

EATONTOWN SCHOOL DISTRICT

Eatontown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

EATONTOWN BOARD OF EDUCATION

EATONTOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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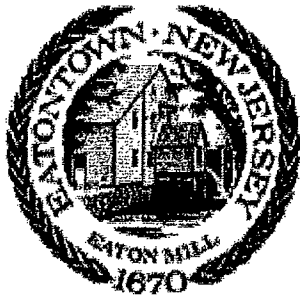
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INTRODUCTORY SECTION

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EATONTOWN BOARD OF EDUCATION



BUSINESS OFFICE
5 GRANT AVENUE
EATONTOWN, NEW JERSEY 07724
TEL. (732) 935-3302
FAX (732) 542-1700

November 08, 2016

Honorable President and
Members of the Board of Education
Eatontown School District
County of Monmouth, New Jersey

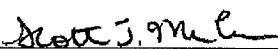
Dear Board Members:

The comprehensive annual financial report of the Eatontown School District ("District") for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Eatontown 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 operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

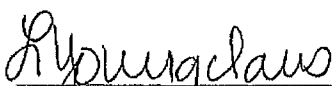
The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,



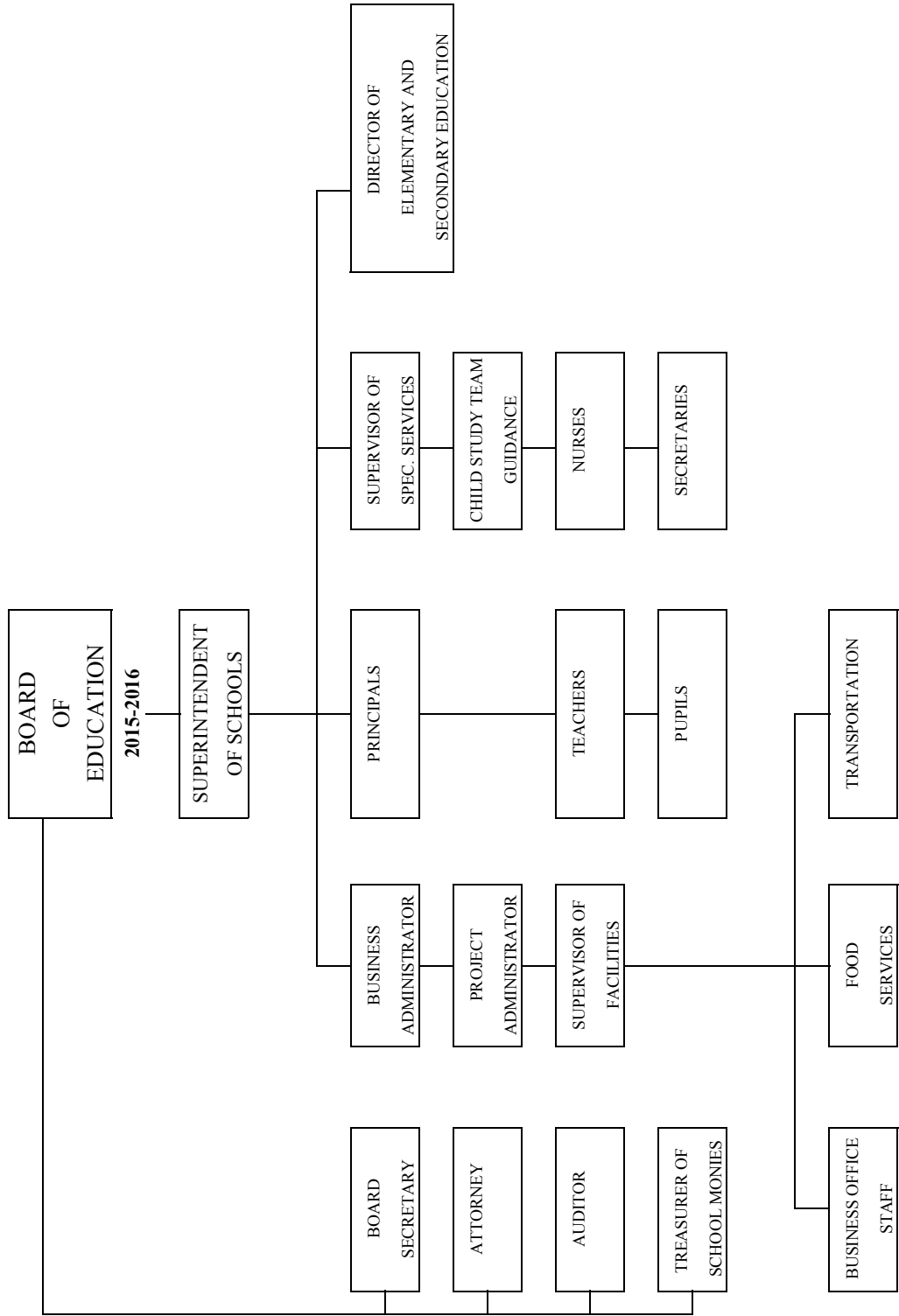
Scott T. McCue
Superintendent of Schools



Lori Youngclaus
Business Administrator/Board Secretary

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**EATONTOWN SCHOOL DISTRICT
ORGANIZATIONAL CHART
(UNIT CONTROL)**



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EATONTOWN BOARD OF EDUCATION
Eatontown, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Bob English, President	2018
Carl Lawson, Vice President	2018
Pete Siino	2018
Deborah Martinock	2017
Joe Fukushima	2016
Edmund Fitterer	2016
Sharyn Chasey-Palenzuela	2016
John Bennett	2017
Shellie Miller	2017

OTHER OFFICIALS

Scott T. McCue, Superintendent of Schools

Lori Youngclaus, Business Administrator/Board Secretary

Deborah Trainor, Treasurer of School Monies

Dennis A. Collins, Esq., Board Attorney

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EATONTOWN BOARD OF EDUCATION
Eatontown, New Jersey

CONSULTANTS AND ADVISORS

JUNE 30, 2016

AUDITOR/AUDIT FIRM

Robert W. Allison, CPA, RMA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

Dennis A. Collins, Esq.
Collins, Vella & Casello, LLC
2317 Highway 34, Suite 1A
Manasquan, NJ 08736

OFFICIAL DEPOSITORY

TD Bank
175 Wyckoff Road
Eatontown, New Jersey 07724

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Eatontown School District
County of Monmouth
Eatontown, New Jersey 07724

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 Eatontown School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Eatontown School District, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eatontown School District Board of Education's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 08, 2016 on our consideration of the Eatontown School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Eatontown School District Board of Education's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 08, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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EATONTOWN BOROUGH BOARD OF EDUCATION
5 Grant Avenue, Eatontown, NJ 07724

MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)**

Introduction

Management's discussion and analysis of the Eatontown Borough School District's ("District") financial results that follows will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service Funds. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Position presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net position represents the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net position and how they have changed year to year, reflecting a variety of influences such as the educational philosophy (i.e. dedicated to increased test scores), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received, as the flat funding over the past two years coupled with a looming decline in Federal PL874 Impact Aid funds has had a negative impact on the District's finances.

Financial Highlights

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$18,767,700.29 or 71.66% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$7,420,834.95 or 28.34% of total revenue of \$26,188,535.54.
- Total net position of governmental activities increased by \$626,343.47.
- The School District had \$25,518,481.50 in expenses; only \$7,420,834.95 of these expenses was offset by program specific charges for services, operating grants and contributions. General revenues of \$18,767,700.29, together with Fund Balance, were adequate to provide for these programs.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
<u>Table 1</u> Net Position		
Assets:		
Cash and Cash Equivalents	\$ 4,198,831.06	\$ 2,534,223.35
Receivables, Net	390,829.50	1,418,366.09
Inventory	6,083.10	4,734.80
Capital Assets, Non-Depreciable	2,375,200.00	2,375,200.00
Capital Assets, Net	<u>22,567,039.63</u>	<u>23,470,011.03</u>
 Total Assets	 <u>29,537,983.29</u>	 <u>29,802,535.27</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	496,356.00	240,854.00
Deferred Charges on Refunding of Debt	<u>1,941,441.11</u>	<u>2,055,643.53</u>
 Total Deferred Outflows of Resources	 <u>2,437,797.11</u>	 <u>2,296,497.53</u>
 Total Assets and Deferred Outflows of Resources	 <u>31,975,780.40</u>	 <u>32,099,032.80</u>
Liabilities:		
Accounts Payable	21,183.54	65,630.24
Unearned Revenue	47,465.97	15,365.95
Accrued Interest	97,750.00	116,500.00
Payable to State Government	56,228.21	84.03
Payable to Federal Government	-	10,855.80
Noncurrent Liabilities:		
Due Within One Year	1,242,542.84	1,335,631.84
Due Beyond One Year	<u>27,743,302.45</u>	<u>28,330,632.29</u>
 Total Liabilities	 <u>29,208,473.01</u>	 <u>29,874,700.15</u>
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	<u>68,368.00</u>	<u>195,447.00</u>
 Total Deferred Inflows of Resources	 <u>68,368.00</u>	 <u>195,447.00</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>29,276,841.01</u>	 <u>30,070,147.15</u>
Net Position:		
Net Investment in Capital Assets	3,742,239.63	3,645,211.03
Restricted for:		
Debt Service	(97,750.00)	(116,500.00)
Capital Projects	996,232.92	922,942.93
General Fund	2,623,999.71	2,044,702.33
Unrestricted	<u>(4,565,782.87)</u>	<u>(4,467,470.64)</u>
 Total Net Position	 <u>\$ 2,698,939.39</u>	 <u>\$ 2,028,885.65</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2016 and 2015.

Table 2

Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 177,989.11	\$ 173,945.60
Operating Grants and Contributions	7,242,845.84	6,186,625.50
General Revenues:		
Property Taxes	15,077,594.00	14,851,566.00
Grants and Entitlements	3,682,077.00	3,646,370.95
Other	8,029.29	8,795.00
	<hr/>	<hr/>
Total Revenues	26,188,535.24	24,867,303.05
	<hr/>	<hr/>
<u>Program Expenses</u>		
Instruction	8,374,975.30	8,407,503.64
Support Services:		
Pupils and Instructional Staff	2,971,364.37	2,707,793.02
General Administration, School Administration, Business Operations and Maintenance of Facilities	3,093,349.24	3,229,138.00
Pupil Transportation	788,364.97	774,392.00
Employee Benefits	7,969,906.88	6,868,430.55
Food Service	375,783.03	386,618.74
Other	1,944,737.71	1,871,448.51
	<hr/>	<hr/>
Total Expenses	25,518,481.50	24,245,324.46
	<hr/>	<hr/>
Increase/(Decrease) in Net Position	\$ 670,053.74	\$ 621,978.59
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Governmental Activities

Annually, on the first Tuesday in November, the voters of New Jersey get an opportunity to voice their opinion on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process if the Board of Education decides to exceed the 2% cap. Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. The District remains as a minimum tax levy district. Property taxes made up 59.7 percent of revenues for governmental activities (excluding Capital Projects) for the Eatontown Borough Board of Education for fiscal year 2015-16.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2016		2015	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 8,374,975.30	\$ 7,794,059.37	\$ 8,407,503.64	\$ 7,793,141.00
Support Services:				
Pupils and Instructional Staff	2,971,364.37	2,395,829.63	2,707,793.02	2,298,784.00
General Administration, School Administration, Business	1,321,630.41	1,321,630.41	1,316,616.00	1,316,616.00
Operation and Maintenance of Facilities	1,771,718.83	1,771,718.83	1,912,522.00	1,912,522.00
Pupil Transportation	788,364.97	518,195.97	774,392.00	503,337.00
Employee Benefits	7,969,906.88	3,094,726.90	6,868,430.55	2,889,220.00
Other	1,944,737.71	1,245,195.71	1,871,448.51	1,174,370.51
Total Expenses	<u>\$ 25,142,698.47</u>	<u>\$ 18,141,356.82</u>	<u>\$ 23,858,705.72</u>	<u>\$ 17,887,990.51</u>

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,018,749.94, and expenditures of \$22,456,982.49.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 15,146,181.76	65.80%	\$ 219,509.73	1.45%
State Sources	6,938,112.98	30.14%	262,190.43	3.78%
Federal Sources	934,455.20	4.06%	168,845.62	18.07%
Total	<u>\$ 23,018,749.94</u>	<u>100.00%</u>	<u>\$ 650,545.78</u>	<u>2.83%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 8,374,975.30	37.29%	\$ (32,528.34)	-0.39%
Undistributed Expenditures	11,943,150.46	53.18%	593,264.89	4.97%
Debt Service:				
Principal	1,000,000.00	4.45%	50,000.00	5.00%
Interest & Other Charges	1,028,999.94	4.58%	(302,439.95)	-29.39%
Capital Outlay	<u>109,856.79</u>	<u>0.49%</u>	<u>(63,465.21)</u>	<u>-57.77%</u>
Total	<u>\$ 22,456,982.49</u>	<u>100.00%</u>	<u>\$ 244,831.39</u>	<u>1.09%</u>

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

- * Changes in appropriations to prevent budget overruns
- * Payment of unused, accrued sick/vacation days for retiring staff members
- * Supported additional educational technology purchases.
- * Supported additional curriculum enhancements and resources in support of the CCSS

Debt Administration

At June 30, 2016, the Eatontown Borough Board of Education had \$21,200,000.00 in outstanding bonds and \$776,497.00 for Compensated Absences.

At June 30, 2016, the School District's overall legal debt margin was \$20,171,066.86.

Capital Assets

At the end of the fiscal year 2016, the School District had \$24,945,239.63 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Land	\$ 2,375,200.00	\$ 2,375,200.00
Building and Improvements	22,187,541.45	22,778,594.82
Equipment and Machinery	<u>382,498.18</u>	<u>694,416.21</u>
Total	<u>\$ 24,945,239.63</u>	<u>\$ 25,848,211.03</u>

Current Financial Issues and Concerns

The Eatontown Borough School District is essentially financially stable, with surplus fully-funded as of June 30, 2016. However, concern exists about the community's ability and willingness to continue to fund the growing cost of education while the State's share has remained flat for many years. For the 2015-16 school year, however, the District will receive an increase of 2% in State Aid. In addition, the district has experienced new students coming to the schools that require additional services such as special education, basic skills, and ELL services. Providing these necessary educational services for students can strain the overall school budget.

The Board and administration continue to be extremely sensitive to the financial concerns of Eatontown taxpayers. In past years, the Board has had to use surplus to subsidize taxes. The main issue continues to be providing a first-rate education to the children of Eatontown while balancing fiscal and financial considerations.

Commencing with the 2007-08 school year and for the next 20 years, the District will also have to budget for Debt Service. This Debt Service consists of principal and interest payments on the local share of the \$2,050,000 School Bonds the District sold on August 8, 2006 and \$20,150,000 School Bonds the District sold on December 24, 2014.

In general, the Eatontown Borough Board of Education has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible given the demands and challenges associated with the need to improve students' academic performances, and there is no reason to believe that this commitment will not continue as the District moves forward.

