal of Assets	(6,171)	(16,977)				5,452		964,736		(393,489)
Transfers										
Cancellation of State Grants Receivable										
Total Governmental Activities	25,130,626	24,852,195	23,598,425	24,237,282	25,953,037	26,529,813	30,517,110	33,549,823	34,741,492	35,194,840
Business-type Activities:										
Transfers	6,171	3,279								
Total Business-type Activities	6,171	3,279	-							
Total District-wide	25,136,797	24,855,474	23,598,425	24,237,282	25,953,037	26,529,813	30,517,110	33,549,823	34,741,492	35,194,840

Change in Net Position

Governmental Activities	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	(1,751,130)
Business-type Activities	52,947	108,267	107,112	78,585	117,778	183,878	154,859	147,488	129,001	48,299
Total District	1,594,153	1,642,138	1,133,755	1,539,593	1,523,822	2,401,650	300,197	2,273,185	894,505	(1,702,831)

Source: District Audits

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	9,205,113	8,543,862								
Unreserved	1,209,313	475,869								
Restricted			5,602,013	6,932,097	6,815,872	7,905,907	7,855,568	9,456,894	#####	11,657,328
Assigned			2,763,846	2,530,453	3,055,392	2,985,905	2,193,326	2,470,719	1,983,850	712,047
Unassigned			703,474	674,684	741,512	604,776	760,277	461,600	525,224	554,422
Total General fund	10,414,426	9,019,731	9,069,333	10,137,234	10,612,776	11,496,588	10,809,171	12,389,213	#####	12,923,797
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Special Revenue Fund	1,401,637	1,405,888								
Capital Projects Fund	12,292	1,681								
Debt Service										
Restricted, Reported in:										
Capital Projects Fund			6,296,540	3,873,604	2,582,143	2,212,246	2,460,204	2,003,151	2,003,151	(714,852)
Debt Service Fund			3,959	53,375	54,769	9,404	8,062	9,061	13,949	13,961
Total All Other Governmental Funds	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	(700,891)

Source: District Audits

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	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	23,151,359
Other Local Revenue	329,309	256,445	195,894	197,420	229,506	168,305	300,581	304,086	269,005	341,926
State Sources	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	7,467,402
Federal Sources	928,077	838,199	844,025	751,702	795,600	642,468	762,989	693,013	890,512	738,505
Total Revenues	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	31,699,192
Expenditures										
Instruction:										
Regular	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	8,187,077
Special	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	3,570,659
Other Special Instruction	374,905	317,664	279,564	373,591	406,369	428,882	425,761	369,798	388,129	434,846
Other Instruction	111,262	124,842	112,936	115,722	117,308	123,080	171,835	128,277	131,710	129,645
Support Services:										
Instruction - Tuition	554,227	544,104	521,532	443,585	540,165	472,421	547,665	664,173	621,870	514,783
Student Related Services	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	4,359,164
General Administration	589,948	582,216	634,441	541,409	512,028	545,022	543,026	546,159	601,789	567,314
School Administration	887,085	908,499	923,854	942,805	908,650	915,384	978,620	922,480	903,093	898,976
Central Services & Admin. Info. Technology	326,551	389,127	384,650	430,472	385,938	388,191	449,579	454,315	459,300	471,537
Operations and Maintenance	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	1,927,597
Student Transportation	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	1,752,236
Employee Benefits	4,318,657	4,483,285	4,459,981	5,072,247	6,004,770	6,213,400	6,456,757	6,949,405	7,427,498	8,241,420
Transfer to Charter School				14,060						28,763
Capital Outlay	405,296	1,234,000	2,443,102	3,085,904	2,900,166	1,121,963	431,166	983,585	702,075	2,697,800
Debt Service:										
Principal	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	460,000
Interest and Other Charges	641,395	582,135	521,165	575,123	521,103	455,703	387,703	309,402	240,428	203,228
Total Governmental Fund Expenditures	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	34,445,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,095	(1,401,055)	191,468	(595,797)	(956,416)	470,285	(440,801)	159,252	832,980	(2,745,853)
Other Financing Sources (Uses)										
Cancelled Receivable's from State										
Operating Transfers In		533,184	1,926,678	5,004	10,659	59,972	357,865	(94,418)	479,264	(393,489)
Operating Transfers Out	(16,977)	(533,184)	(1,943,614)	(5,004)	(5,207)	(61,707)	(357,865)	1,426,984	(479,264)	182,363
Proceeds from Borrowing			4,768,000	34,014				(367,830)		(182,363)
Payment to refunding escrow				(743,836)						
Capital Leases (non-budgeted)					136,439				127,843	
Total Other Financing Sources (Uses)	(16,977)		4,751,064	(709,822)	141,891	(1,735)		964,736	127,843	(393,489)
Net Changes in Fund Balance	66,118	(1,401,055)	4,942,532	(1,305,619)	(814,525)	468,550	(440,801)	1,123,988	960,823	(3,139,342)
Debt Service as a percentage of noncapital expenditures	7.14%	7.11%	7.37%	7.42%	6.91%	6.90%	6.93%	6.86%	5.11%	2.09%

