

**EAGLESWOOD TOWNSHIP
SCHOOL DISTRICT**

West Creek, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

WEST CREEK, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Eagleswood Township Board of Education
Finance Department**

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INTRODUCTORY SECTION

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EAGLESWOOD TOWNSHIP BOARD OF EDUCATION

511 Route 9 ♦ West Creek, NJ 08092
Telephone: (609) 597-3663 ♦ Board Office (609) 978-0947
Fax: (609) 978-0949 ♦ Internet: www.eagleswood.org

November 29, 2017

Honorable President and Members
of the Board of Education
Eagleswood Township School District
County of Ocean
West Creek, New Jersey 08092

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Eagleswood Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Eagleswood Township School District. 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, 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 district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Eagleswood Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	144	-5.26%
2015-2016	152	11.76%
2014-2015	136	-4.90%
2013-2014	143	4.38%
2012-2013	137	-2.84%
2011-2012	141	6.02%
2010-2011	133	-10.14%
2009-2010	148	4.96%
2008-2009	141	-0.70%
2007-2008	142	-4.05%

ECONOMIC CONDITION AND OUTLOOK

The Eagleswood Township area is experiencing minimal growth as there are currently no new major construction projects in progress. However, the population remains steady and there remains potential growth in undeveloped property.

MAJOR INITIATIVES

At Eagleswood Township Elementary School we continue to focus our efforts on providing an individualized approach to education. Each student is unique and learns in their own unique way, and we strive to differentiate to meet their needs. We feel strongly that our motto Education First! be at the forefront of our children's minds and have our students realize that learning is a life-long commitment.

This commitment to Education First! is not only found in the school itself, but also throughout the community. The passing of our referendum in 2016 shows that the community is dedicated to having our school remain an integral part of this town. The referendum allowed our district to not only make improvements to our existing infrastructure; it also allowed us to add a state of the art Art & Music room and two smaller special services classrooms providing much needed space to accommodate the needs of all of our students!

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

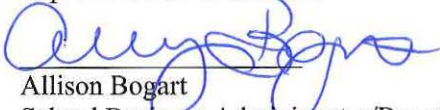
ACKNOWLEDGEMENTS

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

Respectfully submitted,



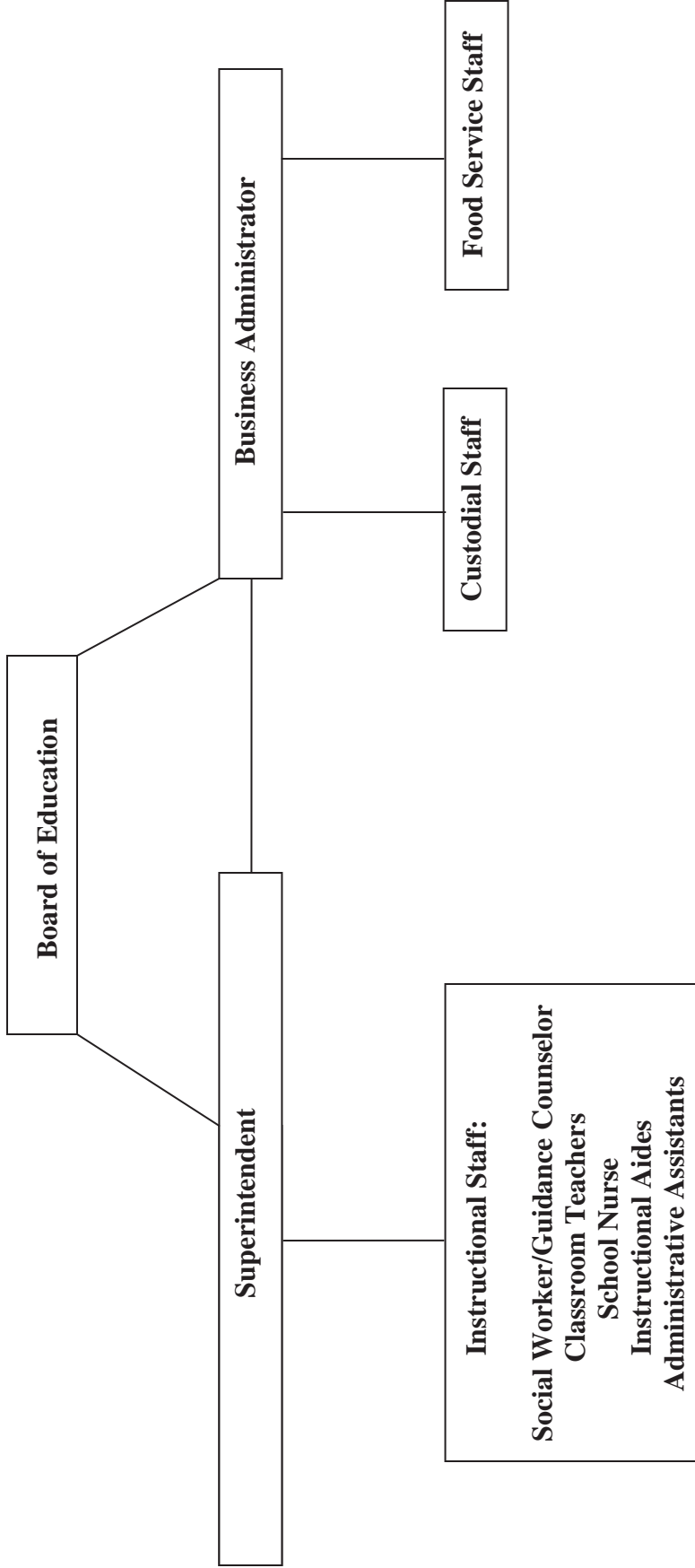
Deborah Snyder, Ed.D.
Superintendent of Schools



Allison Bogart
School Business Administrator/Board Secretary

Egleswood Township Board of Education

Organizational Chart



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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
511 Route 9
West Creek, New Jersey 08092**

ROSTER OF OFFICIALS

June 30, 2017

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Suzanne D'Ambrosio, President	2017
Kimberly Pharo, Vice President	2017
Jan Blum	2018
Dr. Paul McMahon	2019
Kelly Stover	2019

OTHER OFFICIALS

Deborah Snyder, Superintendent
Allison Bogart, Business Administrator
Steve Brennan, Treasurer of School Monies

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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
511 Route 9
West Creek, New Jersey 08092

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holman Frenia Allison, P. C.
Kevin P. Frenia, CPA, PSA
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Schwartz Simon Edelstein & Celso, LLC
100 South Jefferson Road, Suite 200
Whippany, New Jersey 07981

OFFICIAL DEPOSITORY

Ocean First Bank
Toms River, New Jersey 08753

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Eagleswood Township School District
County of Ocean
West Creek, New Jersey 08092