Contacting the School District's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions on this report or need additional financial information, please contact the School Business Administrator/Board Secretary, at the Eatontown Borough Board of Education, 5 Grant Avenue, Eatontown, NJ 07724.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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EATONTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 4,148,465.94	\$ 50,365.12	\$ 4,198,831.06
Receivables, Net	371,709.09	19,120.41	390,829.50
Inventory	-	6,083.10	6,083.10
Capital Assets, Non-Depreciable (Note 6)	2,375,200.00	-	2,375,200.00
Capital Assets, Depreciable (Note 6)	22,567,039.63	-	22,567,039.63
Total Assets	29,462,414.66	75,568.63	29,537,983.29
Deferred Outflow of Resources:			
Deferred Outflows Related to Pensions	496,356.00	-	496,356.00
Deferred Charge on Refunding of Debt	1,941,441.11	-	1,941,441.11
Total Deferred Outflows of Resources	2,437,797.11	-	2,437,797.11
Total Assets and Deferred Outflows of Resources	31,900,211.77	75,568.63	31,975,780.40
Liabilities:			
Accounts Payable	-	21,183.54	21,183.54
Unearned Revenue	44,142.13	3,323.84	47,465.97
Accrued Interest	97,750.00	-	97,750.00
Payable to State Government	56,228.21	-	56,228.21
Noncurrent Liabilities (Note 8):			
Due Within One Year	1,242,542.84	-	1,242,542.84
Due Beyond One Year	27,743,302.45	-	27,743,302.45
Total Liabilities	29,183,965.63	24,507.38	29,208,473.01
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions	68,368.00	-	68,368.00
Total Deferred Inflows of Resources	68,368.00	-	68,368.00
Total Liabilities and Deferred Inflows of Resources	29,252,333.63	24,507.38	29,276,841.01
Net Position:			
Net Investment in Capital Assets	3,742,239.63	-	3,742,239.63
Restricted for:			
Debt Service	(97,750.00)	-	(97,750.00)
Capital Projects	996,232.92	-	996,232.92
Other Purposes	2,623,999.71	-	2,623,999.71
Unrestricted	(4,616,844.12)	51,061.25	(4,565,782.87)
Total Net Position	\$ 2,647,878.14	\$ 51,061.25	\$ 2,698,939.39

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**EATONTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular	\$ 5,804,105.35	\$ -	\$ 580,915.93	\$ (5,223,189.42)	\$ -	\$ (5,223,189.42)
Special Education	1,879,434.94	-	-	(1,879,434.94)	-	(1,879,434.94)
Other Special Instruction	585,390.38	-	-	(585,390.38)	-	(585,390.38)
Other Instruction	106,044.63	-	-	(106,044.63)	-	(106,044.63)
Support Services:						
Tuition	445,814.94	54,141.00	-	(391,673.94)	-	(391,673.94)
Student and Instruction Related Services	2,525,549.43	-	521,393.74	(2,004,155.69)	-	(2,004,155.69)
General Administration	419,603.35	-	-	(419,603.35)	-	(419,603.35)
School Administrative Services	630,218.68	-	-	(630,218.68)	-	(630,218.68)
Central Services	258,415.54	-	-	(258,415.54)	-	(258,415.54)
Administrative Information Technology	13,392.84	-	-	(13,392.84)	-	(13,392.84)
Plant Operations and Maintenance	1,722,142.50	-	-	(1,722,142.50)	-	(1,722,142.50)
Pupil Transportation	788,364.97	-	270,169.00	(518,195.97)	-	(518,195.97)
Employee Benefits	7,969,906.88	-	4,875,179.98	(3,094,726.90)	-	(3,094,726.90)
Interest and other charges on Long-Term Debt	931,909.52	-	699,542.00	(232,367.52)	-	(232,367.52)
Unallocated Depreciation and Amortization	1,062,404.52	-	-	(1,062,404.52)	-	(1,062,404.52)
Total Government Activities	25,142,698.47	54,141.00	6,947,200.65	(18,141,356.82)	-	(18,141,356.82)

**EATONTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
BUSINESS-TYPE ACTIVITIES					
Food Service	375,783.03	123,848.11	295,645.19	-	43,710.27
Total Business-Type Activities	375,783.03	123,848.11	295,645.19	-	43,710.27
Total Primary Government	\$ 25,518,481.50	\$ 177,989.11	\$ 7,242,845.84	\$ (18,141,356.82)	\$ (18,097,646.55)
General Revenues:					
Property Taxes Levied for:					
General Purposes				\$ 13,748,136.00	\$ 13,748,136.00
Debt Service				1,329,458.00	1,329,458.00
Federal and State Aid Not Restricted				3,682,077.00	3,682,077.00
Investment Earnings				6,087.26	6,087.26
Miscellaneous Income				1,942.03	1,942.03
Total General Revenues				18,767,700.29	18,767,700.29
Change in Net Position				626,343.47	670,053.74
Net Position - Beginning				2,021,534.67	2,028,885.65
Net Position - Ending				\$ 2,647,878.14	\$ 2,698,939.39

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B. Fund Financial Statements

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Governmental Funds

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**EATONTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Assets:				
Cash and Cash Equivalents	\$ 2,620,145.24	\$ -	\$ 74,087.98	\$ 2,694,233.22
Due From Other Funds	8,426.45	-	-	8,426.45
Receivables From Other Governments:				
State	116,178.57	-	-	116,178.57
Federal	27,733.13	163,653.21	-	191,386.34
Other Receivables	-	56,144.18	-	56,144.18
Restricted Cash	1,573,233.32	-	-	1,573,233.32
Total Assets	4,345,716.71	219,797.39	74,087.98	4,639,602.08
Liabilities and Fund Balances:				
Liabilities:				
Cash Deficit	-	119,000.60	-	119,000.60
Interfund Payable	-	426.45	-	426.45
Payable To State Government	-	56,228.21	-	56,228.21
Unearned Revenue	-	44,142.13	-	44,142.13
Total Liabilities	-	219,797.39	-	219,797.39
Fund Balances:				
Restricted:				
Designated for Subsequent Year's Expenditures	802,754.66	-	-	802,754.66
Excess Surplus	1,244,244.65	-	-	1,244,244.65
Capital Reserve	996,232.92	-	-	996,232.92
Maintenance Reserve	435,000.00	-	-	435,000.00
Emergency Reserve	142,000.40	-	-	142,000.40
Assigned:				
Other Purposes	725,484.08	-	-	725,484.08
Debt Service Fund	-	-	74,087.98	74,087.98
Total Fund Balances	4,345,716.71	-	74,087.98	4,419,804.69
Total Liabilities and Fund Balances	\$ 4,345,716.71	\$ 219,797.39	\$ 74,087.98	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$39,361,447.00 and the accumulated depreciation is \$14,419,207.37 (see Note 6).	24,942,239.63
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	2,369,429.11
Accrued interest on long-term liabilities is not reported as a liability in the Fund.	(97,750.00)
Long-term liabilities, including bonds payable, and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 8).	(28,985,845.29)
Net Position of Governmental Activities	\$ 2,647,878.14

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

EATONTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Revenues:				
Local Sources:				
Local Tax Levy	\$ 13,748,136.00	\$ -	\$ 1,329,458.00	\$ 15,077,594.00
Tuition Charges	54,141.00	-	-	54,141.00
Interest Earnings	6,087.26	-	-	6,087.26
Miscellaneous	1,942.03	6,417.47	-	8,359.50
Total - Local Sources	13,810,306.29	6,417.47	1,329,458.00	15,146,181.76
State Sources	6,034,314.98	204,256.00	699,542.00	6,938,112.98
Federal Sources	42,819.00	891,636.20	-	934,455.20
Total Revenues	19,887,440.27	1,102,309.67	2,029,000.00	23,018,749.94
Expenditures:				
Current:				
Regular Instruction	5,223,189.42	580,915.93	-	5,804,105.35
Special Education Instruction	1,879,434.94	-	-	1,879,434.94
Other Special Instruction	585,390.38	-	-	585,390.38
Other Instruction	106,044.63	-	-	106,044.63
Support Services and Undistributed Costs:				
Tuition	445,814.94	-	-	445,814.94
Student and Instruction Related Services	2,004,155.69	521,393.74	-	2,525,549.43
General Administration	419,603.35	-	-	419,603.35
School Administrative Services	630,218.68	-	-	630,218.68
Central Services	258,415.54	-	-	258,415.54
Administrative Information Technology	13,392.84	-	-	13,392.84
Plant Operations and Maintenance	1,771,718.83	-	-	1,771,718.83
Pupil Transportation	788,364.97	-	-	788,364.97
Employee Benefits	5,090,071.88	-	-	5,090,071.88
Debt Service:				
Interest and Other Charges	-	-	1,028,999.94	1,028,999.94
Principal	-	-	1,000,000.00	1,000,000.00
Capital Outlay	109,856.79	-	-	109,856.79
Total Expenditures	19,325,672.88	1,102,309.67	2,028,999.94	22,456,982.49
Excess/(Deficit) of Revenues Over Expenditures	561,767.39	-	0.06	561,767.45
Net Change in Fund Balances	561,767.39	-	0.06	561,767.45
Fund Balance - July 1	3,783,949.32	-	74,087.92	3,858,037.24
Fund Balance - June 30	\$ 4,345,716.71	\$ -	\$ 74,087.98	\$ 4,419,804.69

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**EATONTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 561,767.45

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

Capital outlays are reported in governmental funds as expenditures. However, on 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 depreciation exceeded capital outlays in the current fiscal year.

Depreciation Expense	\$ (1,062,404.52)	
Capital Expenditures	<u>159,433.12</u>	(902,971.40)

Repayment of debt principal is 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. 1,000,000.00

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(2,750,292.00)	
State Share of Unfunded TPAF Pension Expense	2,750,292.00	
District Pension Contributions - PERS	143,089.00	
Pension Expense - PERS	<u>(244,498.00)</u>	(101,409.00)

Amortization of deferred charges on refunding of debt and premiums from refunded debt issuances are recorded when incurred in the governmental funds but are accrued and expensed over time in the statement of activities

Loss on Refunding	(114,202.42)	
Original Issue Premium	<u>192,542.84</u>	78,340.42

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

Current Year	(776,497.00)	
Prior Year	<u>748,363.00</u>	(28,134.00)

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 decrease in accrued interest over the previous year is an addition in the reconciliation; when accrued interest increases over the previous year, it is a reduction to the reconciliation.

Prior Year	116,500.00	
Current Year	<u>(97,750.00)</u>	18,750.00

Change in Net Position of Governmental Activities \$ 626,343.47

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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Proprietary Funds

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**EATONTOWN SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-Type Activities - <u>Enterprise Funds</u>	<u>Total</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 50,365.12	\$ 50,365.12
Accounts Receivable:		
State	310.56	310.56
Federal	18,809.85	18,809.85
Inventories	6,083.10	6,083.10
	<hr/>	<hr/>
Total - Current Assets	75,568.63	75,568.63
Noncurrent Assets:		
Furniture, Machinery and Equipment	157,715.00	157,715.00
Less: Accumulated Depreciation	(157,715.00)	(157,715.00)
	<hr/>	<hr/>
Total - Noncurrent Assets	-	-
	<hr/>	<hr/>
Total Assets	75,568.63	75,568.63
	<hr/>	<hr/>
Liabilities:		
Current Liabilities:		
Accounts Payable	21,183.54	21,183.54
Unearned Revenue	3,323.84	3,323.84
	<hr/>	<hr/>
Total Liabilities	24,507.38	24,507.38
	<hr/>	<hr/>
Net Position:		
Unrestricted	51,061.25	51,061.25
	<hr/>	<hr/>
Total Net Position	\$ 51,061.25	\$ 51,061.25
	<hr/> <hr/>	<hr/> <hr/>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

EATONTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - <u>Enterprise Funds</u>	<u>Total</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 83,871.95	\$ 83,871.95
Daily Sales - Non-Reimbursable Programs	37,108.50	37,108.50
Special Functions	2,050.83	2,050.83
Miscellaneous	816.83	816.83
	<hr/>	<hr/>
Total Operating Revenues	123,848.11	123,848.11
	<hr/>	<hr/>
Operating Expenses:		
Salaries	123,517.96	123,517.96
Support Services - Employee Benefits	22,051.33	22,051.33
Purchased Professional/Technical Services	28,007.00	28,007.00
Supplies and Materials	21,728.74	21,728.74
Cost of Sales	147,210.11	147,210.11
Miscellaneous Expenditures	33,267.89	33,267.89
	<hr/>	<hr/>
Total Operating Expenses	375,783.03	375,783.03
	<hr/>	<hr/>
Operating Loss	(251,934.92)	(251,934.92)
	<hr/>	<hr/>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	4,566.90	4,566.90
Federal Sources:		
Federal School Lunch Program	202,835.90	202,835.90
Federal School Breakfast Program	51,003.67	51,003.67
Healthy Hunger-Free Kids Act (HHFKA)	5,412.60	5,412.60
Food Distribution Program	31,826.12	31,826.12
	<hr/>	<hr/>
Total Nonoperating Revenues	295,645.19	295,645.19
	<hr/>	<hr/>
Change in Net Position	43,710.27	43,710.27
	<hr/>	<hr/>
Total Net Position - Beginning	7,350.98	7,350.98
	<hr/>	<hr/>
Total Net Position - Ending	\$ 51,061.25	\$ 51,061.25
	<hr/> <hr/>	<hr/> <hr/>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**EATONTOWN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2016**

	Business-Type Activities -	
	<u>Enterprise Funds</u>	<u>Total</u>
Cash Flows From Operating Activities:		
Receipts From Customers	\$ 127,171.95	\$ 127,171.95
Payments To Employees	(123,517.96)	(123,517.96)
Payments For Employee Benefits	(22,051.33)	(22,051.33)
Payments To Suppliers	(244,182.62)	(244,182.62)
	<hr/>	<hr/>
Net Cash Used For Operating Activities	(262,579.96)	(262,579.96)
Cash Flows From Noncapital Financing Activities:		
State Sources	4,627.44	4,627.44
Federal Sources	261,235.16	261,235.16
	<hr/>	<hr/>
Net Cash Provided By Noncapital Financing Activities	265,862.60	265,862.60
Net Increase in Cash and Cash Equivalents	3,282.64	3,282.64
Balance - Beginning of Year	47,082.48	47,082.48
	<hr/>	<hr/>
Balance - End of Year	\$ 50,365.12	\$ 50,365.12
	<hr/>	<hr/>
Reconciliation of Operating Loss To Net Cash Used For Operating Activities:		
Operating Loss	\$ (251,934.92)	\$ (251,934.92)
Adjustments To Reconcile Operating Loss To Net Cash Used For Operating Activities:		
Food Distribution Program	31,826.12	31,826.12
(Increase)/Decrease in Inventories	(1,348.30)	(1,348.30)
Increase/(Decrease) in Accounts Payable	(44,446.70)	(44,446.70)
	<hr/>	<hr/>
Net Cash Used For Operating Activities	\$ (262,579.96)	\$ (262,579.96)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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Fiduciary Fund

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**EATONTOWN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Funds</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	\$ 96,146.07	\$ 6,624.98	\$ 52,821.77	\$ 155,592.82
Accounts Receivable	-	25.95	-	25.95
	<hr/>			
Total Assets	\$ 96,146.07	\$ 6,650.93	\$ 52,821.77	\$ 155,618.77
	<hr/> <hr/>			
Liabilities:				
Interfund Payable	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00
Due To State	2,578.30	-	-	2,578.30
Payroll Deductions and Withholdings	-	-	3,171.90	3,171.90
Payable To Student Groups	-	-	41,649.87	41,649.87
	<hr/>			
Total Liabilities	2,578.30	-	52,821.77	55,400.07
	<hr/> <hr/>			
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	93,567.77	-	-	93,567.77
Reserved for Scholarships	-	6,650.93	-	6,650.93
	<hr/>			
Total Net Position	93,567.77	6,650.93	-	100,218.70
	<hr/> <hr/>			
Total Liabilities and Net Position	\$ 96,146.07	\$ 6,650.93	\$ 52,821.77	\$ 155,618.77
	<hr/> <hr/>			

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

EATONTOWN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	<u>Total</u>
Additions:			
Contributions:			
Payroll Withholdings	\$ 24,734.87	\$ -	\$ 24,734.87
Board Contribution	-	-	-
Refunds	-	25.95	25.95
	<hr/>	<hr/>	<hr/>
Total Contributions	24,734.87	25.95	24,760.82
	<hr/>	<hr/>	<hr/>
Investment Earnings:			
Interest	-	7.31	7.31
	<hr/>	<hr/>	<hr/>
Net Investment Earnings	-	7.31	7.31
	<hr/>	<hr/>	<hr/>
Total Additions	24,734.87	33.26	24,768.13
	<hr/>	<hr/>	<hr/>
Deductions:			
Quarterly Contribution Reports	7,295.92	-	7,295.92
Unemployment Claims	21,628.99	-	21,628.99
Scholarships Awarded	-	225.95	225.95
	<hr/>	<hr/>	<hr/>
Total Deductions	28,924.91	225.95	29,150.86
	<hr/>	<hr/>	<hr/>
Change in Net Position	(4,190.04)	(192.69)	(4,382.73)
	<hr/>	<hr/>	<hr/>
Net Position - Beginning of Year	97,757.81	6,843.62	101,795.47
	<hr/>	<hr/>	<hr/>
Net Position - End of Year	\$ 93,567.77	\$ 6,650.93	\$100,218.70
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

EATONTOWN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Eatontown School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Eatontown School District (hereafter referred to as the ‘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. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through twelfth at its three schools. The District has an approximate enrollment at June 30, 2016 of 1,051 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the R.E.D. program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and 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 sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

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).