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>
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
2018	77,784	127,778	136,364	341,926

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)
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
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	2,027,957,800	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
2017	58,513,400	2,171,211,000	7,643,200	176,200	586,483,700	31,279,700	190,251,700	3,045,558,900	0	3,744,960	3,049,303,860	0.747	3,191,353,956

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**

Exhibit J-6b

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)
R 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
2017	\$0	\$19,564,700	\$0	\$0	\$0	\$0	\$34,309,800	\$53,874,500	0	404,763	\$54,279,263	0.661	53,088,608

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	Total Direct	Monmouth Regional School District	Tinton Falls Borough	Library/Other		
							Monmouth County	Monmouth County	
R 2008	0.586	0.058	0.644	0.644	0.369	0.383	0.283	0.283	1.679
2009	0.569	0.054	0.623	0.623	0.336	0.410	0.277	0.277	1.646
2010	0.592	0.056	0.648	0.648	0.344	0.416	0.285	0.285	1.693
2011	0.649	0.054	0.703	0.703	0.366	0.439	0.300	0.300	1.808
2012	0.672	0.067	0.739	0.739	0.409	0.464	0.305	0.305	1.917
2013	0.693	0.070	0.763	0.763	0.406	0.477	0.314	0.314	1.960
2014	0.729	0.075	0.804	0.804	0.434	0.517	0.342	0.342	2.097
2015	0.696	0.072	0.768	0.768	0.415	0.504	0.320	0.320	2.007
2016	0.707	0.067	0.774	0.774	0.428	0.515	0.315	0.315	2.032
2017	0.726	0.021	0.747	0.747	0.416	0.521	0.109	0.284	1.987

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	Total Direct	Monmouth Regional School District	Shrewsbury Township	County		
							Library/Other	Monmouth County	
R 2008	0.655	0.060	0.715	0.715	0.322	0.859	0.015	0.265	2.176
2009	0.612	0.058	0.670	0.670	0.324	0.826	0.015	0.266	2.201
2010	0.606	0.057	0.663	0.663	0.315	1.019	0.014	0.267	2.278
2011	0.588	0.049	0.637	0.637	0.316	1.042	0.014	0.255	2.264
2012	0.701	0.078	0.779	0.779	0.469	1.327	0.014	0.264	2.853
2013	0.699	0.077	0.776	0.776	0.427	1.429	0.019	0.313	2.864
2014	0.644	0.051	0.695	0.695	0.451	1.462	0.017	0.286	2.911
2015	0.631	0.050	0.681	0.681	0.573	1.688	0.019	0.305	3.266
2016	0.575	0.054	0.629	0.629	0.582	1.453	0.018	0.276	2.958
2017	0.642	0.019	0.661	0.661	0.475	1.438	0.018	0.270	2.862