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 Eagleswood Township School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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 Eagleswood Township School District, County of Ocean, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related 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 Eagleswood Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards 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 state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 related major fund supporting statements and schedules and schedules 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 29, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 29, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Eagleswood Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the After School Care Program Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements,

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District’s one enterprise fund (After School Care Program) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District’s programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,746,520	\$ 4,846,504	\$ (2,099,984)	-43.3%
Capital Assets, Net	4,057,801	1,901,807	2,155,994	113.4%
Total Assets	<u>6,804,321</u>	<u>6,748,311</u>	56,010	0.8%
Deferred Outflow of Resources	<u>311,094</u>	<u>205,412</u>	105,682	51.4%

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current and other Liabilities	224,810	158,474	66,336	41.9%
Noncurrent Liabilities	5,999,158	6,115,745	(116,587)	-1.9%
Total Liabilities	6,223,968	6,274,219	(50,251)	-0.8%
Deferred Inflow of Resources	146,618	25,177	121,441	482.3%
Net Position:				
Net Investment in Capital Assets	876,115	813,167	62,948	7.7%
Restricted	444,092	329,073	115,019	35.0%
Unrestricted (Deficit)	(575,378)	(487,913)	(87,465)	17.9%
Total Net Position	\$ 744,829	\$ 654,327	\$ 90,502	13.8%

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 11,291	\$ 24,546	\$ (13,255)	-54.0%
Operating Grants & Contributions	476,857	416,014	60,843	14.6%
General Revenues:				
Property Taxes	2,146,039	1,968,629	177,410	9.0%
Federal & State Aid	721,600	727,361	(5,761)	-0.8%
Other General Revenues	21,045	24,145	(3,100)	-12.8%
Total Revenues	3,376,832	3,160,695	216,137	6.8%
Function/Program Expenditures:				
Regular Instruction	809,196	782,949	26,247	3.4%
Special Education Instruction	304,641	288,604	16,037	5.6%
Other Instruction	173,942	172,790	1,152	0.7%
Tuition	116,573	116,245	328	0.3%
Student & Instruction Related Services	303,292	306,413	(3,121)	-1.0%
General Administrative	129,955	143,647	(13,692)	-9.5%
School Administrative Services	74,718	78,125	(3,407)	-4.4%

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Plant Operations & Maintenance	162,146	155,309	6,837	4.4%
Pupil Transportation	147,177	146,917	260	0.2%
Unallocated Benefits	523,004	522,837	167	0.0%
On Behalf TPAF Pension and Social				
Security Contributions	343,528	286,581	56,947	19.9%
Interest & Other Charges	128,203	50,290	77,913	154.9%
Unallocated Depreciation	62,052	62,357	(305)	-0.5%
After School Program	7,903	13,680	(5,777)	-42.2%
Total Expenditures	<u>3,286,330</u>	<u>3,126,744</u>	<u>159,586</u>	<u>5.1%</u>
Change In Net Position	90,502	33,951	56,551	166.6%
Net Position - Beginning	<u>654,327</u>	<u>620,376</u>	<u>33,951</u>	<u>5.5%</u>
Net Position - Ending	<u>\$ 744,829</u>	<u>\$ 654,327</u>	<u>\$ 90,502</u>	<u>13.8%</u>

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$87,114 or 14.02%. The primary reason for the increase was "Interest and Other Charges" which is a reflection of the current referendum projects.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$708,486, with an unrestricted deficit balance of \$611,721. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (611,721)
Add back: PERS Pension Liability	745,608
Less: Deferred Outflows related to pensions	(311,094)
Add back: Deferred Inflows related to pensions	<u>146,618</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (30,589)</u>

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$3,388 or 10.28%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$36,343.

General Fund Budgeting Highlights

Final budgeted revenues was \$2,566,647, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$16,641.

Final budgeted appropriations was \$2,770,938, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$215,554.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$642,633 at June 30, 2017, an increase of \$29,895 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,554,093, a decrease of \$2,131,897 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$29,949 or 5.4% to \$584,535 at June 30, 2017, compared to an increase of \$29,283 in fund balance in the prior fiscal year.

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$2,218,046 or 53.65% to \$1,916,314 at June 30, 2017, compared to an increase of \$4,131,971 in fund balance in the prior fiscal year. The primary factor affecting the change in fund balance of the capital projects fund are the referendum projects being completed (and paid for) throughout the year.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$56,200 to \$56,787 at June 30, 2017, compared to an increase of \$580 in fund balance in the prior fiscal year.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Proprietary Funds

After School Care Fund - During the current fiscal year, the net position of the School District’s After School Program fund increased by \$3,388 or 10.28% to \$36,343 at June 30, 2017, compared to an increase of \$10,866 in fund balance in the prior fiscal year. The primary factor affecting the change in net position was a decrease in staffing of the program due to lower enrollment than previous years.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$4,057,801 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District’s investment in capital assets for the current fiscal year in the amount of \$2,280,994. This increase is primarily due to the current year depreciation of capital assets was much less than the pay down of debt or current year construction.

Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 156,351	\$ 156,351	\$ -	0.0%
Construction in Progress	2,479,075	261,029	2,218,046	849.7%
Building and Improvements	1,413,201	1,472,356	(59,155)	-4.0%
Equipment	9,174	12,071	(2,897)	-24.0%
	<u>\$ 4,057,801</u>	<u>\$ 1,901,807</u>	<u>\$ 2,155,994</u>	113.4%

Depreciation expense for the year was \$62,052. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$5,098,000, which is a decrease of \$125,000 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Factors on the School District's Future

The District anticipates that the 2017-18 budget will be adequate to satisfy all of the financial needs of the 2017-18 school year, barring any significant unexpected situation or conditions unforeseen at this time. Referendum projects will be complete before June 30, 2018 which will result in continued changes to our Capital Projects Fund and Capital Assets throughout the school year.