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.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund

Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

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 assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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.

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

Additionally, the District 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 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.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical 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 District 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government 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 judgments, 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 normally expected to be paid with expendable available financial resources.

Use of Estimates

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District’s financial statements.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

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. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 08, 2016, which is the date the financial statements were available to be issued.

Pensions Section

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

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$4,858,920.17 was exposed to custodial credit risk as follows:

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 2. Cash Deposits and Investments (continued):

Insured Under FDIC	\$ 250,000.00
Collateralized by securities held by Pledging financial institution	456,525.86
Uninsured and uncollateralized	<u>4,152,394.31</u>
Total	<u>\$ 4,858,920.17</u>

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure..

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-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 01, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 922,942.93
Transfer per June Resolution	185,000.00
Interest Earnings	1,222.21
Return of Unused Funds from Project	137,067.74
Withdrawals for Capital Expenditures	<u>(250,000.00)</u>
Ending Balance, June 30, 2016	<u>\$ 996,232.88</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$2,975,000.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account on June 28, 2011 for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 3. Reserve Accounts (continued):

The activity of the maintenance reserve for the June 30, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 350,000.00
Transfer per June Resolution	<u>85,000.00</u>
Ending Balance, June 30, 2016	<u><u>\$ 435,000.00</u></u>

C. Emergency Reserve Account

An Emergency Reserve Account was established by the Eatontown Board of Education during the 2012-2013 school year for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account 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 \$250,000.00 or 1 percent of the general fund budget not to exceed \$1 million. 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. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. 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 4 percent.

There was no activity in the Emergency Reserve Account for July 1, 2015 through June 30, 2016. The balance at June 30, 2016 and 2015 is \$142,000.40.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Proprietary <u>Funds</u>	<u>Total</u>
Intergovernmental	\$ 143,911.70	\$ 163,653.21	\$ 19,120.41	\$ 326,685.32
Other	-	56,144.18	-	56,144.18
Total	<u><u>\$ 143,911.70</u></u>	<u><u>\$ 219,797.39</u></u>	<u><u>\$ 19,120.41</u></u>	<u><u>\$ 382,829.50</u></u>

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2016, the District transferred \$0 to the capital outlay accounts.

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,375,200.00	\$ -	\$ -	\$ 2,375,200.00
Total capital assets not being depreciated	<u>2,375,200.00</u>	<u>-</u>	<u>-</u>	<u>2,375,200.00</u>
Capital Assets being depreciated:				
Buildings	33,179,508.00	163,901.39	-	33,343,409.39
Machinery & Equipment	3,974,137.61	354,218.36	(682,518.36)	3,645,837.61
Total capital assets being depreciated	<u>37,153,645.61</u>	<u>518,119.75</u>	<u>(682,518.36)</u>	<u>36,989,247.00</u>
Less: accumulated depreciation:				
Buildings	(10,400,913.18)	(754,954.76)	-	(11,155,867.94)
Machinery & Equipment	(3,279,721.40)	(307,449.76)	323,831.73	(3,263,339.43)
Total accumulated depreciation	<u>(13,680,634.58)</u>	<u>(1,062,404.52)</u>	<u>323,831.73</u>	<u>(14,419,207.37)</u>
Total capital assets being depreciated, net	<u>23,473,011.03</u>	<u>(544,284.77)</u>	<u>(358,686.63)</u>	<u>22,570,039.63</u>
Total Governmental Activities capital assets, net	<u>\$ 25,848,211.03</u>	<u>\$ (544,284.77)</u>	<u>\$ (358,686.63)</u>	<u>\$ 24,945,239.63</u>

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 6. Capital Assets (continued):

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 157,715.00	\$ -	\$ -	\$ 157,715.00
Total capital assets being depreciated	<u>157,715.00</u>	-	-	<u>157,715.00</u>
Less: accumulated depreciation:				
Machinery & Equipment	(157,715.00)	-	-	(157,715.00)
Total accumulated depreciation	<u>(157,715.00)</u>	-	-	<u>(157,715.00)</u>
 Total capital assets being depreciated, net	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Business-type activities capital assets, net	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	<u>\$ 1,062,404.52</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,062,404.52</u></u>

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 8,426.45	\$ -
Special Revenue Fund	-	426.45
Fiduciary Funds	<u>-</u>	<u>8,000.00</u>
	<u><u>\$ 8,426.45</u></u>	<u><u>\$ 8,426.45</u></u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 7. Interfund Receivables, Payables and Transfers (continued):

The purpose of interfund transfers are for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds. There were no interfund transfers during the year.

Note 8. Long-Term Obligations

During the fiscal year-ended June 30, 2016 the following changes occurred in long-term obligations:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 748,363.00	\$ 28,134.00	\$ -	\$ 776,497.00	\$ -
General Obligation Bonds	22,200,000.00	-	(1,000,000.00)	21,200,000.00	1,050,000.00
Net Pension Liability	3,109,041.00	627,079.00	-	3,736,120.00	-
Unamortized Bond Premiums	3,465,771.13	-	(192,542.84)	3,273,228.29	192,542.84
Total	\$ 29,523,175.13	\$ 655,213.00	\$ (1,192,542.84)	\$ 28,985,845.29	\$ 1,242,542.84

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Long-Term Obligations (continued):

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2016	\$ 1,050,000.00	\$ 984,000.00	\$ 2,034,000.00
2017	1,040,000.00	915,950.00	1,955,950.00
2018	1,080,000.00	873,550.00	1,953,550.00
2019	1,125,000.00	829,450.00	1,954,450.00
2020	1,165,000.00	783,650.00	1,948,650.00
2021-2025	6,415,000.00	3,005,375.00	9,420,375.00
2026-2030	6,660,000.00	1,369,750.00	8,029,750.00
2031-2032	2,665,000.00	106,300.00	2,771,300.00
Total	\$ 21,200,000.00	\$ 8,868,025.00	\$ 30,068,025.00

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases

As of June 30, 2016, the District had no capital leases.

Note 9. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 55 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$3,736,120.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.01664% percent, which was a increase of 0.00003% from its proportion measured as of June 30, 2014.

<u>Collective Balances at June 30, 2016 & June 30, 2015</u>		
	6/30/2016	6/30/2015
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 496,356.00	\$ 240,854.00
Deferred Inflows of Resources	\$ 68,368.00	\$ 195,447.00
 Net Pension Liability	 \$ 3,736,120.00	 \$ 3,109,041.00
 District's Portion of the Plan's Total Net Pension Liability	 0.01664%	 0.01661%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$244,498.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and actual experience	\$ 89,131.00	\$ -
Changes of assumptions	401,229.00	-
Net difference between projected and actual earnings on pension plan investments	-	60,070.00
Changes in proportion and differences between district contributions and proportionate share of contributions	5,996.00	8,298.00
Total	\$ 496,356.00	\$ 68,368.00

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	54,521
2018	54,521
2019	54,521
2020	54,521
2021	54,521
Thereafter	57,699

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Decrease</u>		<u>Discount</u>		<u>Increase</u>
	<u>(3.90%)</u>		<u>(4.90%)</u>		<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 4,643,540	\$	3,736,120	\$	2,975,346

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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.

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - 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.

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

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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, 2015 are summarized in the following table:

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 average of the last five years of employers' 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2016.

Note 11. Risk Management

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

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.

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 24,734.87	\$ 28,924.91	93,567.77
2014-2015	-	24,320.08	12,586.65	97,757.81
2013-2014	-	22,320.94	14,902.72	86,024.38

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 12. Contingencies

Joint Insurance Pool – The Eatontown School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

Property – Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

Note 14. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
The Legend Group
Lincoln Investment Planning
Security Benefit & Life
Valic Investments

EATONTOWN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$776,497.00.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$1,244,244.65.

Note 17. Fund Balance

General Fund – Of the \$4,345,716.71 General Fund fund balance at June 30, 2016, \$996,232.92 has been reserved in the Capital Reserve Account; \$435,000.00 has been reserved in the Maintenance Reserve Account; \$142,000.40 has been reserved in the Emergency Reserve Account; \$802,754.66 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; 1,244,244.65 is restricted for current year excess surplus; \$725,484.08 has been reserved for encumbrances.

Debt Service Fund – Of the \$74,087.98 Debt Service Fund fund balance at June 30, 2016, \$74,087.98 is restricted for future debt service payments.

EATONTOWN SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$97,750.00 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$4,616,844.12 at June 30, 2016. The deficit is due to the final June state aid payment not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				
		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES:						
Local Sources:						
Local Tax Levy	10-1210	\$ 13,748,134.00	\$ -	\$ 13,748,134.00	\$ 13,748,136.00	\$ 2.00
Tuition Other	10-1320	15,562.00	-	15,562.00	54,141.00	38,579.00
Transportation Fees Individuals	10-1410	7,700.00	-	7,700.00	-	(7,700.00)
Interest Income	10-1990	750.00	-	750.00	6,087.26	5,337.26
Unrestricted Miscellaneous Revenues	10-1990	24,000.00	-	24,000.00	1,942.03	(22,057.97)
Total Local Sources		13,796,146.00	-	13,796,146.00	13,810,306.29	14,160.29
State Sources:						
Extraordinary Aid	10-3131	75,000.00	-	75,000.00	73,503.00	(1,497.00)
Categorical Special Education Aid	10-3132	645,399.00	-	645,399.00	645,399.00	-
Equalization Aid	10-3176	721,245.00	-	721,245.00	721,245.00	-
Categorical Security Aid	10-3177	225,767.00	-	225,767.00	225,767.00	-
Adjustment Aid	10-3178	1,953,085.00	-	1,953,085.00	1,953,085.00	-
Categorical Transportation Aid	10-3121	258,203.00	-	258,203.00	258,203.00	-
PARRC Readiness Aid	10-3190	10,570.00	-	10,570.00	10,579.50	9.50
Per Pupil Growth Aid	10-3190	10,570.00	-	10,570.00	10,579.50	9.50
Other State Aids	10-3190	-	-	-	11,966.00	11,966.00
TPAF Pension Contributions (On-Behalf - Non-Budgeted)		-	-	-	682,841.00	682,841.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	813,075.00	813,075.00
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	628,971.98	628,971.98
Total State Sources		3,899,839.00	-	3,899,839.00	6,035,214.98	2,135,375.98
Federal Sources:						
Medicaid Reimbursement	10-4200	42,819.00	-	42,819.00	42,819.00	-
Total Federal Sources		42,819.00	-	42,819.00	42,819.00	-
Total Revenues		17,738,804.00	-	17,738,804.00	19,888,340.27	2,149,536.27
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction:						
Salaries of Teachers:						
Preschool	11-105-100-101	117,251.28	(0.28)	117,251.00	112,041.00	5,210.00
Kindergarten	11-110-100-101	329,777.00	-	329,777.00	309,142.00	20,635.00
Grades 1-5	11-120-100-101	2,736,727.05	3,424.95	2,740,152.00	2,560,078.00	180,074.00
Grades 6-8	11-130-100-101	1,743,756.00	(72,735.00)	1,671,021.00	1,484,080.00	186,941.00
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	5,000.00	-	5,000.00	4,884.00	116.00
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	124,461.19	666.81	125,128.00	114,180.00	10,948.00
Purchased Professional-Educational Services	11-190-100-320	7,250.00	(248.00)	7,002.00	5,653.00	1,349.00
Purchased Technical Services	11-190-100-340	30,800.00	25,265.00	56,065.00	35,762.00	20,303.00
Other Purchased Services	11-190-100-500	80,900.00	4,777.00	85,677.00	59,477.00	26,200.00
General Supplies	11-190-100-610	402,679.00	110,235.00	512,914.00	459,097.00	53,817.00
Textbooks	11-190-100-640	128,800.00	(47,357.94)	81,442.06	77,568.00	3,874.06
Other Objects	11-190-100-800	3,940.00	-	3,940.00	1,227.42	2,712.58
Total Regular Programs - Instruction		5,711,341.52	24,027.54	5,735,369.06	5,223,189.42	512,179.64

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				Variance
		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final To Actual</u>
Special Education Instruction - Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	703,647.00	(5,204.30)	698,442.70	695,051.12	3,391.58
Other Salaries for Instruction	11-204-100-106	249,349.84	31,185.00	280,534.84	267,038.18	13,496.66
General Supplies	11-204-100-610	9,271.00	(3,542.00)	5,729.00	5,004.96	724.04
Textbooks	11-204-100-640	-	3,471.00	3,471.00	-	3,471.00
Total Learning and/or Language Disabilities		962,267.84	25,909.70	988,177.54	967,094.26	21,083.28
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	914,497.14	19,060.00	933,557.14	895,856.68	37,700.46
General Supplies	11-213-100-610	8,880.00	4,738.10	13,618.10	13,577.31	40.79
Textbooks	11-213-100-640	3,100.00	190.84	3,290.84	2,906.69	384.15
Total Resource Room/Resource Center		926,477.14	23,988.94	950,466.08	912,340.68	38,125.40
Home Instruction:						
Purchased Professional - Educational Services	11-219-100-320	3,800.00	-	3,800.00	-	3,800.00
Total Home Instruction		3,800.00	-	3,800.00	-	3,800.00
Total Special Education		1,892,544.98	49,898.64	1,942,443.62	1,879,434.94	63,008.68
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	383,594.00	66,630.00	450,224.00	450,072.80	151.20
General Supplies	11-230-100-XXX	1,800.00	-	1,800.00	493.85	1,306.15
Total Basic Skills/Remedial - Instruction		385,394.00	66,630.00	452,024.00	450,566.65	1,457.35
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	140,020.00	30,000.00	170,020.00	134,583.00	35,437.00
Purchased Technical Services	11-240-100-340	1,000.00	-	1,000.00	240.73	759.27
General Supplies	11-240-100-XXX	1,000.00	-	1,000.00	-	1,000.00
Textbooks	11-240-100-XXX	500.00	-	500.00	-	500.00
Total Bilingual Education - Instruction		142,520.00	30,000.00	172,520.00	134,823.73	37,696.27
School Sponsored Co/Extra-Curricular Activities - Instruction:						
Salaries	11-401-100-100	82,678.00	(30.00)	82,648.00	76,365.05	6,282.95
Other Objects	11-401-100-800	34,180.00	3,757.00	37,937.00	29,679.58	8,257.42
Total School Sponsored Co/Extra-Curricular Activities - Instruction		116,858.00	3,727.00	120,585.00	106,044.63	14,540.37
Total - Instruction		8,248,658.50	174,283.18	8,422,941.68	7,794,059.37	628,882.31
Undist. Expend. - Instruction:						
Tuition To Other LEAs within the State - Regular	11-000-100-561	-	12,328.00	12,328.00	9,532.60	2,795.40
Tuition To Other LEAs within the State - Special	11-000-100-562	339,292.00	93,405.91	432,697.91	373,881.80	58,816.11
Tuition To Private Schools for the Disabled Within State	11-000-100-566	340,106.00	(123,053.00)	217,053.00	62,400.54	154,652.46
Total Undist. Expend. - Instruction		679,398.00	(17,319.09)	662,078.91	445,814.94	216,263.97
Undist. Expend. - Health Services:						
Salaries of Social Services Coordinators	11-000-213-175	303,893.00	10,000.00	313,893.00	291,418.00	22,475.00
Purchased Professional and Technical Services	11-000-213-300	14,430.00	185.00	14,615.00	10,314.08	4,300.92
Supplies and Materials	11-000-213-600	3,110.00	-	3,110.00	1,235.94	1,874.06
Other Objects	11-000-213-800	525.00	-	525.00	236.40	288.60
Total Undist. Expend. - Health Services		321,958.00	10,185.00	332,143.00	303,204.42	28,938.58