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

	2017			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	\$175,000,000	1	5.75%	\$73,706,400	1	6.46%
TF Campus LLC	\$135,000,000	2	4.43%			
Avalonbay Community Inc.	\$36,918,600	3	1.21%			
Stavola Realty Company	\$16,832,700	8	0.55%	\$22,053,600	2	1.93%
Tinton Pines Construction Co.	\$15,663,600	4	0.51%			
Tinton Falls Lodging Realty LLC	\$15,457,200	6	0.51%	\$7,033,100	6	0.62%
Hovsons, Inc.	\$14,810,000	5	0.49%	\$6,621,100	7	0.58%
CRP Kensington, LLC	\$14,374,400	8	0.47%			
New Plan Realty Trust	\$13,209,000	9	0.43%			
Atival LLC	\$12,925,000	10	0.42%			
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%
	\$450,190,500		14.78%	\$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	
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%	-
2018	22,791,555	22,791,555	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	
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%	-
2018	359,804	359,804	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	Capital Leases	Debt Authorized but not Issued	Capital Leases					
2009	11,990,060	0	218,865	0			1.13%	12,208,925	617	
2010	10,816,959	0	128,435	0			1.07%	10,945,394	612	
2011	14,289,380	0	85,480	0			1.38%	14,374,860	803	
2012	12,228,440	0	45,808	0			1.12%	12,274,248	687	
2013	10,881,187	0	136,439	0			0.97%	11,017,626	613	
2014	9,508,940	0	109,151	0			0.81%	9,618,091	537	
2015	7,867,440	0	81,863	0			0.64%	7,949,303	445	
2016	6,191,640	0	54,575	0			0.49%	6,246,215	350	
2017	4,912,740	0	115,058	0			N/A	5,027,798	N/A	
2018	4,778,467	0	89,490	#####			N/A	36,834,786	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	Capital Leases	Debt Authorized but not Issued	Capital Leases					
2009	302,940	0	218,865	0			0.89%	521,805	490	
2010	266,041	0	128,435	0			0.61%	394,476	346	
2011	291,620	0	85,480	0			0.57%	377,100	330	
2012	249,560	0	45,808	0			0.43%	295,368	263	
2013	236,813	0	136,439	0			0.53%	373,252	332	
2014	194,060	0	109,151	0			0.41%	303,211	271	
2015	160,560	0	81,863	0			0.34%	242,423	239	
2016	126,360	0	54,575	0			0.25%	180,935	179	
2017	100,260	0	115,058	0			N/A	215,318	N/A	
2018	225,467	0	89,490	532,171			N/A	847,128	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%	\$ 600
2011	14,289,380	-	14,289,380	0.50%	\$ 791
2012	12,228,440	-	12,228,440	0.44%	\$ 678
2013	10,881,186	-	10,881,186	0.39%	\$ 604
2014	9,508,940	-	9,508,940	0.35%	\$ 530
2015	7,867,440	-	7,867,440	0.27%	\$ 440
2016	6,191,640	-	6,191,640	0.21%	\$ 347
2017	4,912,740	-	4,912,740	0.16%	\$ 276
2018	4,778,467	-	4,778,467	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		
2008	331,893	-	331,893	0.46%	\$ 311
2009	302,940	-	302,940	0.42%	\$ 284
2010	266,041	-	266,041	0.37%	\$ 259
2011	291,620	-	291,620	0.40%	\$ 285
2012	249,560	-	249,560	0.44%	\$ 244
2013	236,813	-	236,813	0.42%	\$ 232
2014	194,060	-	194,060	0.34%	\$ 191
2015	160,560	-	160,560	0.32%	\$ 158
2016	126,360	-	126,360	0.24%	\$ 125
2017	100,260	-	100,260	0.18%	\$ 99
2018	225,467	-	225,467	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, 2017

Borough of Tinton Falls

Debt repaid with property taxes

Tinton Falls Borough (Net Debt)
 Monmouth County General Obligation Debt (Net Debt)
 Monmouth Regional High School

<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
\$ 17,253,646	100.000%	\$ 17,253,646
462,342,600	2.698%	12,473,865
4,024,000	59.406%	2,390,493
32,499,000	98.363%	31,966,829
5,013,000	98.363%	4,930,912
Total direct and overlapping debt		\$ 69,015,745

Tinton Falls School District Direct Debt

Authorized but not issued
 Outstanding

Township of Shrewsbury

Debt repaid with property taxes

Township of Shrewsbury (Net Debt)
 Monmouth County General Obligation Debt
 Monmouth Regional High School

<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
\$ 795,521	100.000%	\$ 795,521
462,342,600	0.046%	212,678
4,024,000	1.103%	128,120
32,499,000	1.638%	532,172
5,013,000	1.638%	82,088
Total direct and overlapping debt		\$ 1,750,578

Shrewsbury Township School District Direct Debt

Authorized but not issued
 Outstanding

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 2017

	Total Equalized Valuation		Borough of Tinton Falls		Township of Shrewsbury					
Equalized valuation basis										
2017	3,240,292,841		3,187,608,996		52,683,845					
2016	3,157,281,923		3,104,736,168		52,545,755					
2015	3,179,253,947		3,127,662,817		51,591,130					
[A]	<u>\$ 9,576,828,711</u>		<u>\$ 9,420,007,981</u>		<u>\$ 156,820,730</u>					
[A3]	\$ 3,192,276,237		\$ 3,140,002,660		\$ 52,273,577					
[B]	95,768,287	a				0.983624983				
[C]	<u>37,512,000</u>					0.016375017				
[B-C]	<u>\$ 58,256,287</u>									
Debt limit (3% of average equalization value)										
Net school debt bonded and authorized but not issued										
Legal debt margin										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 95,768,287
Total net debt applicable to limit	<u>12,478,000</u>	<u>11,278,000</u>	<u>14,786,000</u>	<u>12,478,000</u>	<u>13,108,000</u>	<u>10,513,000</u>	<u>9,703,000</u>	<u>8,028,000</u>	<u>6,318,000</u>	<u>37,512,000</u>
Legal debt margin	\$ 82,756,386	\$ 86,270,534	\$ 82,550,153	\$ 84,858,153	\$ 79,668,495	\$ 80,402,352	\$ 81,062,367	\$ 85,433,670	\$ 87,520,473	\$ 58,256,287
Total net debt applicable to the limit as a percentage of debt limit	13.10%	11.56%	15.19%	12.82%	14.13%	11.56%	10.69%	8.59%	6.73%	