Although the district strives to be financially healthy, due to our size and smaller budget we are always suspect to unforeseen issues such as changes in special education needs and decreases in state funding. The goal always is, and will continue to be, to plan for the future of our district in both educational supplies/tools and in facilities that are a sound investment for the children educated in our district.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Eagleswood Township Board of Education, 511 Route 9, West Creek, NJ 08092.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 2,580,044	\$ 36,343	\$ 2,616,387
Receivables, Net (Note 4)	30,133	-	30,133
Restricted Cash & Cash Equivalents	100,000	-	100,000
Capital Assets, Net (Note 5)			
Non-depreciable	2,635,426	-	2,635,426
Depreciable	1,422,375	-	1,422,375
	<hr/>		
Total Assets	6,767,978	36,343	6,804,321
	<hr/>		
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	311,094	-	311,094
	<hr/>		
Total Deferred Outflow of Resources	311,094	-	311,094
	<hr/>		
Total Assets and Deferred Outflow of Resources	7,079,072	36,343	7,115,415
	<hr/>		
LIABILITIES			
Accounts Payable	156,084	-	156,084
Due to Other Governments	31,759	-	31,759
Accrued Interest Payable	36,967	-	36,967
Noncurrent Liabilities (Note 7)			
Due Within One Year	283,000	-	283,000
Due Beyond One Year	5,716,158	-	5,716,158
	<hr/>		
Total Liabilities	6,223,968	-	6,223,968
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	146,618	-	146,618
	<hr/>		
Total Deferred Inflows of Resources	146,618	-	146,618
	<hr/>		
Total Liabilities and Deferred Inflows of Resources	6,370,586	-	6,370,586
	<hr/>		
NET POSITION			
Net Investment in Capital Assets	876,115	-	876,115
Restricted For:			
Debt Service	56,787	-	56,787
Maintenance Reserve	100,000	-	100,000
Excess Surplus	287,305	-	287,305
Unrestricted	(611,721)	36,343	(575,378)
	<hr/>		
Total Net Position	\$ 708,486	\$ 36,343	\$ 744,829
	<hr/> <hr/>		

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 809,196	\$ -	\$ -	\$ (809,196)	\$ -	\$ (809,196)
Special Education	304,641	-	77,174	(227,467)	-	(227,467)
Other Instruction	173,942	-	-	(173,942)	-	(173,942)
Support Services & Undistributed Costs:						
Tuition	116,573	-	-	(116,573)	-	(116,573)
Student & Instruction Related Services	303,292	-	50,551	(252,741)	-	(252,741)
General Administrative Services	129,955	-	-	(129,955)	-	(129,955)
School Administrative Services	74,718	-	-	(74,718)	-	(74,718)
Plant Operations & Maintenance	162,146	-	-	(162,146)	-	(162,146)
Pupil Transportation	147,177	-	-	(147,177)	-	(147,177)
Unallocated Benefits	523,004	-	5,604	(517,400)	-	(517,400)
On-Behalf TPAF Pension and Social Security Contributions	343,528	-	343,528	-	-	-
Interest & Other Charges	128,203	-	-	(128,203)	-	(128,203)
Unallocated Depreciation	62,052	-	-	(62,052)	-	(62,052)
Total Governmental Activities	3,278,427	-	476,857	(2,801,570)	-	(2,801,570)
Business-Type Activities:						
After School Program	7,903	11,291	-	-	3,388	3,388
Total Business-Type Activities	7,903	11,291	-	-	3,388	3,388
Total Primary Government	\$ 3,286,330	\$ 11,291	\$ 476,857	(2,801,570)	3,388	(2,798,182)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				1,901,135	-	1,901,135
Taxes Levied for Debt Service				244,904	-	244,904
Federal & State Aid Not Restricted				721,600	-	721,600
Tuition Received				14,600	-	14,600
Miscellaneous Income				6,445	-	6,445
Total General Revenues, Special Items, Extraordinary Items & Transfers				2,888,684	-	2,888,684
Change In Net Position				87,114	3,388	90,502
Net Position - Beginning				621,372	32,955	654,327
Net Position - Ending				\$ 708,486	\$ 36,343	\$ 744,829

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

B. Fund Financial Statements

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Governmental Funds

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	<u>TOTALS</u>
ASSETS:					
Cash & Cash Equivalents	\$ 478,766	\$ 4,325	\$ 2,045,214	\$ 51,739	\$ 2,580,044
Receivables, Net:					
Interfund Receivables	13,796	-	-	5,048	18,844
Due from Other Governments:					
State	6,632	-	-	-	6,632
Federal	-	16,945	-	-	16,945
Restricted Cash & Cash Equivalents	100,000	-	-	-	100,000
Total Assets	<u>\$ 599,194</u>	<u>\$ 21,270</u>	<u>\$ 2,045,214</u>	<u>\$ 56,787</u>	<u>\$ 2,722,465</u>
LIABILITIES & FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 14,659	\$ 17,573	\$ 123,852	\$ -	\$ 156,084
Interfund Payables	-	7,240	5,048	-	12,288
Total Liabilities	<u>14,659</u>	<u>24,813</u>	<u>128,900</u>	<u>-</u>	<u>168,372</u>
Fund Balances:					
Restricted for:					
Maintenance Reserve	100,000	-	-	-	100,000
Excess Surplus - Current Year	232,195	-	-	-	232,195
Excess Surplus - Designated for Subsequent Year's Expenditures	55,110	-	-	-	55,110
Capital Projects	-	-	1,916,314	-	1,916,314
Debt Service	-	-	-	56,787	56,787
Assigned to:					
Designated by the BOE for Subsequent Year's Expenditures	3,337	-	-	-	3,337
Unassigned (Deficit)	193,893	(3,543)	-	-	190,350
Total Fund Balances	<u>584,535</u>	<u>(3,543)</u>	<u>1,916,314</u>	<u>56,787</u>	<u>2,554,093</u>
Total Liabilities & Fund Balances	<u>\$ 599,194</u>	<u>\$ 21,270</u>	<u>\$ 2,045,214</u>	<u>\$ 56,787</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources & therefore are not reported in the funds. The cost of the assets is \$5,856,406 and the accumulated depreciation is \$1,798,605.					4,057,801
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.					164,476
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					(31,759)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					(36,967)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(5,999,158)
Net Position of Governmental Activities					<u>\$ 708,486</u>

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

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	<u>TOTALS</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,901,135	\$ -	\$ -	\$ 244,904	\$ 2,146,039
Tuition	14,600	-	-	-	14,600
Miscellaneous	2,041	-	-	4,404	6,445
Total Revenues - Local Sources	<u>1,917,776</u>	-	-	249,308	2,167,084
State Sources	1,011,085	35,430	-	54,043	1,100,558
Federal Sources	-	97,899	-	-	97,899
Total Revenues	<u>2,928,861</u>	<u>133,329</u>	-	303,351	<u>3,365,541</u>
Expenditures:					
Current:					
Regular Instruction	809,196	-	-	-	809,196
Special Education Instruction	227,467	77,174	-	-	304,641
Other Instruction	173,942	-	-	-	173,942
Support Services:					
Tuition	116,573	-	-	-	116,573
Student & Instruction Related Services	252,741	50,551	-	-	303,292
General Administrative Services	129,955	-	-	-	129,955
School Administrative Services	74,718	-	-	-	74,718
Plant Operations & Maintenance	162,146	-	-	-	162,146
Pupil Transportation	147,177	-	-	-	147,177
Unallocated Benefits	461,469	5,604	-	-	467,073
On-Behalf TPAF Pension and Social Security Contributions	343,528	-	-	-	343,528
Capital Outlay	-	-	2,218,046	-	2,218,046
Debt Service:					
Principal	-	-	-	125,000	125,000
Interest & Other Charges	-	-	-	122,151	122,151
Total Expenditures	<u>2,898,912</u>	<u>133,329</u>	<u>2,218,046</u>	<u>247,151</u>	<u>5,497,438</u>
Net Change in Fund Balances	29,949	-	(2,218,046)	56,200	(2,131,897)
Fund Balance - July 1	554,586	(3,543)	4,134,360	587	4,685,990
Fund Balance - June 30	<u>\$ 584,535</u>	<u>\$ (3,543)</u>	<u>\$ 1,916,314</u>	<u>\$ 56,787</u>	<u>\$ 2,554,093</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (2,131,897)