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				Variance
		Original Budget	Budget Transfers	Final Budget	Actual	Final To Actual
Undist. Expend. - Speech, OT, PT & Related Svc:						
Salaries	11-000-216-100	229,553.00	27,581.00	257,134.00	257,071.10	62.90
Purchased Professional - Educational Services	11-000-216-320	31,170.00	(5,672.00)	25,498.00	22,898.00	2,600.00
Supplies and Materials	11-000-216-600	1,680.00	285.14	1,965.14	1,920.24	44.90
Total Undist. Expend. - Speech, OT, PT & Related Svc.		262,403.00	22,194.14	284,597.14	281,889.34	2,707.80
Undist. Expend. - Other Support Serv. Students - Extra. Serv.:						
Purchased Professional - Educational Services	11-000-217-320	26,549.00	23,956.52	50,505.52	39,212.00	11,293.52
Total Undist. Expend. - Other Support Serv. Students - Extra. Serv.		26,549.00	23,956.52	50,505.52	39,212.00	11,293.52
Undist. Expend.- Guidance:						
Salaries of Other Professional Staff	11-000-218-104	156,252.00	(1,909.00)	154,343.00	150,185.00	4,158.00
Supplies and Materials	11-000-218-XXX	900.00	-	900.00	609.41	290.59
Total Undist. Expend. - Guidance		157,152.00	(1,909.00)	155,243.00	150,794.41	4,448.59
Undist. Expend.- Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	573,953.00	2,114.00	576,067.00	557,438.00	18,629.00
Salaries of Secretarial and Clerical Assistants	11-000-219-105	54,059.41	-	54,059.41	52,034.08	2,025.33
Other Salaries	11-000-219-110	16,300.00	-	16,300.00	12,705.20	3,594.80
Purchased Professional - Educational Services	11-000-219-320	23,064.00	43,292.91	66,356.91	64,442.99	1,913.92
Other Purchased Professional & Technical Services	11-000-219-390	10,130.00	(3,282.57)	6,847.43	6,517.43	330.00
Miscellaneous Purchased Services	11-000-219-592	1,444.00	-	1,444.00	891.26	552.74
Supplies & Materials	11-000-219-600	11,153.00	(719.43)	10,433.57	10,165.57	268.00
Other Objects	11-000-219-800	1,020.00	-	1,020.00	920.00	100.00
Total Undist. Expend.- Child Study Teams		691,123.41	41,404.91	732,528.32	705,114.53	27,413.79
Undist. Expend. - Improvement of Instructional Services:						
Salaries of Supervisors of Instruction	11-000-221-102	29,000.00	-	29,000.00	28,999.92	0.08
Salaries of Secretarial and Clerical Assistants	11-000-221-105	18,659.00	466.40	19,125.40	19,125.36	0.04
Salaries of Facilitators, Math & Literacy Coaches	11-000-221-176	120,456.00	(0.40)	120,455.60	105,536.00	14,919.60
Purchased Professionals - Educational Services	11-000-221-320	15,000.00	(6,488.89)	8,511.11	6,035.31	2,475.80
Other Purchased Prof. & Tech. Services	11-000-221-390	77,400.00	(2,796.00)	74,604.00	62,200.68	12,403.32
Supplies and Materials	11-000-221-600	2,600.00	(25.00)	2,575.00	828.26	1,746.74
Other Objects	11-000-221-800	920.00	25.00	945.00	945.00	-
Total Undist. Expend. - Improvement of Instructional Services		264,035.00	(8,818.89)	255,216.11	223,670.53	31,545.58
Undist. Expend. - Educational Media/School Library:						
Salaries of Technology Coordinators	11-000-222-177	337,427.00	(47,000.00)	290,427.00	273,014.60	17,412.40
General Supplies and Materials	11-000-222-600	22,900.00	1,299.21	24,199.21	13,829.76	10,369.45
Total Undist. Expend. - Educational Media/School Library		360,327.00	(45,700.79)	314,626.21	286,844.36	27,781.85
Undist. Expend. - Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	2,000.00	-	2,000.00	-	2,000.00
Other Purchased Services	11-000-223-500	21,350.00	400.00	21,750.00	12,511.85	9,238.15
Other Objects	11-000-223-800	555.00	360.00	915.00	914.25	0.75
Total Undist. Expend. - Instructional Staff Training Services		23,905.00	760.00	24,665.00	13,426.10	11,238.90
Undist. Expend. - Support Services - General Administration:						
Salaries	11-000-230-100	229,264.00	-	229,264.00	213,481.55	15,782.45
Salaries of Attorneys	11-000-230-108	9,364.00	(4,681.96)	4,682.04	4,682.04	-
Legal Services	11-000-230-331	50,000.00	28,764.30	78,764.30	71,445.17	7,319.13
Audit Fees	11-000-230-332	27,195.00	-	27,195.00	26,045.00	1,150.00
Architectural/Engineering Services	11-000-230-334	33,538.00	4,002.00	37,540.00	33,156.52	4,383.48
Communications/Telephone	11-000-230-530	75,800.00	(22,155.04)	53,644.96	47,333.76	6,311.20
BOE - Other Purchased Services	11-000-230-585	5,350.00	-	5,350.00	2,742.22	2,607.78
Misc Purchased Services	11-000-230-590	1,500.00	2,659.00	4,159.00	-	4,159.00
General Supplies	11-000-230-610	13,100.00	(3,192.00)	9,908.00	2,223.41	7,684.59
Miscellaneous Expenditures	11-000-230-890	10,914.00	-	10,914.00	8,843.58	2,070.42
BOE Membership Dues and Fees	11-000-230-895	12,575.10	-	12,575.10	9,650.10	2,925.00
Total Undist. Expend. - Support Services - General Administration		468,600.10	5,396.30	473,996.40	419,603.35	54,393.05

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				Variance
		Original Budget	Budget Transfers	Final Budget	Actual	Final To Actual
Undist. Expend. - Support Services - School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	449,450.00	(1.00)	449,449.00	449,449.00	-
Salaries of Secretarial and Clerical Assistants	11-000-240-105	211,361.33	(0.33)	211,361.00	170,647.08	40,713.92
Other Purchased Services	11-000-240-500	800.00	-	800.00	-	800.00
Supplies and Materials	11-000-240-600	10,860.00	1,584.00	12,444.00	7,383.63	5,060.37
Other Objects	11-000-240-800	15,975.00	-	15,975.00	2,738.97	13,236.03
Total Undist. Expend. - Support Services - School Administration		688,446.33	1,582.67	690,029.00	630,218.68	59,810.32
Undist. Expend. - Central Services:						
Salaries	11-000-251-100	238,048.00	1.00	238,049.00	237,581.76	467.24
Purchased Professional Services	11-000-251-330	-	3,654.75	3,654.75	3,654.75	-
Misc. Purchased Services NonRes	11-000-251-592	15,810.00	(644.75)	15,165.25	10,018.95	5,146.30
Supplies & Materials	11-000-251-600	21,700.00	-	21,700.00	1,416.27	20,283.73
Other Objects	11-000-251-890	10,351.00	(1,700.00)	8,651.00	5,743.81	2,907.19
Total Undist. Expend. - Central Services		285,909.00	1,311.00	287,220.00	258,415.54	28,804.46
Undist. Expend. - Admin. Info. Technology:						
Purchased Technical Services	11-000-252-340	13,945.00	1,792.00	15,737.00	13,392.84	2,344.16
Total Undist. Expend. - Admin. Info. Technology		13,945.00	1,792.00	15,737.00	13,392.84	2,344.16
Undist. Expend. - Required Maintenance for School Facilities:						
Salaries	11-000-261-100	135,607.00	3,071.00	138,678.00	136,891.80	1,786.20
Cleaning, Repair and Maintenance Services	11-000-261-420	614,076.94	1,756.88	615,833.82	510,544.66	105,289.16
General Supplies	11-000-261-610	46,000.00	(2,239.06)	43,760.94	39,357.70	4,403.24
Other Objects	11-000-261-800	3,500.00	39,589.99	43,089.99	41,833.94	1,256.05
Total Undist. Expend. - Required Maintenance for School Facilities		799,183.94	42,178.81	841,362.75	728,628.10	112,734.65
Undist. Expend. - Custodial Services:						
Salaries	11-000-262-100	47,078.00	0.20	47,078.20	47,078.16	0.04
Cleaning, Repair, & Maintenance Services	11-000-262-420	290,016.90	15,310.02	305,326.92	299,705.56	5,621.36
Rental of Land and Buildings	11-000-262-441	1,750.00	-	1,750.00	750.00	1,000.00
Other Purchased Property Services	11-000-262-490	69,200.00	4,353.54	73,553.54	57,723.70	15,829.84
Insurance	11-000-262-520	183,665.15	(2,509.25)	181,155.90	181,155.90	-
General Supplies	11-000-262-610	45,000.00	3,184.00	48,184.00	43,940.09	4,243.91
Energy (Natural Gas)	11-000-262-621	116,000.00	8,798.53	124,798.53	47,147.19	77,651.34
Energy (Electricity)	11-000-262-622	542,000.00	43,750.80	585,750.80	356,701.63	229,049.17
Total Undist. Expend. - Custodial Services		1,294,710.05	72,887.84	1,367,597.89	1,034,202.23	333,395.66
Undist. Expend. - Security:						
Purchased Prof. and Technical Services	11-000-266-300	2,600.00	-	2,600.00	2,376.00	224.00
General Supplies	11-000-266-610	10,000.00	6,413.00	16,413.00	6,512.50	9,900.50
Total Undist. Expend. - Security		12,600.00	6,413.00	19,013.00	8,888.50	10,124.50
Total Undist. Expend. - Oper. & Maint. of Plant		2,106,493.99	121,479.65	2,227,973.64	1,771,718.83	456,254.81
Undist. Expend. - Student Transportation Services:						
Salaries for Non-Instructional Aides	11-000-270-107	193,239.97	-	193,239.97	190,833.76	2,406.21
Cleaning, Repair, & Maintenance Services	11-000-270-420	5,250.00	2,187.57	7,437.57	6,431.61	1,005.96
Contract Services (Bet. Home & School)- Vendors	11-000-270-511	433,752.00	13,750.00	447,502.00	379,066.86	68,435.14
Contracted Services (Other Than Bet. Home & School) - Ven	11-000-270-512	25,335.00	-	25,335.00	7,308.00	18,027.00
Contract Serv. (Spl. Ed. Students) - ESCs & CTSA	11-000-270-518	154,036.89	30,000.00	184,036.89	181,276.74	2,760.15
General Supplies	11-000-270-610	6,200.00	-	6,200.00	4,503.52	1,696.48
Transportation Supplies	11-000-270-615	35,000.00	-	35,000.00	12,228.97	22,771.03
Other Objects	11-000-270-800	8,600.00	-	8,600.00	6,715.51	1,884.49
Total Undist. Expend. - Student Transportation Services		861,413.86	45,937.57	907,351.43	788,364.97	118,986.46

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				Variance
		Original Budget	Budget Transfers	Final Budget	Actual	Final To Actual
Student Transportation Services - Employee Benefits:						
Social Security Contributions	11-000-270-220	11,000.00	-	11,000.00	11,000.00	-
Other Retirement Contributions - Regular	11-000-270-241	20,000.00	-	20,000.00	-	20,000.00
Health Benefits	11-000-270-270	38,000.00	-	38,000.00	38,000.00	-
Total Student Transportation Services - Employee Benefits		69,000.00	-	69,000.00	49,000.00	20,000.00
Total Allocated Benefits		69,000.00	-	69,000.00	49,000.00	20,000.00
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	149,000.00	-	149,000.00	140,812.78	8,187.22
Other Retirement Contributions - Regular	11-000-291-241	155,208.56	-	155,208.56	151,532.18	3,676.38
Unemployment Compensation	11-000-291-250	12,500.00	-	12,500.00	-	12,500.00
Workmen's Compensation	11-000-291-260	112,864.06	-	112,864.06	81,689.33	31,174.73
Health Benefits	11-000-291-270	2,746,076.25	99,389.26	2,845,465.51	2,487,644.76	357,820.75
Tuition Reimbursement	11-000-291-280	25,000.00	-	25,000.00	5,086.00	19,914.00
Other Employee Benefits	11-000-291-290	76,000.00	38,000.00	114,000.00	49,418.85	64,581.15
Total Unallocated Benefits - Employee Benefits		3,276,648.87	137,389.26	3,414,038.13	2,916,183.90	497,854.23
TPAF Contributions (On-Behalf - Non-Budgeted)		-	-	-	682,841.00	(682,841.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)		-	-	-	813,075.00	(813,075.00)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	628,971.98	(628,971.98)
Total On-Behalf Contributions		-	-	-	2,124,887.98	(2,124,887.98)
Total Personal Services - Employee Benefits		3,345,648.87	137,389.26	3,483,038.13	5,090,071.88	(1,607,033.75)
Total Undistributed Expenditures		10,557,307.56	339,641.25	10,896,948.81	11,421,756.72	(524,807.91)
Total Expenditures - Current Expense		18,805,966.06	513,924.43	19,319,890.49	19,215,816.09	104,074.40
CAPITAL OUTLAY						
Facilities and Acquisition Services:						
Construction Services	12-000-400-450	250,000.00	-	250,000.00	109,856.79	140,143.21
Total Facilities and Acquisition Services		250,000.00	-	250,000.00	109,856.79	140,143.21
Total Capital Outlay		250,000.00	-	250,000.00	109,856.79	140,143.21
Total Expenditures		19,055,966.06	513,924.43	19,569,890.49	19,325,672.88	244,217.61
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures		(1,317,162.06)	(513,924.43)	(1,831,086.49)	562,667.39	2,393,753.88
Other Financing Sources/(Uses):						
Transfer of Interest Income		(750.00)	-	(750.00)	-	750.00
Total Other Financing Sources/(Uses)		(750.00)	-	(750.00)	-	750.00
Excess/(Deficiency) of Revenues and Other Financing Sources						
Over/(Under) Expenditures and Other Financing Sources/(Uses)		(1,317,912.06)	(513,924.43)	(1,831,836.49)	562,667.39	2,394,503.88
Fund Balances, July 1		4,165,532.32	-	4,165,532.32	4,165,532.32	-
Fund Balances, June 30		\$ 2,847,620.26	\$ (513,924.43)	\$ 2,333,695.83	\$ 4,728,199.71	\$ 2,394,503.88

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016**

		June 30, 2016				Variance
		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final To Actual</u>
Recapitulation of Budget Transfers						
Prior Year-End Encumbrances			513,924.43			
Total Budget Transfers			<u>\$ 513,924.43</u>			
Recapitulation of Fund Balance						
Restricted for:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 802,754.66		
Excess Surplus				1,244,244.65		
Capital Reserve				996,232.92		
Maintenance Reserve				435,000.00		
Emergency Reserve				142,000.40		
Assigned:						
Year-End Encumbrances				751,985.38		
Unassigned				<u>355,981.70</u>		
				4,728,199.71		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payments not recognized on GAAP Basis				<u>(382,483.00)</u>		
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,345,716.71</u>		