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>
2008	19,668	\$ 1,194,476,976	60,732	4.8%
2009	19,772	\$ 1,140,172,152	57,666	7.9%
2010	18,034	\$ 1,041,283,160	57,740	8.1%
2011	18,063	\$ 1,098,031,707	60,789	8.1%
2012	18,037	1,136,781,925	63,025	8.5%
2013	18,016	1,147,745,312	63,707	8.6%
2014	17,946	1,196,675,172	66,682	5.9%
2015	17,877	1,248,511,803	69,839	4.9%
2016	17,836	1,270,583,132	71,237	4.3%
2017	17,789	N/A	N/A	3.9%

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>
2008	1,068	\$ 64,861,776	60,732	8.4%
2009	1,065	\$ 61,414,290	57,666	13.5%
2010	1,028	\$ 59,356,720	57,740	13.7%
2011	1,023	\$ 62,187,147	60,789	13.8%
2012	1,022	\$ 64,411,550	63,025	14.3%
2013	1,021	\$ 65,044,847	63,707	8.0%
2014	1,018	\$ 67,882,276	66,682	6.6%
2015	1,014	\$ 70,816,746	69,839	5.3%
2016	1,012	\$ 72,091,844	71,237	4.8%
2017	1,010	N/A	N/A	4.8%

N/A= Not Available

a Annual Estimates of the Resident Population for Municipalities in New Jersey

b Population times per capita income

c Bureau of Economic Analysis March 2017

d New Jersey Department of Labor and Workforce Development

Tinton Falls School District
Principal Employers,
Unaudited

SHREWSBURY TOWNSHIP

Employer	2016		2017		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Function/Program</u>										
Instruction										
Regular	106	99	95	99	100	92	95.35	93.62	91	94
Special education	35	37	38	31	31	31	33.13	35	58	57
Other special education	38	35	31	36	35	35	37.5		31	32
Vocational	-	-	-	-	-	-				
Other instruction	4	3	3	4	4.5	7	3	3	10	13
Nonpublic school programs	-	-	-	-	-	-				
Adult/continuing education programs	-	-	-	-	-	-				
Support Services:										
Tuition	-	-	-	-	-	-				
Student & instruction related services	20	27	21	23	24.5	20.5	20.54	53	13	11
General administrative services	5	5	5	3	3	3	4	4	7	7
School administrative services	13	15	15	14	14	13	15	15	12	12
Business administrative services	4	4	5	5	5	5	5	4.3	7	7
Plant operations and maintenance	10	6	6	5	5	-				
Pupil transportation	-	-	-	-	-	-				
Special Schools	-	-	-	-	-	-				
Food Service										
Child Care										
Total	235	231	219	220	222	207	214	208	229	233
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
2009	1,632	23,604,953	\$ 14,463.82	#DIV/0!	159	105	54	1,611.70	1,539.50	#DIV/0!	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	85	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%
2018	1,522	-	\$ -	-100.00%	167	112	55	1,520.13	1,445.85	0.99%	95.11%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	87,249	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	68,636	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	105,094	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	8,000	8,000
Number of Schools at June 30, 2018										
Elementary										
2										
Middle School										
1										
Other										
1										
	258,897	258,897	258,897	258,897	258,897	258,897	258,897	258,897	268,979	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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Mahala F. Atchinson	N/A	139,189	122,065	148,783	172,020	124,865	114,631	132,929	105,152	82,462	100,980
Swimming River School	N/A	134,961	149,597	115,899	110,480	99,147	100,017	93,569	96,051	84,359	113,422
Tinton Falls Middle School	N/A	144,460	216,307	126,027	127,215	127,723	134,828	108,725	100,696	107,060	104,479
Administration Building	N/A	31,222	25,639	35,303	15,566	9,939	9,097	10,052	17,270	35,454	8,915
Total School Facilities		449,832	513,608	426,012	425,281	361,674	358,573	345,275	319,169	309,335	327,796

BOROUGH OF TINTON FALLS SCHOOL DISTRICT

**Insurance Schedule
June 30, 2018
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:		
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	
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
Busines Income & Extra expense	300,000	0
Public Employee Faithful Performance	100,000	0
Business Administrator 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.	1,000

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2019.