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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)

Capital Asset Additions	\$ 2,218,046	
Depreciation Expense	(62,052)	2,155,994

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (40,231)

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 125,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). (6,052)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (15,700)

Change in Net Position of Governmental Activities: \$ 87,114

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Proprietary Funds

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u> AFTER SCHOOL PROGRAM	<u>TOTALS</u>
Current Assets:		
Cash & Cash Equivalents	\$ 36,343	\$ 36,343
Total Assets	36,343	36,343
 NET POSITION		
Unrestricted	36,343	36,343
Total Net Position	\$ 36,343	\$ 36,343

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

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <u>AFTER SCHOOL</u> PROGRAM	<u>TOTALS</u>
Operating Revenues:		
Charges for Services:		
Program Fees	\$ 11,291	\$ 11,291
	<hr/>	<hr/>
Total Operating Revenues	11,291	11,291
	<hr/>	<hr/>
Operating Expenses:		
Salaries	7,903	7,903
	<hr/>	<hr/>
Total Operating Expenses	7,903	7,903
	<hr/>	<hr/>
Operating Income/(loss)	3,388	3,388
Total Net Position - Beginning	32,955	32,955
	<hr/>	<hr/>
Total Net Position - Ending	\$ 36,343	\$ 36,343
	<hr/> <hr/>	<hr/> <hr/>

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

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS AFTER SCHOOL PROGRAM</u>	<u>TOTALS</u>
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 11,291	\$ 11,291
Payments to Employees	(7,903)	(7,903)
	3,388	3,388
Net Cash Provided/(Used) by Operating Activities		
	3,388	3,388
Net Increase/(Decrease) in Cash & Cash Equivalents	3,388	3,388
Balances - Beginning of Year	32,955	32,955
	36,343	36,343
Balances - End of Year	\$ 36,343	\$ 36,343
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ 3,388	\$ 3,388
	3,388	3,388
Net Cash Provided/(Used) by Operating Activities		
	\$ 3,388	\$ 3,388
	3,388	3,388

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

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Fiduciary Fund

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY FUNDS		TOTALS
	PAYROLL	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 83,329	\$ 8,847	\$ 92,176
Total Assets	83,329	8,847	92,176
LIABILITIES			
Payroll Deductions & Withholdings	76,773	-	76,773
Due to Student Groups	-	8,847	8,847
Due to General Fund	6,556	-	6,556
Total Liabilities	83,329	8,847	92,176
Total Net Position	\$ -	\$ -	\$ -

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

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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Eagleswood Township School District (hereafter referred to as the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Eagleswood Township School District is a Type II School District located in the County of Ocean, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. The purpose of the School District is to educate students in grades kindergarten through sixth. The School District has an approximate enrollment at June 30, 2017 of 144 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School 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 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School 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 School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

B. 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. The School 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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 School 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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. 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.

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 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.

The School District reports the following major proprietary funds:

After School Program – The After School Program fund accounts for the financial transactions related to the extended day care operations to the School District.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

The School District reports the following fiduciary funds:

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

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 School 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 one or more June 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 School 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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

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 School 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, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

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 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. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

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.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

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 School 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.

Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

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.

Pensions

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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

- 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.
- 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 School 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 School 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 into the following three components:

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School District's financial statements.

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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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 School 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*,

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

as amended. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School 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 have a material impact on the School 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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

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 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 fund or other funds that 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, 2017, the School District's bank balance of \$3,167,330 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 3,071,252
Uninsured and Uncollateralized	<u>96,078</u>
	<u>\$ 3,167,330</u>

Investments

The School District had no investments at June 30, 2017.

Note 3. Reserve Accounts

Maintenance Reserve

The School District established a maintenance reserve account by inclusion of \$100,000 on June 24, 2013 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Balance, June 30, 2016 & 2017	<u>\$ 100,000</u>
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EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Federal Awards	\$ -	\$ 16,945	\$ 16,945
State Awards	6,632	-	6,632
Tuition	-	-	-
Other	6,556	-	6,556
Total	\$ 13,188	\$ 16,945	\$ 30,133

Note 5. Capital Assets

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 156,351	\$ -	\$ -	\$ 156,351
Construction in Progress	261,029	2,218,046	-	2,479,075
Total Capital Assets not being depreciated	417,380	2,218,046	-	2,635,426
Capital Assets being depreciated:				
Buildings and Improvements	2,744,340	-	-	2,744,340
Equipment	476,640	-	-	476,640
Total Capital Assets being depreciated	3,220,980	-	-	3,220,980
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,271,984)	(59,155)	-	(1,331,139)
Equipment	(464,569)	(2,897)	-	(467,466)
Total Accumulated Depreciation	(1,736,553)	(62,052)	-	(1,798,605)
Total Capital Assets being depreciated, net	1,484,427	(62,052)	-	1,422,375
Total Governmental Activities Capital Assets, net	\$ 1,901,807	\$ 2,155,994	\$ -	\$ 4,057,801

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets (continued)

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 13,796	\$ -
Special Revenue Fund	-	7,240
Capital Projects Fund	-	5,048
Debt Service Fund	5,048	-
Payroll Fund	-	6,556
	<u>\$ 18,844</u>	<u>\$ 18,844</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.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 107,435	\$ -
Special Revenue Fund	-	4,295
Capital Projects Fund	-	106,550
Debt Service Fund	4,404	-
Payroll Fund	-	994
	<u>\$ 111,839</u>	<u>\$ 111,839</u>

The purposes of the interfund transfers were to return balances outstanding as of the prior year.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,223,000	\$ -	\$ 125,000	\$ 5,098,000	\$ 283,000
Compensated Absences	139,850	15,700	-	155,550	-
Net Pension Liability	752,895	-	7,287	745,608	-
	<u>\$ 6,115,745</u>	<u>\$ 15,700</u>	<u>\$ 132,287</u>	<u>\$ 5,999,158</u>	<u>\$ 283,000</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

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.

On January 1, 2007, the School District issued \$1,666,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 4% to 4.25% and mature on January 1, 2022.