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				Variance Final To Actual
	Original Budget	Budget Transfers	Final Budget	Actual	
Revenues:					
Local Sources	\$ -	\$ 13,782.66	\$ 13,782.66	\$ 6,965.87	\$ (6,816.79)
State Sources	240,000.00	(38,712.00)	201,288.00	204,256.00	2,968.00
Federal Sources	770,501.00	283,941.00	1,054,442.00	872,402.49	(182,039.51)
Total Revenues	1,010,501.00	259,011.66	1,269,512.66	1,083,624.36	(185,888.30)
Expenditures:					
Instruction:					
Salaries of Teachers	390,771.00	(144,768.00)	246,003.00	191,390.98	(54,612.02)
Purchased Services	-	6,040.00	6,040.00	5,640.00	(400.00)
Other Purchased Services	347,111.00	(34,497.00)	312,614.00	312,589.00	(25.00)
General Supplies	-	75,398.77	75,398.77	58,077.48	(17,321.29)
Textbooks	10,000.00	335.00	10,335.00	9,822.00	(513.00)
Other Objects	-	6,236.89	6,236.89	3,944.87	(2,292.02)
Total Instruction	747,882.00	(91,254.34)	656,627.66	581,464.33	(75,163.33)
Support Services:					
Salaries	-	57,434.00	57,434.00	39,639.43	(17,794.57)
Personal Services - Employee Benefits	-	79,830.00	79,830.00	75,206.48	(4,623.52)
Professional and Technical Services	-	216,508.00	216,508.00	149,579.64	(66,928.36)
Purchased Professional - Educational Services	262,619.00	(38,021.00)	224,598.00	218,880.00	(5,718.00)
Other Purchased Services	-	9,600.00	9,600.00	1,076.00	(8,524.00)
Supplies and Materials	-	9,254.00	9,254.00	4,258.61	(4,995.39)
Other Objects	-	15,661.00	15,661.00	13,519.87	(2,141.13)
Total Support Services	262,619.00	350,266.00	612,885.00	502,160.03	(110,724.97)
Total Expenditures	1,010,501.00	259,011.66	1,269,512.66	1,083,624.36	(185,888.30)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**EATONTOWN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FISCAL YEAR ENDED JUNE 30, 2016**

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

	General <u>Fund</u>	Special Revenue <u>Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 19,888,340.27	\$ 1,083,624.36
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances	-	(20,265.19)
Add: Prior Year Encumbrances	-	38,950.50
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	381,583.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(382,483.00)</u>	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 19,887,440.27</u>	<u>\$ 1,102,309.67</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 19,325,672.88	\$ 1,083,624.36
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less: Current Year Encumbrances	-	(20,265.19)
Add: Prior Year Encumbrances	-	38,950.50
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 19,325,672.88</u>	<u>\$ 1,102,309.67</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.01664%	0.01661%	0.01667%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$3,736,120.00	\$ 3,109,041.00	\$ 3,185,713.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$1,091,554.12	\$ 1,122,841.00	\$ 1,155,174.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	342.28%	276.89%	275.78%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 143,089.00	\$ 136,895.00	\$ 125,595.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	\$ 143,089.00	\$ 136,895.00	\$ 125,595.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$1,091,554.12	\$ 1,122,841.00	\$ 1,155,174.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	13.11%	12.19%	10.87%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.08896%	0.09006%	0.09016%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 56,226,481.00	\$ 48,136,446.00	\$ 45,565,423.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 8,503,243.68	\$ 8,529,641.00	\$ 8,570,681.00	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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EATONTOWN SCHOOL DISTRICT
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

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

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**EATONTOWN BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	N.J. Nonpublic							
	Auxiliary Services				Handicapped Services Ch. 193			
	Textbooks Aid	Nursing Aid	Technology Aid	Security Aid	Compensatory Education	Exam. and Classification	Corrective Speech	Supplementary Instruction
Revenues								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	9,822.00	15,480.00	4,472.00	4,525.00	79,527.00	35,628.00	22,574.00	32,228.00
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	\$ 9,822.00	\$ 15,480.00	\$ 4,472.00	\$ 4,525.00	\$ 79,527.00	\$ 35,628.00	\$ 22,574.00	\$ 32,228.00
<u>Expenditures</u>								
Instruction:								
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Services	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-
Textbooks	9,822.00	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-	-
Total Instruction	9,822.00	-	-	-	-	-	-	-
Support Services:								
Salaries	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-
Professional and Technical Services	-	-	-	-	-	-	-	-
Purchased Professional - Educational Services	-	15,480.00	4,472.00	4,525.00	79,527.00	35,628.00	22,574.00	32,228.00
Other Purchased Services	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-	-
Total Support Services	-	15,480.00	4,472.00	4,525.00	79,527.00	35,628.00	22,574.00	32,228.00
Total Expenditures	\$ 9,822.00	\$ 15,480.00	\$ 4,472.00	\$ 4,525.00	\$ 79,527.00	\$ 35,628.00	\$ 22,574.00	\$ 32,228.00

**EATONTOWN BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

No Child Left Behind

Revenues	Local Programs	IDEA			Title I			Title II			Total
		Part B	Preschool	Part A	Title I	Part A	Title III	Part A	Title III		
Local Sources	\$ 6,965.87	-	-	-	-	-	-	-	-	-	\$ 6,965.87
State Sources	-	-	-	-	-	-	-	-	-	-	204,256.00
Federal Sources	-	439,780.35	23,476.48	33,566.29	356,475.06	19,104.31	19,104.31				872,402.49
Total Revenues	\$ 6,965.87	\$ 439,780.35	\$ 23,476.48	\$ 33,566.29	\$ 356,475.06	\$ 19,104.31	\$ 19,104.31	\$ 1,083,624.36			
<u>Expenditures</u>											
Instruction:											
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ 187,765.73	\$ -	\$ -	\$ 3,625.25	\$ -	\$ -	\$ 191,390.98
Purchased Services	-	-	-	-	4,440.00	-	-	1,200.00	-	-	5,640.00
Other Purchased Services	-	312,589.00	-	-	-	-	-	-	-	-	312,589.00
General Supplies	-	-	-	-	47,675.51	-	-	10,401.97	-	-	58,077.48
Textbooks	-	-	-	-	-	-	-	-	-	-	9,822.00
Other Objects	3,944.87	-	-	-	-	-	-	-	-	-	3,944.87
Total Instruction	3,944.87	312,589.00	-	-	239,881.24	-	15,227.22	581,464.33			
Support Services:											
Salaries	-	-	23,408.00	-	14,974.93	-	-	1,256.50	-	-	39,639.43
Personal Services - Employee Benefits	-	2,400.00	68.48	-	72,738.00	-	-	-	-	-	75,206.48
Professional and Technical Services	-	124,791.35	-	-	-	24,788.29	-	-	-	-	149,579.64
Purchased Professional - Educational Services	-	-	-	-	22,168.00	2,278.00	-	-	-	-	218,880.00
Other Purchased Services	-	-	-	-	-	-	-	1,076.00	-	-	1,076.00
Supplies and Materials	-	-	-	-	2,841.84	-	-	1,416.77	-	-	4,258.61
Other Objects	3,021.00	-	-	-	3,871.05	6,500.00	-	127.82	-	-	13,519.87
Total Support Services	3,021.00	127,191.35	23,476.48	116,593.82	38,777.09	33,566.29	3,877.09	502,160.03			
Total Expenditures	\$ 6,965.87	\$ 439,780.35	\$ 23,476.48	\$ 356,475.06	\$ 19,104.31	\$ 1,083,624.36					

F. Capital Projects Fund

Not Applicable

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H. Fiduciary Fund

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EATONTOWN SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	Agency <u>Funds</u>	<u>2016</u>
Assets:				
Cash and Cash Equivalents	\$ 96,146.07	\$ 6,624.98	\$ 52,821.77	\$ 155,592.82
Accounts Receivable	-	25.95	-	25.95
Total Assets	\$ 96,146.07	\$ 6,650.93	\$ 52,821.77	\$ 155,618.77
Liabilities:				
Interfund Payable	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00
Due To State	2,578.30	-	-	2,578.30
Payroll Deductions and Withholdings	-	-	3,171.90	3,171.90
Payable To Student Groups	-	-	41,649.87	41,649.87
Total Liabilities	2,578.30	-	52,821.77	55,400.07
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	93,567.77	-	-	93,567.77
Reserved for Scholarships	-	6,650.93	-	6,650.93
Total Net Position	93,567.77	6,650.93	-	100,218.70
Total Liabilities and Net Position	\$ 96,146.07	\$ 6,650.93	\$ 52,821.77	\$ 155,618.77

EATONTOWN SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	<u>Total</u>
Additions:			
Contributions:			
Payroll Withholdings	\$ 24,734.87	\$ -	\$ 24,734.87
Refunds	-	25.95	25.95
Total Contributions	<u>24,734.87</u>	<u>25.95</u>	<u>24,760.82</u>
Investment Earnings:			
Interest	-	7.31	7.31
Net Investment Earnings	<u>-</u>	<u>7.31</u>	<u>7.31</u>
Total Additions	<u>24,734.87</u>	<u>33.26</u>	<u>24,768.13</u>
Deductions:			
Quarterly Contribution Reports	7,295.92	-	7,295.92
Unemployment Claims	21,628.99	-	21,628.99
Scholarships Awarded	-	225.95	225.95
Total Deductions	<u>28,924.91</u>	<u>225.95</u>	<u>29,150.86</u>
Change in Net Position	(4,190.04)	(192.69)	(4,382.73)
Net Position - Beginning of Year	<u>97,757.81</u>	<u>6,843.62</u>	<u>104,601.43</u>
Net Position - End of Year	<u>\$ 93,567.77</u>	<u>\$ 6,650.93</u>	<u>\$ 100,218.70</u>

**EATONTOWN BOARD OF EDUCATION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
JUNE 30, 2016**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
Elementary Schools:				
Woodmere School	\$ 4,280.78	\$ 3,698.42	\$ 4,644.37	\$ 3,334.83
Margaret L. Vetter School	2,916.66	4,598.33	3,386.69	4,128.30
Meadowbrook School	2,615.95	2,002.99	1,716.37	2,902.57
	<hr/>			
Total Elementary Schools	9,813.39	10,299.74	9,747.43	10,365.70
	<hr/>			
Junior High School:				
Memorial School	26,973.45	41,013.39	36,702.67	31,284.17
	<hr/>			
Total Junior High Schools	26,973.45	41,013.39	36,702.67	31,284.17
	<hr/>			
Total Assets	\$ 36,786.84	\$ 51,313.13	\$ 46,450.10	\$ 41,649.87
	<hr/> <hr/>			

EATONTOWN SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 2016

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 30,741.98	\$ 11,622,062.25	\$ 11,641,632.33	\$ 11,171.90
Total Assets	\$ 30,741.98	\$ 11,622,062.25	\$ 11,641,632.33	\$ 11,171.90
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 22,741.98	\$ 11,622,009.27	\$ 11,641,579.35	\$ 3,171.90
Interfund Payable	8,000.00	52.98	52.98	8,000.00
Total Liabilities	\$ 30,741.98	\$ 11,622,062.25	\$ 11,641,632.33	\$ 11,171.90

I. Long-Term Debt

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**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	08/01/06	\$ 29,794,000.00	02/01/17	\$ 1,050,000.00	4.50%	\$ 2,050,000.00	\$ -	\$ 1,000,000.00	\$ 1,050,000.00
General Improvements	12/1/2014	\$ 20,150,000.00	12/01/17	1,040,000.00	4.00%	20,150,000.00	-	-	20,150,000.00
			12/01/18	1,080,000.00	4.00%				
			12/01/19	1,125,000.00	4.00%				
			12/01/20	1,165,000.00	4.00%				
			12/01/21	1,260,000.00	5.00%				
			12/01/22	1,265,000.00	5.00%				
			12/01/23	1,295,000.00	5.00%				
			12/01/24	1,295,000.00	5.00%				
			12/01/25	1,300,000.00	5.00%				
			12/01/26	1,305,000.00	5.00%				
			12/01/27	1,335,000.00	5.00%				
			12/01/28	1,335,000.00	5.00%				
			12/01/29	1,340,000.00	5.00%				
			12/01/30	1,345,000.00	5.00%				
			12/01/31	1,340,000.00	4.00%				
			12/01/32	1,325,000.00	4.00%				
						\$ 22,200,000.00	\$ -	\$ 1,000,000.00	\$ 21,200,000.00

**EATONTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				Positive/ (Negative) Final To Actual
	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,329,458.00	\$ -	\$ 1,329,458.00	\$ 1,329,458.00	\$ -
State Sources:					
Debt Service Aid	699,542.00	-	699,542.00	699,542.00	-
Total Revenues	2,029,000.00	-	2,029,000.00	2,029,000.00	-
Expenditures:					
Regular Debt Service:					
Interest on Bonds	1,029,000.00	-	1,029,000.00	1,028,999.94	0.06
Redemption of Principal	1,000,000.00	-	1,000,000.00	1,000,000.00	-
Total Regular Debt Service	2,029,000.00	-	2,029,000.00	2,028,999.94	0.06
Total Expenditures	2,029,000.00	-	2,029,000.00	2,028,999.94	0.06
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-	-	-	0.06	0.06
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 0.06	\$ 0.06

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the

Exhibits are presented for the last ten fiscal years.

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**EATONTOWN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 2,452,087.64	\$ (15,361,872.05)	\$ 2,131,902.07	\$ 3,966,740.76	\$ 5,143,131.22	\$ 1,913,622.00	\$ 2,062,334.03	\$ 2,247,054.86	\$ 2,298,997.03	\$ 3,742,239.63
Restricted	1,573,490.03	20,710,307.70	3,758,850.21	3,094,399.86	2,127,268.64	1,544,579.21	3,228,648.62	3,340,079.35	2,522,942.43	3,522,482.63
Unrestricted	(402,136.17)	(1,178,333.25)	491,744.65	112,292.45	(732,037.09)	(80,302.67)	(1,151,474.11)	(1,083,121.38)	(233,433.23)	(4,616,844.12)
Total Government Activities Net Position	\$ 3,623,441.50	\$ 4,170,102.40	\$ 6,382,496.93	\$ 7,173,433.07	\$ 6,538,362.77	\$ 3,377,898.54	\$ 4,139,508.54	\$ 4,504,012.83	\$ 4,588,506.23	\$ 2,647,878.14
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 8,292.00	\$ 6,969.00	\$ 5,690.00	\$ 4,389.00	\$ 3,288.00	\$ 382.00	\$ -	\$ -	\$ -	\$ -
Unrestricted	(447.99)	3,391.90	13,506.47	14,393.40	11,866.00	15,606.40	9,040.97	6,311.12	4,113.83	51,061.25
Total Business-Type Activities Net Position	\$ 7,844.01	\$ 10,360.90	\$ 19,196.47	\$ 18,782.40	\$ 15,154.00	\$ 15,988.40	\$ 9,040.97	\$ 6,311.12	\$ 4,113.83	\$ 51,061.25
Government-wide:										
Invested in Capital Assets, Net of Related Debt	\$ 2,460,379.64	\$ (15,354,903.05)	\$ 2,137,592.07	\$ 3,971,129.76	\$ 5,146,419.22	\$ 1,914,004.00	\$ 2,062,334.03	\$ 2,247,054.86	\$ 2,247,054.86	\$ 3,742,239.63
Restricted	1,573,490.03	20,710,307.70	3,758,850.21	3,094,399.86	2,127,268.64	1,544,579.21	3,228,648.62	3,340,079.35	3,340,079.35	3,522,482.63
Unrestricted	(402,584.16)	(1,174,941.35)	505,251.12	126,685.85	(720,171.09)	(64,696.27)	(1,142,433.14)	(1,076,810.26)	(1,076,810.26)	(4,565,782.87)
Total Net Position	\$ 3,631,285.51	\$ 4,180,463.50	\$ 6,401,693.40	\$ 7,192,215.47	\$ 6,553,516.77	\$ 3,393,886.94	\$ 4,148,549.51	\$ 4,510,323.95	\$ 4,510,323.95	\$ 2,698,939.39

**EATONTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (8,310,053.53)	\$ (8,741,465.79)	\$ (9,227,118.38)	\$ (8,475,714.85)	\$ (8,761,721.54)	\$ (8,342,598.37)	\$ (8,363,363.83)	\$ (6,195,151.57)	\$ (6,066,077.31)	\$ (5,804,105.35)
Special Education	(1,756,350.63)	(2,010,987.76)	(2,192,314.73)	(1,992,814.83)	(2,172,129.93)	(2,154,674.55)	(2,230,521.92)	(1,563,495.95)	(1,714,360.00)	(1,879,434.94)
Other Special Education	(719,017.20)	(826,388.98)	(944,941.89)	(1,092,680.79)	(832,095.37)	(949,114.04)	(899,985.05)	(628,941.60)	(654,988.00)	(585,390.38)
Other Instruction	(84,367.49)	(88,885.75)	(88,249.00)	(106,104.08)	(638,205.67)	(622,738.36)	(672,903.90)	(95,262.19)	(112,221.00)	(106,044.63)
Support Services:										
Tuition	(284,275.50)	(485,604.58)	(532,009.10)	(517,704.40)	(434,769.16)	(311,828.90)	(569,661.06)	(722,222.13)	(636,574.00)	(445,814.94)
Student and Instruction Related Services	(2,644,185.99)	(2,748,044.17)	(2,880,864.85)	(2,708,283.10)	(2,197,183.73)	(1,916,662.93)	(2,082,314.52)	(2,217,382.42)	(2,439,847.88)	(2,525,549.43)
General Administration	(1,275,826.39)	(662,301.71)	(616,347.34)	(529,440.29)	(502,256.85)	(528,062.48)	(404,282.39)	(370,118.20)	(354,893.00)	(419,603.35)
School Administrative Services	(847,251.27)	(994,550.60)	(957,284.04)	(851,712.28)	(901,515.78)	(922,626.05)	(892,574.75)	(667,931.49)	(629,442.00)	(630,218.68)
Central Services	-	(391,195.92)	(422,047.20)	(401,112.37)	(335,627.05)	(295,499.40)	(282,237.50)	(243,783.75)	(217,268.00)	(258,415.54)
Administrative Information Technology	-	(108,682.07)	(118,070.16)	(157,611.83)	(104,073.95)	(119,921.96)	(128,688.91)	(6,250.00)	(3,872.00)	(13,392.84)
Plant Operations and Maintenance	(1,392,058.71)	(1,577,018.75)	(1,815,198.54)	(1,811,610.54)	(1,804,631.30)	(1,850,541.64)	(1,609,605.11)	(1,663,393.11)	(1,805,738.00)	(1,722,142.50)
Pupil Transportation	(1,121,935.44)	(1,021,742.58)	(899,925.62)	(892,100.37)	(921,489.76)	(863,075.79)	(832,909.90)	(751,358.84)	(761,055.00)	(788,364.97)
Employee Benefits	-	-	-	-	-	-	-	(4,641,967.84)	(4,338,163.46)	(7,969,906.88)
Interest on Long-Term Debt	-	(1,235,419.17)	(1,308,399.11)	(1,302,636.25)	(1,269,542.39)	(1,235,323.75)	(1,199,980.00)	(1,163,042.50)	(1,123,855.00)	(931,909.52)
Unallocated Depreciation	(131,003.75)	21,480.94	(175,392.08)	(297,920.69)	(676,297.50)	(744,958.00)	(752,631.04)	(973,149.29)	(1,019,095.83)	(1,062,404.52)
Total Governmental Activities Expenses	(18,566,325.90)	(20,870,806.89)	(22,178,162.04)	(21,137,446.67)	(21,551,539.98)	(20,857,626.22)	(20,921,659.88)	(21,903,450.88)	(21,877,450.48)	(25,142,698.47)
Business-Type Activities:										
Food Service	(329,001.57)	(330,589.39)	(320,051.56)	(340,789.62)	(363,512.95)	(363,908.60)	(394,241.38)	(392,162.48)	(429,090.63)	(375,783.03)
Total Business-Type Activities Expenses	(329,001.57)	(330,589.39)	(320,051.56)	(340,789.62)	(363,512.95)	(363,908.60)	(394,241.38)	(392,162.48)	(429,090.63)	(375,783.03)
Total District Expenses	\$ (18,895,327.47)	\$ (21,201,396.28)	\$ (22,498,213.60)	\$ (21,478,236.29)	\$ (21,915,052.93)	\$ (21,221,534.82)	\$ (21,315,901.26)	\$ (22,295,613.36)	\$ (22,306,541.11)	\$ (25,518,481.50)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,754.00	\$ 58,004.00	\$ 12,945.00	\$ 54,141.00
Pupil Transportation	-	-	-	-	-	-	24,049.41	17,412.03	-	-
Operating Grants and Contributions	336,241.00	336,241.00	336,241.00	266,931.00	215,162.00	271,260.81	271,669.22	1,871,807.05	1,950,152.19	6,947,200.65
Total Governmental Activities Program Revenues	336,241.00	336,241.00	336,241.00	266,931.00	215,162.00	271,260.81	342,472.63	1,947,223.08	1,963,097.19	7,001,341.65

EATONTOWN SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services:										
Food Service	182,781.00	181,900.17	143,847.02	153,520.24	141,247.39	145,641.81	128,945.85	122,657.52	155,212.16	123,848.11
Operating Grants and Contributions	141,072.01	151,206.11	157,787.91	186,855.31	218,637.16	219,644.19	258,348.10	266,775.11	271,681.18	295,645.19
Total Business-Type Activities Program Revenues	323,853.01	333,106.28	301,634.93	340,375.55	359,884.55	365,286.00	387,293.95	389,432.63	426,893.34	419,493.30
Total District Program Revenues	660,094.01	669,347.28	637,875.93	607,306.55	575,046.55	636,546.81	729,766.58	2,336,655.71	2,389,990.53	7,420,834.95
Net (Expense)/Revenue:										
Governmental Activities	(18,230,084.90)	(20,534,565.89)	(21,841,921.04)	(20,870,515.67)	(21,336,377.98)	(20,586,365.41)	(20,579,187.25)	(19,956,227.80)	(19,914,353.29)	(18,141,356.82)
Business-Type Activities	(5,148.56)	2,516.89	(18,416.63)	(414.07)	(3,628.40)	1,377.40	(6,947.43)	(2,729.85)	(2,197.29)	43,710.27
Total Government-wide Net (Expense)/Revenue	\$ (18,235,233.46)	\$ (20,532,049.00)	\$ (21,860,337.67)	\$ (20,870,929.74)	\$ (21,340,006.38)	\$ (20,584,988.01)	\$ (20,586,134.68)	\$ (19,958,957.65)	\$ (19,916,550.58)	\$ (18,097,646.55)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for -										
General Purposes, Net	\$ 11,892,961.00	\$ 12,689,970.00	\$ 12,947,762.00	\$ 12,859,451.00	\$ 13,076,199.00	\$ 13,076,199.00	\$ 13,076,199.00	\$ 13,206,960.00	\$ 13,364,766.00	\$ 13,748,136.00
Taxes Levied for Debt Service	-	-	1,232,959.00	1,224,738.00	1,193,957.00	1,310,197.00	1,329,887.00	1,339,127.00	1,346,882.00	1,329,458.00
Unrestricted Grants and Contributions	6,491,825.54	6,998,044.10	8,298,286.92	7,402,793.91	6,080,316.96	6,357,518.51	6,888,589.26	5,586,643.24	5,275,845.08	3,682,077.00
Investment Earnings	197.73	1,236,961.44	513,274.14	64,305.78	866.49	39,661.78	4,110.90	907.13	1,128.93	6,087.26
Miscellaneous Income	214,317.38	156,251.25	58,285.71	110,163.12	349,968.23	51,799.01	42,011.12	8,756.05	10,224.68	1,942.03
Transfers	(879.26)	-	(27,252.20)	-	-	-	-	-	-	-
Total Governmental Activities	18,598,422.39	21,081,226.79	23,023,315.57	21,661,451.81	20,701,307.68	20,835,375.30	21,340,797.28	20,142,393.42	19,998,846.69	18,767,700.29
Business-Type Activities:										
Investment Earnings	1,806.59	-	-	-	-	-	-	-	-	-
Transfers	879.26	-	27,252.20	-	-	-	-	-	-	-
Total Business-Type Activities	2,685.85	-	27,252.20	-	-	-	-	-	-	-
Total Government-wide	\$ 18,601,108.24	\$ 21,081,226.79	\$ 23,023,315.57	\$ 21,661,451.81	\$ 20,701,307.68	\$ 20,835,375.30	\$ 21,340,797.28	\$ 20,142,393.42	\$ 19,998,846.69	\$ 18,767,700.29
Changes in Net Position:										
Governmental Activities	\$ 368,337.49	\$ 546,660.90	\$ 1,181,394.53	\$ 790,936.14	\$ (635,070.30)	\$ 249,009.89	\$ 761,610.03	\$ 186,165.62	\$ 84,493.40	\$ 626,343.47
Business-Type Activities	(2,462.71)	2,516.89	(18,416.63)	(414.07)	(3,628.40)	1,377.40	(6,947.43)	(2,729.85)	(2,197.29)	43,710.27
Total District	\$ 365,874.78	\$ 549,177.79	\$ 1,162,977.90	\$ 790,522.07	\$ (638,698.70)	\$ 250,387.29	\$ 754,662.60	\$ 183,435.77	\$ 82,296.11	\$ 670,053.74

EATONTOWN SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 2,895,970.82	\$ 3,557,035.80	\$ 4,168,924.21	\$ 2,053,284.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	681,688.88	1,969,364.05	320,199.81	582,763.83	-	-	-	-	-	-
Restricted	-	-	-	-	1,358,880.42	2,340,277.67	3,099,130.86	2,981,371.60	2,967,645.26	3,620,232.63
Assigned	-	-	-	-	1,119,137.69	831,398.83	240,948.49	415,314.77	816,304.06	725,484.08
Unassigned	-	-	-	-	251,916.23	180,145.56	103,548.79	-	-	-
Total General Fund	\$ 3,577,659.70	\$ 5,526,399.85	\$ 4,489,124.02	\$ 2,636,048.19	\$ 2,729,934.34	\$ 3,351,822.06	\$ 3,443,628.14	\$ 3,396,686.37	\$ 3,783,949.32	\$ 4,345,716.71
All Other Governmental Funds:										
Reserved	\$ -	\$ 437,649.39	\$ 68,828.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(3,359.10)	(10,534.10)	-	-	-	-	-	-	-	-
Capital Projects Fund	17,620,792.53	(1,180,697.00)	107,813.87	73,984.28	-	-	-	-	-	-
Debt Service Fund	400,000.00	26,205.89	26,206.00	-	-	-	-	-	74,087.92	74,087.98
Restricted:										
Capital Projects Fund	-	-	-	-	66,560.87	56,972.12	-	-	-	-
Total All Other Governmental Funds	\$ 18,017,433.43	\$ (727,375.82)	\$ 202,848.71	\$ 100,190.28	\$ 66,560.87	\$ 56,972.12	\$ -	\$ -	\$ 74,087.92	\$ 74,087.98

**EATONTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 12,689,970.00	\$ 14,180,721.00	\$ 14,084,189.00	\$ 14,270,156.00	\$ 14,386,396.00	\$ 14,406,086.00	\$ 14,546,087.00	14,711,648.00	\$ 14,851,566.00	\$ 15,077,594.00
Tuition Charges	-	-	-	70,892.12	-	46,754.00	58,004.00	12,945.00	59,273.00	54,141.00
Transportation Fees from Other LEAs	-	-	-	-	-	24,049.41	17,412.03	-	-	-
Interest Earnings	5,859.36	118,900.85	38,010.01	12,816.83	9,817.86	559.02	907.13	1,128.93	1,059.00	6,087.26
Miscellaneous	568,148.18	452,659.00	1,511,499.89	267,125.76	71,066.34	45,563.00	9,080.90	27,410.63	14,774.03	8,359.50
State Sources	6,416,000.16	7,744,006.11	6,236,124.91	5,209,879.82	5,569,322.22	6,195,807.23	6,622,366.51	6,401,394.25	6,675,922.55	6,938,112.98
Federal Sources	924,601.14	890,521.81	1,433,600.00	1,085,599.14	1,059,457.10	964,451.25	835,758.93	807,417.07	765,609.58	934,455.20
Total Revenues	20,604,578.84	23,386,808.77	23,303,423.81	20,916,469.67	21,096,059.52	21,683,269.91	22,089,616.50	21,961,943.88	22,368,204.16	23,018,749.94
Expenditures:										
Instruction:										
Regular	-	-	-	-	-	-	-	-	-	5,804,105.35
Special Education	6,222,593.34	6,561,396.36	6,432,173.70	6,666,478.04	6,066,831.45	5,956,142.95	6,195,151.57	6,066,077.31	6,017,071.64	1,879,434.94
Other	1,246,084.27	1,357,376.93	1,433,701.23	1,562,427.56	1,548,240.48	1,612,489.64	1,563,495.95	1,714,360.00	1,792,773.00	585,390.38
School-Sponsored/Other Instructional	530,216.05	633,555.60	781,883.20	564,497.15	658,004.90	628,479.98	628,941.60	654,988.00	472,935.00	106,044.63
Support Services and Undistributed Costs:										
Tuition	88,885.75	88,249.00	106,104.08	89,380.77	79,925.27	70,593.21	95,262.19	112,221.00	124,724.00	445,814.94
Student and Instruction Related Services	485,604.58	532,009.10	517,704.40	434,769.16	311,828.90	569,661.06	722,222.13	636,574.00	352,293.00	2,525,549.43
General Administration	2,133,173.22	2,180,547.99	2,105,608.19	2,221,671.40	1,938,224.93	2,102,333.52	2,217,382.42	2,439,847.88	2,355,500.02	419,603.35
School Administrative Services	576,381.73	508,855.57	459,177.98	425,745.05	432,573.29	361,060.74	370,118.20	354,893.00	384,182.00	630,218.68
Central Services	725,975.01	681,199.04	658,193.89	682,306.07	718,993.94	690,674.25	667,931.49	629,442.00	641,940.00	258,415.54
Admin. Information Technology	279,328.68	298,266.24	309,134.09	292,109.17	250,001.07	232,272.69	243,783.75	217,268.00	280,419.00	13,392.84
Plant Operations and Maintenance	41,362.48	36,143.42	94,717.72	33,727.39	76,170.36	77,082.36	6,250.00	3,872.00	10,075.00	1,771,718.83
Pupil Transportation	1,573,511.01	1,801,306.54	1,796,049.43	1,773,924.23	1,832,259.42	1,592,234.02	1,663,393.11	1,805,738.00	1,912,522.00	788,364.97
Business and Other Support Services:										
Other	896,335.18	861,620.62	849,307.31	801,524.70	796,857.79	734,597.90	751,358.84	761,055.00	774,392.00	-
Employee Benefits	4,796,529.55	4,875,949.94	3,688,707.85	3,977,275.40	4,063,719.99	4,256,890.55	4,770,979.84	4,400,781.46	4,638,562.55	5,090,071.88
Capital Outlay	5,343.20	18,443,760.20	2,486,782.04	1,312,762.95	247,892.58	171,478.07	129,531.45	171,038.00	173,322.00	109,856.79
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	1,000,000.00
Interest and Other Charges	-	700,000.00	725,000.00	750,000.00	775,000.00	800,000.00	850,000.00	900,000.00	950,000.00	1,028,999.94
Total Expenditures	19,601,324.05	39,560,236.55	22,444,245.11	21,588,599.04	19,796,524.37	19,855,990.94	20,875,802.54	20,868,155.65	20,880,711.21	22,456,982.49
Excess/(Deficiency) of Revenues	586,704.11	1,003,254.79	(18,168,816.89)	(457,051.30)	(1,955,734.26)	49,680.15	612,298.97	34,833.96	1,487,492.95	561,767.45
Over/(Under) Expenditures										

**EATONTOWN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources/(Uses):				**	**					
Sale of Real Property	-	1,400,000.00	-	-	-	-	-	-	-	-
Capital Leases (Non-Budgeted)	-	-	350,000.00	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	23,712,042.55	-
Deposit to Refunding Escrow	-	-	-	-	-	-	-	-	(23,406,744.74)	-
Cancellation of Arbitrage Payable	-	-	-	-	10,576.59	(10,576.59)	-	-	-	-
Transfers In	-	-	-	-	-	11,564.43	56,972.12	-	-	-
Transfers Out	-	(27,252.20)	-	-	-	(987.84)	(56,972.12)	-	-	-
Total Other Financing Sources/(Uses)	-	1,372,747.80	350,000.00	-	10,576.59	-	-	-	305,297.81	-
Net Change in Fund Balances	\$ 1,003,254.79	\$ (16,796,069.09)	\$ (107,051.30)	\$ (1,955,734.26)	\$ 60,256.74	\$ 612,298.97	\$ 34,833.96	\$ (46,941.77)	\$ 461,350.87	\$ 561,767.45

Debt Service as a Percentage of Noncapital Expenditures

Year	Percentage
2007	0.00%
2008	0.00%
2009	3.87%
2010	4.26%
2011	4.93%
2012	5.13%
2013	5.28%
2014	5.47%
2015	5.85%
2016	9.08%

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.