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, Wielkocz, Cerullo & Cuva, P.A.

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

January 17, 2019



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

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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, 2018. 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, 2018.

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

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

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

January 17, 2019

BOROUGH OF TINTON FALLS SCHOOL DISTRICT														K-3	
Schedule of Expenditures of Federal Awards														SCHEDULE A	
for the Fiscal Year Ended June 30, 2018															
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, 2017	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		7/1/17	6/30/18			67,362	(67,362)					66,867
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A		7/1/17	6/30/18			22,578	(22,578)					45,713
									89,940	(89,940)					112,580
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010	S010A170030	NCLB181518	126,695	7/1/17	6/30/18			91,228	(128,717)			(37,489)		140,092
Title II, Part A	84.367	S010A180259	NCLB181517	30,225	7/1/16	6/30/17	(37,688)		37,688				(3,711)		31,584
Title II, Part A	84.367	S365A170029	NCLB181517		7/1/16	6/30/17	(31,584)		31,584	(25,992)					6,986
Title III, Part A	84.365	S365A150030	NCLB181517		7/1/16	6/30/17	(5,099)		5,099	(1)					
Title III, Part A	84.365	S365A170030	NCLB181516		7/1/17	6/30/18				(3,787)					
Title III Immigrant	84.365	S365A170030	NCLB181516	1,842	7/1/17	6/30/18				(3,787)					
Sub-total							(74,371)		187,880	(158,497)			(44,988)		178,662
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA181517	400,302	7/1/16	6/30/17	(68,860)		83,360	(14,823)			(323)		385,547
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA181518	460,811	7/1/17	6/30/18			416,101	(458,390)			(42,289)		11,948
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA181518	14,760	7/1/17	6/30/18			15,474	(16,756)			(1,282)		597,495
Sub-total							(68,860)		514,935	(489,969)			(43,894)		776,157
Total Special Revenue Fund							(143,231)		702,815	(648,466)			(88,882)		1,093,732
U.S. Department of Agriculture															
Passed-through State Department of Education															
Child Nutrition Cluster:															
Non-Cash Assistance:															
Food Distribution Program	10.555	171NF304N1099	N/A	44,785	7/1/17	6/30/18			44,785	(44,785)					39,086
Cash Assistance:															
National School Lunch Program	10.555	171NF305N1099	N/A	145,126	7/1/16	6/30/17	(27,400)		27,400						145,126
National School Lunch Program	10.555	171NF304N1099	N/A	28,116	7/1/17	6/30/18			119,544	(128,116)			(8,772)		20,783
School Breakfast Program	10.553	171NF304N1099	N/A	17,862	7/1/17	6/30/18			16,476	(17,865)			(1,387)		
School Breakfast Program	10.553	1616NI304N1099	N/A	16,904	7/1/16	6/30/17	(1,155)		1,155						204,995
Total Enterprise Fund							(28,555)		209,160	(190,764)			(10,159)		204,995
Total Federal Financial Awards							(171,786)		1,001,915	(929,170)			(99,041)		1,093,732

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 1(D) and 1(E) 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 \$7,701 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	\$89,940	\$7,280,057	\$7,369,997
Special Revenue Fund	648,565	187,345	835,910
Food Service Fund	<u>190,763</u>	<u>4,925</u>	<u>195,688</u>
Total Financial Awards	<u>\$929,268</u>	<u>\$7,472,327</u>	<u>\$8,401,595</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, 2018. 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, 2018.

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.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$128,817
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	25,992
Title III: <i>English Language Acquisition State Grants</i>	<u>3,787</u>
Total	<u>\$150,596</u>

**BOROUGH OF TINTON FALLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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</u>	<u>H027A150100</u>	I.D.E.A. Cluster: <u>I.D.E.A. Part B Basic</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, 2018
(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>18-495-034-5120-089</u>	(A) <u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	(A) <u>Security Aid</u>
<u>18-495-034-5120-085</u>	(A) <u>Adjustment Aid</u>
<u>18-495-034-5120-097</u>	(A) <u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	(A) <u>PARCC Readiness Aid</u>
<u>18-495-034-5120-101</u>	(A) <u>Professional Learning Comm. Aid</u>
<u>18-495-034-5120-014</u>	(A) <u>Transportation Aid</u>
<u>18-495-034-5120-044</u>	(A) <u>Extraordinary Aid</u>
<u>18-495-034-5095-002</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, 2018**

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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, 2018**

Status of Prior Year Findings

All prior year findings have been corrected.