On May 25, 2016, the School District issued \$4,390,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2% to 3% and mature on September 15, 2037.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 283,000	\$ 136,911	\$ 419,911
2019	300,000	128,531	428,531
2020	310,000	119,781	429,781
2021	315,000	110,782	425,782
2022	325,000	101,219	426,219
2023-2027	985,000	416,706	1,401,706
2028-2032	1,175,000	297,222	1,472,222
2033-2037	1,405,000	108,675	1,513,675
	<u>\$ 5,098,000</u>	<u>\$ 1,419,827</u>	<u>\$ 6,517,827</u>

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. 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/annrprts.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.

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.

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 2016, 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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$745,608 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0025174876%, which was a decrease of 0.0008364653% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$62,595 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,866	\$ -
Changes of Assumptions	154,450	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	28,431	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	82,588	146,618
School District contributions subsequent to measurement date	<u>31,759</u>	<u>-</u>
	<u>\$ 311,094</u>	<u>\$ 146,618</u>

\$31,759 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

Year Ending June 30,		
2018	\$	40,037
2019		40,036
2020		49,624
2021		25,973
2022		<u>(22,953)</u>
	\$	<u>132,717</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

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

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

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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 or 1-percentage point higher than the current rate:

	<u>At 1% Decrease (2.98%)</u>	<u>At Current Discount Rate (3.98%)</u>	<u>At 1% Increase (4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 913,655</u>	<u>\$ 745,608</u>	<u>\$ 606,870</u>

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
School District's portion	0.00252%	0.00335%

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/annrprts.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.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$8,838,970. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0112360214%, which was an increase of 0.0010593149% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$664,126 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District’s proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District’s annual required contribution. The following represents the State’s proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State’s proportionate share of the net pension liability, attributable to the School District’s would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 10,555,705	\$ 8,838,970	\$ 7,437,034
	<u>\$ 10,555,705</u>	<u>\$ 8,838,970</u>	<u>\$ 7,437,034</u>

Pension Plan Fiduciary Net Position - 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.

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, the District did not have any employees currently enrolled in the DCRP.

Note 9. State Post-Retirement Medical 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 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 9. State Post-Retirement Medical Benefits(continued)

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

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$135,271, \$112,712 and \$175, respectively.

Note 11. Risk Management

The School 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 School 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.

Note 12. Contingencies

State and Federal Grantor Agencies - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

Economic Dependency – The School 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 School District's programs and activities.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 13. Deferred Compensation

The School 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

Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School 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 School District for the unused sick leave in accordance with School 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. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$155,550 and \$-0-, respectively.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$232,195.

Note 17. Fund Balances

General Fund – Of the \$584,535 General Fund fund balance at June 30, 2017, \$100,000 has been restricted for the Maintenance Reserve Account; \$232,195 has been restricted for current year excess surplus; \$55,110 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$3,337 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$193,893 has been unassigned.

Capital Projects Fund – Of the \$1,916,314 Capital Projects Fund fund balance at June 30, 2017, \$1,916,314 is restricted for future capital projects approved by the School District.

Debt Service Fund – Of the \$56,787 Debt Service Fund fund balance at June 30, 2017, \$56,787 is restricted for future debt service payments.

Note 18. Deficit Fund Balances

The School District has a deficit fund balance of \$3,543 in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$3,543 is equal to the last state aid payment.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$611,721 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,901,135	\$ -	\$ 1,901,135	\$ 1,901,135	\$ -
Tuition	10-1310	-	-	-	14,600	14,600
Miscellaneous	10-1900	-	-	-	2,041	2,041
Total Local Sources		1,901,135	-	1,901,135	1,917,776	16,641
State Sources:						
Equalization Aid	10-3176	447,437	-	447,437	447,437	-
Transportation Aid	10-3121	59,476	-	59,476	59,476	-
Special Education Aid	10-3132	73,426	-	73,426	73,426	-
Security Aid	10-3177	18,682	-	18,682	18,682	-
Adjustment Aid	10-3178	62,721	-	62,721	62,721	-
PARCC Readiness Aid	10-3181	1,220	-	1,220	1,220	-
Per Pupil Growth Aid	10-3182	1,220	-	1,220	1,220	-
Professional Learning Community Aid	10-3183	1,330	-	1,330	1,330	-
Extraordinary Aid	10-3131	-	-	-	585	585
Non-Public Transportation Aid	10-3231	-	-	-	1,406	1,406
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	135,271	135,271
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	112,712	112,712
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	175	175
Reimbursed TPAF Social Security Contributions		-	-	-	95,370	95,370
Total State Sources		665,512	-	665,512	1,011,031	345,519
Total Revenues		2,566,647	-	2,566,647	2,928,807	362,160
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	42,080	-	42,080	42,044	36
Kindergarten	11-110-100-101	62,210	2,050	64,260	64,260	-
Grades 1 - 5	11-120-100-101	271,081	11,250	282,331	282,331	-
Grades 6 - 8	11-130-100-101	90,093	2,050	92,143	92,143	-
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	226,301	2,648	228,949	220,974	7,975
Other Purchased Services	11-190-100-500	18,000	-	18,000	18,000	-
General Supplies	11-190-100-610	95,610	(422)	95,188	84,444	10,744
Textbooks	11-190-100-640	5,000	-	5,000	5,000	-
Total Regular Programs - Instruction		810,375	17,576	827,951	809,196	18,755

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	100,699	(1,000)	99,699	96,000	3,699
Other Salaries for Instruction	11-204-100-106	23,995	803	24,798	23,706	1,092
Purchased Professional/ Educational Services	11-204-100-320	22,000	197	22,197	22,197	-
Other Purchased Services	11-204-100-500	3,031	-	3,031	3,000	31
General Supplies	11-204-100-610	1,000	-	1,000	242	758
Total Learning and/or Language Disabilities		150,725	-	150,725	145,145	5,580
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	76,852	2,050	78,902	78,902	-
Other Purchased Services	11-213-100-500	3,000	-	3,000	3,000	-
General Supplies	11-213-100-610	500	-	500	420	80
Total Resource Room		80,352	2,050	82,402	82,322	80
Total Special Education		231,077	2,050	233,127	227,467	5,660
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	165,314	5,918	171,232	171,232	-
Other Purchased Services	11-230-100-500	3,020	-	3,020	2,530	490
General Supplies	11-230-100-610	500	(250)	250	180	70
Total Basic Skills/Remedial - Instruction		168,834	5,668	174,502	173,942	560
Total Basic Skills/Remedial - Instruction		168,834	5,668	174,502	173,942	560
Total - Instruction		1,210,286	25,294	1,235,580	1,210,605	24,975
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's Within State - Special	11-000-100-562	76,909	(1,741)	75,168	61,164	14,004
Tuition to County Special Services Districts and Regional Day Schools	11-000-100-565	61,226	-	61,226	55,409	5,817
Tuition to Private Schools for the Handicapped Within State	11-000-100-566	23,375	(5,995)	17,380	-	17,380
Total Undistributed Expenditures - Instruction		161,510	(7,736)	153,774	116,573	37,201
Attendance & Social Work Services:						
Salaries	11-000-211-100	93,273	1,765	95,038	94,538	500
Total Attendance & Social Work Services		93,273	1,765	95,038	94,538	500
Health Services:						
Salaries	11-000-213-100	1,000	-	1,000	1,000	-
Purchase Professional/Technical Services	11-000-213-300	68,040	-	68,040	67,784	256
Supplies and Materials	11-000-213-600	1,200	-	1,200	1,037	163
Total Health Services		70,240	-	70,240	69,821	419