* Special Revenue expenditure allocation not available (2000 - 2004).

** Other Financing Sources/Uses - not available.

**EATONTOWN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

<u>Fiscal Year Ending June 30.</u>	<u>Interest</u>	<u>Tuition From Other LEA's</u>	<u>Tuition Other</u>	<u>Transportation Fees From</u>		<u>Miscellaneous</u>	<u>Annual Totals</u>
				<u>Individuals</u>	<u>Other LEAs</u>		
2007	\$ 98,061.29	\$ -	\$ -	\$ -	\$ -	\$ 124,094.43	\$ 222,155.72
2008	418,215.14	-	-	-	-	128,869.10	547,084.24
2009	118,900.85	-	-	-	-	42,064.76	160,965.61
2010	38,010.01	-	-	-	-	102,943.28	140,953.29
2011	12,816.83	70,892.12	-	-	-	70,514.18	154,223.13
2012	7,389.55	1,067.00	-	-	-	29,504.97	37,961.52
2013	3,551.88	44,704.00	2,050.00	-	24,049.41	11,511.10	85,866.39
2014	3,974.32	-	58,004.00	16,987.00	425.03	5,688.86	85,079.21
2015	3,938.64	-	12,945.00	-	-	7,414.97	24,298.61
2016	6,087.26	-	54,141.00	-	-	1,942.03	62,170.29

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**EATONTOWN SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Less:			Total
								Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	
2007	50,434,200.00	1,103,387,000.00	416,900.00	16,300.00	938,918,200.00	213,318,200.00	176,808,300.00				0.569
2008	41,936,400.00	1,111,379,400.00	416,900.00	16,300.00	907,558,600.00	211,999,300.00	175,227,100.00				0.573
2009	39,369,900.00	1,079,073,400.00	406,900.00	16,600.00	910,250,900.00	211,999,300.00	175,172,100.00				0.589
2010	29,549,500.00	890,088,700.00	379,500.00	13,900.00	835,059,800.00	198,173,200.00	166,707,800.00				0.676
2011	28,399,200.00	893,833,000.00	379,500.00	13,900.00	824,613,500.00	194,822,900.00	166,707,800.00				0.681
2012	26,622,600.00	884,763,000.00	379,500.00	13,900.00	807,994,400.00	182,553,000.00	164,359,700.00				0.697
2013	33,369,100.00	871,759,800.00	379,500.00	13,900.00	772,831,800.00	180,753,100.00	164,280,000.00				0.724
2014	32,786,600.00	869,596,840.00	379,500.00	13,900.00	766,767,300.00	178,485,300.00	163,809,800.00				0.736
2015	27,778,200.00	957,096,500.00	408,600.00	13,900.00	754,117,100.00	182,089,800.00	163,884,100.00				0.721
2016	25,545,000.00	981,605,200.00	386,000.00	14,500.00	770,972,500.00	191,896,000.00	193,796,700.00				N/A

Source: County Abstracts 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 ("R") occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

N/A Data not available at time of audit.

**EATONTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Fiscal Year Ending June 30,	EatonTown School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Total Direct		Municipal Rate		Monmouth County	
		Obligation Debt Service ^b	School Tax Rate	Borough of Eatontown	Regional Rate		
2007	0.482	-	0.482	0.414	0.308	0.237	1.441
2008	0.569	-	0.569	0.472	0.333	0.241	1.615
2009	0.573	-	0.573	0.513	0.348	0.244	1.678
2010	0.589	-	0.589	0.541	0.371	0.282	1.783
2011	0.676	-	0.676	0.655	0.411	0.318	2.060
2012	0.681	-	0.681	0.681	0.406	0.317	2.085
2013	0.697	-	0.697	0.706	0.391	0.302	2.096
2014	0.724	-	0.724	0.761	0.429	0.311	2.225
2015	0.721	-	0.721	0.789	0.420	0.311	2.241
2016	N/A	-	0.000	N/A	N/A	N/A	0.000

Source: Municipal Tax Assessor

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
 b Rates for debt service are based on each year's requirements.
 N/A Data not available at time of audit.

**EATONTOWN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2016			2007		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Eatontown Monmouth Mall LLC	\$ 162,000,000	1	7.49%			
East Coast Eatontoncrest Apt	32,256,300	3	1.49%			
Country Club Associates (Apartments)	30,095,700	4	1.39%			
Stoney Hill Apartments	28,239,700	5	1.30%			
VM Kushner LLC	21,412,600	6	0.99%			
JC Penney	18,784,400	7	0.87%			
IWW Property LLC	18,722,500	8	0.87%			
Eatontown 36 LLC	18,000,000	9	0.83%			
Macy's East Federated Dept. Stores	17,176,100	10	0.79%			
Total	\$ 346,687,300		16.02%	\$ 0		0.00%

DATA NOT AVAILABLE

Source: Municipal Tax Assessor

**EATONTOWN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within Fiscal Year of Levy (a)		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2007	\$ 12,689,970.00	\$ 12,689,970.00	100.00%	-
2008	14,180,721.00	14,180,721.00	100.00%	-
2009	14,084,189.00	14,084,189.00	100.00%	-
2010	14,270,156.00	14,270,156.00	100.00%	-
2011	14,386,396.00	14,386,396.00	100.00%	-
2012	14,406,086.00	14,406,086.00	100.00%	-
2013	14,546,087.00	14,546,087.00	100.00%	-
2014	14,711,648.00	14,711,648.00	100.00%	-
2015	14,851,566.00	13,498,414.00	100.00%	1,353,152.00
2016	15,077,594.00	15,077,594.00	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.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**EATONTOWN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ending June 30,	Governmental Activities						Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)					
2007	29,794,000.00	-	-	-	-	29,794,000.00	N/A	N/A	
2008	29,094,000.00	-	-	-	-	29,094,000.00	N/A	2,062.09	
2009	28,369,000.00	-	295,000.00	-	-	28,664,000.00	N/A	N/A	
2010	27,619,000.00	-	-	-	-	27,619,000.00	7.16%	26,965.00	
2011	26,844,000.00	-	-	-	-	26,844,000.00	5.99%	35,200.00	
2012	26,044,000.00	-	-	-	-	26,044,000.00	6.08%	33,708.00	
2013	25,194,000.00	-	-	-	-	25,194,000.00	6.25%	31,676.00	
2014	24,294,000.00	-	-	-	-	24,294,000.00	5.36%	35,693.00	
2015	22,200,000.00	-	-	-	-	22,200,000.00	5.02%	36,036.00	
2016	21,200,000.00	-	-	-	-	21,200,000.00	4.65%	37,031.00	

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

EATONTOWN SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year <u>Ending June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value ^a of <u>Property</u>	Per <u>Capita</u> ^b
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
2007	29,794,000.00	-	29,794,000.00	1.20%	2,124.80
2008	29,094,000.00	-	29,094,000.00	1.19%	2,062.09
2009	28,369,000.00	-	28,369,000.00	1.17%	2,025.20
2010	27,619,000.00	-	27,619,000.00	0.068%	1,930.05
2011	26,844,000.00	-	26,844,000.00	0.681%	2,110.05
2012	26,044,000.00	-	26,044,000.00	0.697%	2,049.26
2013	25,194,000.00	-	25,194,000.00	0.72%	1,980.50
2014	24,294,000.00	-	24,294,000.00	0.74%	1,911.56
2015	22,200,000.00	-	22,200,000.00	0.74%	1,810.47
2016	21,200,000.00	-	21,200,000.00	0.74%	1,728.92

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

**EATONTOWN SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Eatontown Borough	\$ 11,264,285.00	100.000%	\$ 11,264,285.00
Monmouth County General Obligation Debt	433,285,696.80	1.932%	<u>8,369,215.97</u>
Subtotal, Overlapping Debt			19,633,500.97
Eatontown District Direct Debt			<u>21,200,000.00</u>
Total Direct and Overlapping Debt			<u><u>\$ 40,833,500.97</u></u>

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

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 Eatontown. 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.

**EATONTOWN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Average Equalized Valuation of Taxable Property					
2016 \$				2,086,507,982.00	
2015				2,076,996,330.00	
2014				2,060,110,356.00	
(A) \$				<u>6,223,614,668.00</u>	
(A/3) \$				2,074,538,222.67	
Debt Limit (3% of Average Equalization Value)				62,236,146.68	
Total Net Debt Applicable To Limit				<u>21,200,000.00</u>	
Legal Debt Margin				<u>41,036,146.68</u>	
Debt Limit	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Net Debt Applicable To Limit	\$ 61,008,287.00	\$ 68,031,649.00	\$ 73,085,493.00	\$ 73,085,493.00	\$ 75,274,148.00
Legal Debt Margin	<u>29,794,000.00</u>	<u>29,094,000.00</u>	<u>28,369,000.00</u>	<u>28,369,000.00</u>	<u>26,844,000.00</u>
	<u>\$ 31,214,287.00</u>	<u>\$ 38,937,649.00</u>	<u>\$ 44,716,493.00</u>	<u>\$ 44,716,493.00</u>	<u>\$ 48,430,148.00</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.84%	42.77%	38.82%	38.82%	35.66%
Debt Limit	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Net Debt Applicable To Limit	\$ 70,348,483.00	\$ 66,168,531.00	\$ 62,776,292.44	\$ 62,116,236.46	\$ 62,236,146.68
Legal Debt Margin	<u>26,044,000.00</u>	<u>25,194,000.00</u>	<u>24,294,000.00</u>	<u>22,200,000.00</u>	<u>21,200,000.00</u>
	<u>\$ 44,304,483.00</u>	<u>\$ 40,974,531.00</u>	<u>\$ 38,482,292.44</u>	<u>\$ 39,916,236.46</u>	<u>\$ 41,036,146.68</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.02%	38.08%	38.70%	35.74%	34.06%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 8 District; other percentage limits would be applicable for other District types.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and the economic statistics and the factors prevalent in the location in which the School District operates.

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**EATONTOWN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2007	14,022	N/A	N/A	4.30%
2008	14,109	N/A	N/A	4.40%
2009	14,008	N/A	N/A	8.50%
2010	14,310	385,869,150	26,965	8.50%
2011	12,722	447,814,400	35,200	4.20%
2012	12,709	428,394,972	33,708	4.20%
2013	12,721	402,950,396	31,676	8.20%
2014	12,709	453,622,337	35,693	6.60%
2015	12,262	441,873,432	36,036	5.60%
2016	12,301	455,518,331	37,031	5.70%

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

**EATONTOWN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

<u>Employer</u>	2016		2007		Percentage of Total Municipal Employment	
	<u>Employees</u>	Rank (Optional)	<u>Employees</u>	Rank (Optional)		
		1		1		
		2		2		
		3		3		
		4		4		
		5		5		
		6		6		
		7		7		
		8		8		
		9		9		
		10		10		
		DATA NOT AVAILABLE				
Total	<u>0</u>		<u>0</u>		<u>0.00%</u>	

Source: _____

Operating Information

Operating information is intended to provide contextual information about the School District's operation and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**EATONTOWN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	96	101	104	94	82	84	86	85.0	85	81
Special Education	20	20	23	23	24	23	21	24.0	26	28
Other Special Education	12	12	9	10	11	11	12	10.0	10	9
Vocational	0	0	0	0	0	0	0	0	0	0
Support Services:										
Student and Instruction Related Services	20	15	18	17	22	22	24	25	27	28
General Administration	4	4	5	8	7	7	8	8.0	8	9
School Administrative Services	9	8	8	5	4	4	4	5.0	5	5
Central Services	5	3	4	6	5	5	5	9.0	10	10
Administrative Information Technology	1	1	1	1	1	2	2	2.0	2	2
Plant Operations and Maintenance	7	9	7	7	7	9	9	7	8	8
Pupil Transportation										
Total	173	179	172	164	167	170	176	182.0	182	181

Source: District Personnel Records

**EATONTOWN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	1,174	19,601,324	16,696	6.14%	128.00	9.2:1	7.2:1	1,192.9	1,141	3.73%	95.62%
2008	1,134	18,436,613	16,258	-2.62%	121.00	9.2:1	7.2:1	1,131.1	1,086	-4.79%	96.00%
2009	1,132	17,617,386	15,563	-4.27%	119.00	9.2:1	7.2:1	1,152.1	1,105	1.86%	95.90%
2010	1,098	19,147,850	17,439	12.05%	119.00	9.2:1	7.2:3	1,093.0	1,048	-5.16%	95.80%
2011	1,057	17,886,539	16,922	-2.96%	118.00	9.6:1	7.0:1	1,060.5	1,013	-2.77%	95.84%
2012	1,053	16,486,570	15,657	-7.48%	117.00	9.6:1	9.1:1	1,040.5	999	-1.89%	94.86%
2013	1,073	17,204,390	16,034	2.41%	122.00	9.7:1	10.2:1	1,071.5	1,023	2.98%	95.34%
2014	1,061	19,797,118	18,659	16.37%	119.00	9:1	8.6:1	1,068.4	1,020	-0.29%	96.14%
2015	1,051	964,099	917	-95.08%	121.00	0.4	7.6:1	1,059.5	1,012	0.00%	96.29%
2016	1,053	20,318,126	19,295	2003.47%	118.00	9.2:1	7.8:1	1,044.0	995	-1.46%	94.46%

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

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

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

**EATONTOWN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>District/Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Elementary:										
Administration Offices (2008)										
Square Feet	15,875	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Woodmere Elementary (1961)										
Square Feet	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510
Capacity (Students)	305	305	305	305	305	305	305	305	305	305
Enrollment	298	285	279	283	281	259	263	254	239	222
Margaret L. Vetter Elementary (1954)										
Square Feet	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635
Capacity (Students)	344	344	344	344	344	344	344	344	344	344
Enrollment	288	286	278	280	249	257	281	280	285	300
Meadowbrook Elementary (1964)										
Square Feet	43,580	43,580	43,580	43,580	43,580	43,580	43,580	43,580	43,580	43,580
Capacity (Students)	320	320	320	320	320	320	320	320	320	320
Enrollment	329	305	313	305	309	308	309	286	300	308
Middle School:										
Memorial Middle School (1955)										
Square Feet	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070
Capacity (Students)	321	321	321	321	321	321	321	321	321	321
Enrollment	259	258	262	230	223	233	227	241	227	219
Number of Schools at June 30,										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1