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undistributed Expenditures:						
Speech, OT, PT & Related Services:						
Salaries	11-000-216-100	34,497	503	35,000	35,000	-
Supplies and Materials	11-000-216-600	250	-	250	-	250
Total Speech, OT, PT & Related Services		34,747	503	35,250	35,000	250
Other Support Services:						
Salaries	11-000-217-100	19,000	-	19,000	13,090	5,910
Total Other Support Services		19,000	-	19,000	13,090	5,910
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	34,329	500	34,829	34,829	-
Purchased Professional/ Educational Services	11-000-219-320	10,000	(1,991)	8,009	3,284	4,725
Supplies and Materials	11-000-219-600	-	1,490	1,490	818	672
Total Child Study Teams		44,329	(1)	44,328	38,931	5,397
Improvement of Instructional Services:						
Purchased Professional/ Educational Services	11-000-221-320	1,000	-	1,000	35	965
Total Improvement of Instructional Services		1,000	-	1,000	35	965
Educational Media Services/School Library:						
Supplies and Materials	11-000-222-600	600	-	600	595	5
Total Educational Media Services/School Library		600	-	600	595	5
Instructional Staff Training Services:						
Purchased Professional & Educational Services	11-000-223-320	5,400	-	5,400	731	4,669
Total Instructional Staff Training Services		5,400	-	5,400	731	4,669
Support Services General Administration:						
Salaries	11-000-230-100	95,293	-	95,293	95,293	-
Legal Services	11-000-230-331	5,000	2,336	7,336	7,336	-
Audit Fees	11-000-230-332	17,000	(460)	16,540	16,540	-
Architectural/Engineering Services	11-000-230-334	-	-	-	-	-
Communications/Telephone	11-000-230-530	500	-	500	336	164
BOE Other Purchased Services	11-000-230-585	250	1,000	1,250	1,207	43
Other Purchased Services	11-000-230-590	1,200	-	1,200	670	530
General Supplies	11-000-230-610	250	(50)	200	45	155
Miscellaneous Expenditures	11-000-230-890	3,800	10,440	14,240	3,996	10,244
BOE Membership Due and Fees	11-000-230-895	5,000	(450)	4,550	4,532	18
Total Support Services General Administration		128,293	12,816	141,109	129,955	11,154

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services School Administration:					
Salaries of Secretarial & Clerical Assistants					
11-000-240-105	2,511	251	2,762	2,511	251
Total Support Services School Administration	2,511	251	2,762	2,511	251
Central Services:					
Salaries					
11-000-251-100	71,997	7,217	79,214	71,997	7,217
Other Objects					
11-000-251-890	250	-	250	210	40
Total Central Services	72,247	7,217	79,464	72,207	7,257
Allowable Maintenance for School Facilities:					
Salaries					
11-000-261-100	12,451	751	13,202	13,202	-
Cleaning, Repair & Maintenance Services					
11-000-261-420	28,000	-	28,000	24,536	3,464
General Supplies					
11-000-261-610	8,000	(751)	7,249	6,152	1,097
Total Allowable Maintenance for School Facilities	48,451	-	48,451	43,890	4,561
Other Operation & Maintenance of Plant:					
Salaries					
11-000-262-100	43,901	2,050	45,951	44,175	1,776
Insurance					
11-000-262-520	28,800	72	28,872	27,917	955
Energy (Electricity)					
11-000-262-622	36,500	5,000	41,500	40,378	1,122
Energy (Gasoline)					
11-000-262-626	11,500	(5,000)	6,500	3,990	2,510
Other Objects					
11-000-262-800	2,000	(72)	1,928	1,796	132
Total Other Operation & Maintenance of Plant	122,701	2,050	124,751	118,256	6,495
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular					
11-000-270-160	21,429	135	21,564	21,564	-
Contracted Services - (Aid in Lieu) Nonpublic Schools					
11-000-270-503	4,500	804	5,304	5,304	-
Contracted Services (Other Than Between Home & School) - Vendors					
11-000-270-512	3,500	(376)	3,124	2,559	565
Contracted Services (Between Home & School) - Joint Agreement					
11-000-270-513	86,500	(2,404)	84,096	84,096	-
Contracted Services - (Special Education) - Vendors					
11-000-270-514	25,473	8,724	34,197	33,654	543
Total Student Transportation Services	141,402	6,883	148,285	147,177	1,108

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
Unallocated Benefits Employee Benefits:						
Social Security Contributions	11-000-291-220	28,500	-	28,500	18,945	9,555
Other Retirement Contributions- PERS	11-000-291-241	32,440	(164)	32,276	22,572	9,704
Unemployment Compensation	11-000-291-250	8,000	164	8,164	8,164	-
Health Benefits	11-000-291-270	509,508	(49,042)	460,466	381,440	79,026
Other Employee Benefits	11-000-291-290	36,500	-	36,500	30,348	6,152
Total Unallocated Benefits - Employee Benefits		614,948	(49,042)	565,906	461,469	104,437
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	135,271	(135,271)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	112,712	(112,712)
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	175	(175)
Reimbursed TPAF Social Security Contributions		-	-	-	95,370	(95,370)
Total Nonbudgeted		-	-	-	343,528	(343,528)
Total Undistributed Expenditures		1,560,652	(25,294)	1,535,358	1,688,307	(152,949)
Total Expenditures		2,770,938	-	2,770,938	2,898,912	(127,974)
Excess/(Deficiency) of Revenues Over/(Under) After						
Expenditures		(204,291)	-	(204,291)	29,895	234,186
Fund Balances, July 1 (Beginning)		612,738	-	612,738	612,738	-
Fund Balances, June 30 (Ending)		\$ 408,447	\$ -	\$ 408,447	\$ 642,633	\$ 234,186

Recapitulation of Fund Balance

Restricted Fund Balance:	
Maintenance Reserve	\$ 100,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	55,110
Excess Surplus	232,195
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	3,337
Unassigned Fund Balance	251,991
Subtotal	642,633
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	(58,098)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 584,535</u>

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
State Sources	\$ 35,430	\$ -	\$ 35,430	\$ 35,430	\$ -
Federal Sources	67,523	30,376	97,899	97,899	-
Total Revenues	102,953	30,376	133,329	133,329	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	58,524	1,705	60,229	60,229	-
General Supplies	-	16,945	16,945	16,945	-
Total Instruction	58,524	18,650	77,174	77,174	-
Support Services:					
Personal Services - Employee					
Benefits	-	5,604	5,604	5,604	-
Professional and Technical Services	44,429	6,122	50,551	50,551	-
Total Support Services	44,429	11,726	56,155	56,155	-
Total Expenditures	102,953	30,376	133,329	133,329	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures &					
Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,928,807	\$ 133,329
Difference - Budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(58,098)	(3,543)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	58,152	3,543
	58,152	3,543
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 2,928,861	\$ 133,329
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	\$ 2,898,912	\$ 133,329
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 2,898,912	\$ 133,329

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0025174876%	0.0033539529%	0.0034362561%	0.0026272776%
School District's proportionate share of the net pension liability	\$ 745,608	\$ 752,895	\$ 643,361	\$ 502,125
School District's covered payroll	\$ 157,644	\$ 168,273	\$ 206,897	\$ 213,766
School District's proportionate share of the net pension liability as a percentage of its covered payroll	472.97%	447.42%	310.96%	234.89%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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.

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 31,759	\$ 22,365	\$ 28,835	\$ 28,328
Contributions in relation to the contractually required contribution	(31,759)	(22,365)	(28,835)	(28,328)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 166,173	\$ 157,644	\$ 168,273	\$ 206,897
Contributions as a percentage of covered payroll	19.11%	14.19%	17.14%	13.69%

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.

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	8,838,970	6,432,113	5,132,182	5,617,362
	<u>\$ 8,838,970</u>	<u>\$ 6,432,113</u>	<u>\$ 5,132,182</u>	<u>\$ 5,617,362</u>
School District's covered payroll	\$ 1,185,375	\$ 1,197,891	\$ 1,091,841	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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.

**EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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

	N.C.L.B.		I.D.E.A. - PART B		R.E.A.P.	PRESCHOOL EDUCATION AID	TOTAL
	TITLE I PART A	TITLE II PART A	BASIC	PRESCHOOL			
Revenues:							
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,430	\$ 35,430
Federal Sources	27,159	5,949	44,602	3,244	16,945	-	97,899
Total Revenues	\$ 27,159	\$ 5,949	\$ 44,602	\$ 3,244	\$ 16,945	\$ 35,430	\$ 133,329
Expenditures:							
Instruction:							
Salaries of Teachers	\$ 21,555	\$ -	\$ -	\$ 3,244	\$ -	\$ 35,430	\$ 60,229
General Supplies	-	-	-	-	16,945	-	16,945
Total Instruction	21,555	-	-	3,244	16,945	35,430	77,174
Support Services:							
Personal Services - Employee Benefits Professional and Technical Services	5,604	-	-	-	-	-	5,604
Total Support Services	5,604	5,949	44,602	-	-	-	56,155
Total Expenditures	\$ 27,159	\$ 5,949	\$ 44,602	\$ 3,244	\$ 16,945	\$ 35,430	\$ 133,329

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2017		
	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 35,430	\$ 35,430	\$ -
Total Instruction	35,430	35,430	-
Total Expenditures	\$ 35,430	\$ 35,430	\$ -

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2016-2017 Preschool Education Aid Allocation	\$ 35,430
Total Preschool Education Aid Funds Available for 2016-2017 Budget	35,430
Less: 2016-2017 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(35,430)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	<u>-</u>
2016-2017 Carryover - Preschool Education Aid Funds	<u>\$ -</u>
2016-2017 Preschool Education Aid Funds Carryover Budgeted in 2017-2018	<u>\$ -</u>

F. Capital Projects Fund

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE PRIOR YEARS	CURRENT YEAR	UNEXPENDED BALANCE JUNE 30, 2017
Improvements & Renovations to the Elementary School	2006	\$ 1,666,000	\$ 1,663,611	\$ -	\$ 2,389
Improvements & Renovations to the Elementary School	2016	4,393,000	261,029	2,218,046	1,913,925
Total		<u>\$ 6,059,000</u>	<u>\$ 1,924,640</u>	<u>\$ 2,218,046</u>	<u>\$ 1,916,314</u>

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

Expenditures	
Purchased Professional & Technical Services	\$ 210,775
Construction Services	1,901,675
General Supplies	5,127
Equipment Purchases	<u>100,469</u>
Total Expenitures	<u>2,218,046</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(2,218,046)
Fund Balance - June 30, 2016	<u>4,134,360</u>
Fund Balance - June 30, 2017	<u><u>\$ 1,916,314</u></u>

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND
PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENTS AND RENOVATIONS TO ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources				
Bond Proceeds & Transfers	\$ 1,666,000	\$ -	\$ 1,666,000	\$ 1,666,000
Total Revenues	1,666,000	-	1,666,000	1,666,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical				
Services	41,998	-	41,998	46,000
Land & Improvements	28,482	-	28,482	20,000
Construction Services	1,057,200	-	1,057,200	1,000,000
Equipment Purchases	535,931	-	535,931	600,000
Total Expenditures	1,663,611	-	1,663,611	1,666,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 2,389	\$ -	\$ 2,389	\$ -

ADDITIONAL PROJECT INFORMATION

Project Numbers	
Grant Date	
Bond Authorization Date	09/26/2006
Bonds Authorized	\$ 1,666,000
Bonds Issued	\$ 1,666,000
Original Authorized Cost	\$ 1,666,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,666,000
Percentage Completion	99.86%

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND
PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENTS AND RENOVATIONS TO ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources				
Bond Proceeds & Transfers	\$ 4,393,000	\$ -	\$ 4,393,000	\$ 4,393,000
Total Revenues	4,393,000	-	4,393,000	4,393,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	219,924	210,775	430,699	701,299
Construction Services	-	1,901,675	1,901,675	3,545,000
General Supplies	41,105	5,127	46,232	46,232
Equipment Purchases	-	100,469	100,469	100,469
Total Expenditures	261,029	2,218,046	2,479,075	4,393,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 4,131,971	\$ (2,218,046)	\$ 1,913,925	\$ -

ADDITIONAL PROJECT INFORMATION

Project Numbers	
Grant Date	
Bond Authorization Date	5/26/2016
Bonds Authorized	\$ 4,390,000
Bonds Issued	\$ 4,390,000
Original Authorized Cost	\$ 4,390,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 4,390,000
Percentage Completion	50.52%