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

**EATONTOWN SCHOOL DISTRICT
STATEMENT OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

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

	<u>*School Facilities</u>	<u>Steelman</u>	<u>Woodmere</u>	<u>Margaret L. Vetter</u>	<u>Meadowbrook</u>	<u>Memorial</u>	<u>Total</u>
	<u>Project # (s)</u>	<u>School</u>	<u>School</u>	<u>School</u>	<u>School</u>	<u>School</u>	
2007	N/A	\$ 37,988.48	\$ 71,473.49	\$ 73,250.90	\$ 77,229.08	\$ 71,318.81	\$ 331,260.76
2008	N/A	11,465.03	86,133.94	83,341.92	125,663.35	84,470.00	391,074.24
2009	N/A	SOLD	114,557.07	121,286.84	130,076.28	123,517.01	489,437.20
2010	N/A	SOLD	142,142.00	141,313.83	144,395.20	142,933.01	570,784.04
2011	N/A	SOLD	174,652.48	171,603.80	173,263.75	178,485.29	698,005.32
2012	N/A	SOLD	174,548.41	172,540.18	173,522.18	176,270.39	696,881.16
2013	N/A	SOLD	179,156.73	186,604.36	183,215.52	181,628.81	730,605.42
2014	N/A	SOLD	181,989.75	190,416.56	182,769.99	179,556.73	734,733.03
2015	N/A	SOLD	182,734.00	274,703.00	179,961.00	181,071.00	818,469.00
2016	N/A	SOLD	179,996.00	180,979.00	180,116.00	187,537.10	728,628.10
Total School Facilities		49,453.51	1,487,383.87	1,596,040.39	1,550,212.35	1,506,788.15	6,189,878.27

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

Source: District records

**EATONTOWN SCHOOL DISTRICT
INSURANCE STATEMENT
JUNE 30, 2016
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 40,983,412	5,000
Boiler and Machinery	100,000,000	5,000
General Liability	6,000,000	None
Automobile Liability	6,000,000	-
Auto Physical Damage	ACV	1,000
Electronic Data Processing	2,000,000	1,000
School Board Legal Liability	6,000,000	5,000
Student Accident Insurance (2):		
Compulsory	1,000,000	-
Surety Bonds:		
Treasurer (1)	250,000	1,000
School Business Administrator (1)	250,000	1,000
Crime:		
Public Employee Dishonesty	100,000	1,000
Theft, Disappearance & Dishonesty - on or off property	10,000	500
Forgery & Alteration	100,000	1,000
Environmental Liability (1)	1,000,000	25,000

(1) NJ School Boards Ass. Ins. Group

(2) Berkley Life & Health

* Boiler and Machinery Policy is pooled
Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Eatontown School District
County of Monmouth
Eatontown, New Jersey 07724

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Eatontown School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Eatontown School District's basic financial statements, and have issued our report thereon dated November 08, 2016.

Internal Control Over Financial Reporting

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

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

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 Eatontown School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 08, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Eatontown School District
County of Monmouth
Eatontown, New Jersey 07724

Report on Compliance for Each Major Federal and State Program

We have audited Eatontown School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. Eatontown School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Eatontown School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s 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 or state program occurred. An audit includes examining, on a test basis, evidence about Eatontown School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Eatontown School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Eatontown School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eatontown School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 Eatontown School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 08, 2016

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EATONTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Sub Recipient Expenditures	Balance at June 30, 2016		
					From	To					(Accounts Receivable)	Deferred Revenue	
Due To Grantor													
U.S. Department of Education:													
General Fund:													
93.778	Medical Assistance Program (SEMI)	N/A	1605N15MAP	42,819.00	07/01/15	06/30/16	-	15,085.87	(42,819.00)	-	(27,733.13)	-	
Total General Fund													
U.S. Department of Education:													
Passed-Through State Department of Education:													
Special Revenue Fund:													
84.010A	Title I - Part A	NCLB126014	S010A150030	349,374.00	09/01/13	08/31/14	10,855.80	-	(41,404.36)	-	(30,548.56)	-	
84.010A	Title I - Part A	NCLB126015	S010A150030	426,732.00	09/01/14	08/31/15	(82,130.36)	79,545.00	-	-	(2,585.36)	-	
84.010A	Title I - Part A	NCLB126016	S010A150030	388,995.00	09/01/15	08/31/16	-	292,716.00	(315,070.70)	-	(22,354.70)	-	
84.367A	Title II - Part A - Improve Teacher Quality State Grants	NCLB126015	S367A150029	40,658.00	09/01/14	08/31/15	(3,941.35)	660.00	-	-	(3,281.35)	-	
84.367A	Title II - Part A - Improve Teacher Quality State Grants	NCLB126016	S367A150029	40,067.00	09/01/15	08/31/16	-	31,584.00	(33,566.29)	-	(1,982.29)	-	
84.365A	Title III - English Language Acquisition	NCLB126015	S365A150030	32,978.00	09/01/14	08/31/15	(179.68)	1,817.00	-	-	1,637.32	-	
84.365A	Title III - English Language Acquisition	NCLB126016	S365A150030	40,129.00	09/01/15	08/31/16	-	6,231.00	(19,104.31)	-	(12,873.31)	-	
Special Education Cluster													
84.027	I.D.E.A. Part B, Basic	IDEA126015	H027A150100	408,365.00	09/01/14	08/31/15	(121,984.99)	154,356.00	(3,411.00)	-	28,960.01	-	
84.173	I.D.E.A. Part B, Basic	IDEA126016	H027A150100	444,719.00	09/01/13	08/31/14	-	335,989.00	(436,369.35)	-	(100,380.35)	-	
84.173	I.D.E.A. Part B, Preschool	IDEA126015	H173A150114	25,191.00	09/01/14	08/31/15	407.00	-	-	-	407.00	-	
84.173	I.D.E.A. Part B, Preschool	IDEA126016	H173A150114	25,401.00	09/01/15	08/31/16	-	13,564.00	(23,476.48)	-	(9,912.48)	-	
Total Special Education Cluster													
								503,909.00	(463,256.83)	-	(110,292.83)	29,367.01	-
Total Special Revenue Fund													
								916,462.00	(872,402.49)	-	(183,918.40)	31,004.33	-
U.S. Department of Agriculture:													
Passed-Through State Department of Education:													
Enterprise Fund:													
Child Nutrition Cluster													
Nonteach Assistance:													
10.555	Food Distribution Program	N/A	16161N1304N1099	31,826.12	07/01/15	06/30/16	-	31,826.12	(31,826.12)	-	-	-	
Cash Assistance:													
10.553	School Breakfast Program	N/A	16161N1304N1099	40,812.30	07/01/14	06/30/15	(4,056.64)	4,056.64	-	-	-	-	
10.553	School Breakfast Program	N/A	16161N1304N1099	51,003.67	07/01/15	06/30/16	-	46,272.04	(51,003.67)	-	(4,731.63)	-	
10.555	Healthy Hunger-Free Kids Act (HHFKA)	N/A	16161N1304N1099	5,273.88	07/01/14	06/30/15	(436.50)	436.50	-	-	-	-	
10.555	Healthy Hunger-Free Kids Act (HHFKA)	N/A	16161N1304N1099	5,412.60	07/01/15	06/30/16	-	5,043.60	(5,412.60)	-	(369.00)	-	
10.555	National School Lunch Program	N/A	16161N1304N1099	198,351.08	07/01/14	06/30/15	(16,299.70)	16,299.70	-	-	-	-	
10.555	National School Lunch Program	N/A	16161N1304N1099	202,835.90	07/01/15	06/30/16	-	189,126.68	(202,835.90)	-	(13,709.22)	-	
Total Child Nutrition Cluster													
								293,061.28	(291,078.29)	-	(18,809.85)	-	-
Total Enterprise Fund													
								293,061.28	(291,078.29)	-	(18,809.85)	-	-
Total Federal Financial Awards													
								1,224,609.15	(1,206,299.78)	-	(230,461.38)	31,004.33	-

EATONTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue/(Accounts Receivable)	Due To Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due To Grantor	Memo	
			From	To								Budgetary Receivable	Cumulative Total Expenditures
			Balance at June 30, 2015										
<u>State Department of Education</u>													
<u>General Fund:</u>													
Equalization Aid	16-495-034-5120-078	\$721,245.00	07/01/15	06/30/16	\$ -	\$ -	\$ 721,245.00	-(721,245.00)	-	\$ -	\$ -	\$ 72,124.33	\$ 721,245.00
Transportation Aid	16-495-034-5120-014	258,203.00	07/01/15	06/30/16	-	258,203.00	-(258,203.00)	-	-	-	-	25,820.24	258,203.00
Special Education Aid	16-495-034-5120-089	645,399.00	07/01/15	06/30/16	-	645,399.00	-(645,399.00)	-	-	-	-	64,539.75	645,399.00
Security Aid	16-495-034-5120-084	225,767.00	07/01/15	06/30/16	-	225,767.00	-(225,767.00)	-	-	-	-	22,576.65	225,767.00
Adjustment Aid	16-495-034-5120-085	1,953,085.00	07/01/15	06/30/16	-	1,953,085.00	-(1,953,085.00)	-	-	-	-	195,308.03	1,953,085.00
PARCC Readiness Aid	16-495-034-5120-098	10,570.00	07/01/15	06/30/16	-	10,570.00	-(10,570.00)	-	-	-	-	1,057.00	10,570.00
Per Pupil Growth Aid	16-495-034-5120-097	10,570.00	07/01/15	06/30/16	-	10,570.00	-(10,570.00)	-	-	-	-	1,057.00	10,570.00
Reimbursement of Nonpublic Transportation	15-495-034-5120-014	12,852.00	07/01/14	06/30/15	(12,852.00)	-	-	-	-	-	-	-	-
Reimbursement of Nonpublic Transportation	16-495-034-5120-014	11,966.00	07/01/15	06/30/16	-	-	-	-(11,966.00)	-	-	-	-	11,966.00
Extraordinary Special Education Costs Aid	15-100-034-5120-473	50,987.00	07/01/14	06/30/15	(50,987.00)	50,987.00	-	-	-	-	-	-	-
Extraordinary Special Education Costs Aid	16-100-034-5120-473	73,503.00	07/01/15	06/30/16	-	-	-	-(73,503.00)	-	-	-	-	73,503.00
On-Behalf TPAF Pension System Contribution	16-495-034-5095-006	682,841.00	07/01/15	06/30/16	-	682,841.00	-(682,841.00)	-	-	-	-	-	682,841.00
On-Behalf TPAF Pension System Contribution - Post Retirement	16-495-034-5095-001	813,075.00	07/01/15	06/30/16	-	813,075.00	-(813,075.00)	-	-	-	-	-	813,075.00
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	625,508.55	07/01/14	06/30/15	(31,191.84)	31,191.84	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	628,971.98	07/01/15	06/30/16	-	598,262.41	-(628,971.98)	(30,709.57)	-	-	-	-	628,971.98
Total General Fund					(95,030.84)	6,014,048.25	-(6,035,195.98)	(116,178.57)	-	-	-	382,483.00	6,035,195.98
<u>Special Revenue Fund:</u>													
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	9,822.00	07/01/15	06/30/16	-	9,822.00	-(9,302.48)	-	-	-	519.52	-	9,302.48
N.J. Nonpublic Nursing Services Aid	16-100-034-5120-070	15,480.00	07/01/15	06/30/16	-	15,480.00	-(14,608.31)	-	-	-	871.69	-	14,608.31
N.J. Nonpublic Technology Aid	16-100-034-5120-373	4,472.00	07/01/15	06/30/16	-	4,472.00	-(4,411.28)	-	-	-	60.72	-	4,411.28
N.J. Nonpublic Security Aid	16-100-034-5120-509	4,525.00	07/01/15	06/30/16	-	4,525.00	-(4,525.00)	-	-	-	-	-	4,525.00
N.J. Nonpublic Auxiliary Services Aid:													
Compensatory Education	16-100-034-5120-067	79,527.00	07/01/15	06/30/16	-	79,526.31	-(39,763.50)	-	-	-	39,762.81	-	39,763.50
N.J. Nonpublic Handicapped Aid:													
Examination and Classification	16-100-034-5120-066	35,628.00	07/01/15	06/30/16	-	35,628.00	-(35,628.00)	-	-	-	-	-	35,628.00
Corrective Speech	16-100-034-5120-066	22,574.00	07/01/15	06/30/16	-	22,574.00	-(8,360.74)	-	-	-	14,213.26	-	8,360.74
Supplementary Instruction	16-100-034-5120-066	32,228.00	07/01/15	06/30/16	-	32,228.00	-(31,511.82)	-	-	-	716.18	-	31,511.82
Anti-Bully	N/A	1,334.00	07/01/13	06/30/14	1,029.00	-	-	-	-	1,029.00	-	-	-
Character Education Aid	05-495-034-5120-053	4,000.00	07/01/04	06/30/05	-	84.03	-	-	-	-	84.03	-	-
Total Special Revenue Fund					1,029.00	204,255.31	-(148,111.13)	(148,111.13)	-	1,029.00	56,228.21	-	148,111.13

EATONTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015				Balance at June 30, 2016				Memo		
			From	To	Deferred Revenue/(Accounts Receivable)	Due To Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due To Grantor	Budgetary Receivable			
														Cumulative Total Expenditures	
Debt Service Fund:															
Debt Service Aid Type II	16-495-034-5120-017	699,542.00	07/01/15	06/30/16	-	-	699,542.00	-	-	-	-	-	-	-	699,542.00
Total Debt Service Fund					-	-	699,542.00	-	-	-	-	-	-	-	699,542.00
Enterprise Fund:															
State School Lunch Program	15-100-010-3350-022	4,491.83	07/01/14	06/30/15	(371.10)	-	371.10	-	-	-	-	-	-	-	-
State School Lunch Program	16-100-010-3350-022	4,566.90	07/01/15	06/30/16	-	-	4,256.34	(4,566.90)	-	-	-	-	-	-	4,566.90
Total Enterprise Fund					(371.10)	-	4,627.44	(4,566.90)	-	-	-	-	-	-	4,566.90
Total State Financial Assistance					\$ (94,372.94)	\$ 84.03	\$ 6,922,473.00	\$ (6,887,416.01)	\$ (116,489.13)	\$ 1,029.00	\$ 56,228.21	\$ 382,483.00	\$ 6,887,416.01		
Less: Grants Not Subject to New Jersey OMB Circular 15-08:															
On-Behalf TPAF Pension Contributions	16-495-034-5095-006	682,841.00	07/01/15	06/30/16				\$ 682,841.00							
On-Behalf TPAF Post-Retirement Medical	16-495-034-5095-001	813,075.00	07/01/15	06/30/16				813,075.00							
Total State Financial Assistance subject to New Jersey OMB Circular 15-08								\$ (5,391,500.01)							

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EATONTOWN SCHOOL DISTRICT

**NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Eatontown 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 awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Eatontown School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Eatontown School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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.

EATONTOWN SCHOOL DISTRICT

**NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 3. Relationship to Basic Financial Statements (continued):

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$900.00) for the General Fund and (\$18,685.31) for the Special Revenue Fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund	\$ 15,085.87	\$ 6,034,295.98	\$ 6,049,381.85
Special Revenue Fund	853,717.18	148,111.13	1,001,828.31
Debt Service Fund	-	699,542.00	699,542.00
Food Service Fund	291,078.29	4,566.90	295,645.19
	<u>291,078.29</u>	<u>4,566.90</u>	<u>295,645.19</u>
Total Awards and Financial Assistance	<u>\$ 1,159,881.34</u>	<u>\$ 6,886,516.01</u>	<u>\$ 8,046,397.35</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, 2016. 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, 2016.

Note 6. Federal and State Loans Outstanding

The Eatontown School District had no loan balances outstanding at June 30, 2016.

**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
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?	None Reported

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or cluster
84.027 / 84.173	H027A150100 / H173A150114	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2016**

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?	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 15-08	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

**EATONTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08

No Current Year Findings