G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4 through B-6)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	AGENCY FUNDS		TOTAL
	PAYROLL	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 83,329	\$ 8,847	\$ 92,176
Total Assets	83,329	8,847	92,176
LIABILITIES			
Payroll Deductions & Withholdings	76,773	-	76,773
Due to Student Groups	-	8,847	8,847
Due to General Fund	6,556	-	6,556
Total Liabilities	83,329	8,847	92,176
Total Net Position	\$ -	\$ -	\$ -

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

ASSETS	BALANCE JUNE 30, 2016	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 7,810	\$ 15,838	\$ 14,801	\$ 8,847
Total Assets	<u>\$ 7,810</u>	<u>\$ 15,838</u>	<u>\$ 14,801</u>	<u>\$ 8,847</u>
LIABILITIES				
Due to Student Groups	\$ 7,810	\$ 15,838	\$ 14,801	\$ 8,847
Total Liabilities	<u>\$ 7,810</u>	<u>\$ 15,838</u>	<u>\$ 14,801</u>	<u>\$ 8,847</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JUNE 30, 2016	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 97,135	\$ 1,716,123	\$ 1,729,929	\$ 83,329
Total Assets	<u>\$ 97,135</u>	<u>\$ 1,716,123</u>	<u>\$ 1,729,929</u>	<u>\$ 83,329</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 89,575	\$ 851,385	\$ 864,187	\$ 76,773
Net Payroll	10	872,820	872,830	-
Due to General Fund	7,550	6,556	7,550	6,556
Total Liabilities	<u>\$ 97,135</u>	<u>\$ 1,730,761</u>	<u>\$ 1,744,567</u>	<u>\$ 83,329</u>

I. Long-Term Debt

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2017**

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRED	ISSUED	BALANCE
			DATE	AMOUNT		JUNE 30, 2016			JUNE 30, 2017
Improvements & Renovations to the Elementary School	01/01/2007	\$ 1,666,000	01/01/2018	\$ 130,000	4.000%				
			01/01/2019	135,000	4.000%				
			01/01/2020	140,000	4.000%				
			01/01/2021	145,000	4.250%				
			01/01/2022	155,000	4.250%	\$ 830,000	\$ 125,000	\$ -	\$ 705,000
Improvements & Renovations to the Elementary School	05/25/2016	4,393,000	09/15/2017	153,000	0.900%				
			09/15/2018	165,000	1.050%				
			09/15/2019	170,000	1.150%				
			09/15/2020	170,000	1.150%				
			09/15/2021	170,000	1.250%				
			09/15/2022	185,000	1.350%				
			09/15/2023	190,000	1.500%				
			09/15/2024	195,000	1.650%				
			09/15/2025	205,000	1.800%				
			09/15/2026	210,000	1.950%				
			09/15/2027	220,000	2.200%				
			09/15/2028	225,000	2.300%				
			09/15/2029	235,000	2.350%				
		09/15/2030	245,000	2.500%					
		09/15/2031	250,000	2.600%					
		09/15/2032	260,000	2.700%					
		09/15/2033	270,000	2.800%					
		09/15/2034	280,000	2.900%					
		09/15/2035	290,000	3.000%					
		09/15/2036	305,000	3.050%					
						4,393,000	-	-	4,393,000
						<u>\$ 5,223,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 5,098,000</u>
					Total				

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 244,904	\$ -	\$ 244,904	\$ 244,904	\$ -
Miscellaneous	-	-	-	4,404	4,404
State Sources:					
Debt Service Aid Type II	54,043	-	54,043	54,043	-
Total Revenues	298,947	-	298,947	303,351	4,404
Expenditures:					
Regular Debt Service:					
Interest on Bonds	173,950	-	173,950	122,151	51,799
Redemption of Principal	125,000	-	125,000	125,000	-
Total Regular Debt Service	298,950	-	298,950	247,151	51,799
Total Expenditures	298,950	-	298,950	247,151	51,799
Excess/(Deficiency) of Revenues	(3)	-	(3)	56,200	56,203
Fund Balance, July 1	587	-	587	587	-
Fund Balance, June 30	\$ 584	\$ -	\$ 584	\$ 56,787	\$ 56,203

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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EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 876,115	\$(3,321,193)	\$ 753,135	\$ 700,721	\$ 653,746	\$ 612,224	\$ 1,518,757	\$ 1,573,319	\$ 1,565,976	\$ 1,185,558
Restricted	444,092	4,463,433	313,960	255,147	195,204	296,059	2,739	23,816	165,407	648,660
Unrestricted	(611,721)	(520,868)	(468,808)	37,026	51,031	(158,438)	(122,013)	(176,359)	(113,137)	(21,200)
Total Governmental Activities	\$ 708,486	\$ 621,372	\$ 598,287	\$ 992,894	\$ 899,981	\$ 749,845	\$ 1,399,483	\$ 1,420,776	\$ 1,618,246	\$ 1,813,018
Business-Type Activities:										
Unrestricted	\$ 36,343	\$ 32,955	\$ 22,089	\$ 9,141	\$ 3,978	\$ 1,341	\$ 281	\$ 512	\$ 2,258	\$ 2,631
Total Business-Type Activities	\$ 36,343	\$ 32,955	\$ 22,089	\$ 9,141	\$ 3,978	\$ 1,341	\$ 281	\$ 512	\$ 2,258	\$ 2,631
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	876,115	\$(3,321,193)	\$ 753,135	\$ 700,721	\$ 653,746	\$ 612,224	\$ 1,518,757	\$ 1,573,319	\$ 1,565,976	\$ 1,185,558
Restricted	444,092	4,463,433	313,960	255,147	195,204	296,059	2,739	23,816	165,407	648,660
Unrestricted	(575,378)	(487,913)	(446,719)	46,167	55,009	(157,097)	(121,732)	(175,847)	(110,879)	(18,569)
Total District Net Position	\$ 744,829	\$ 654,327	\$ 620,376	\$ 1,002,035	\$ 903,959	\$ 751,186	\$ 1,399,764	\$ 1,421,288	\$ 1,620,504	\$ 1,815,649

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 809,196	\$ 782,949	\$ 759,508	\$ 782,546	\$ 810,565	\$ 743,708	\$ 841,501	\$ 839,434	\$ 898,778	\$ 836,120
Special Education	304,641	288,604	234,155	262,333	202,222	220,726	148,319	150,194	160,240	256,666
Other Instruction	173,942	172,790	196,293	118,659	115,063	61,249	43,555	97,490	116,249	25,669
Support Services:										
Tuition	116,573	116,245	111,093	31,777	2,018	132,191	121,058	82,121	118,059	136,290
Student & Instruction Related Services	303,292	306,413	336,432	319,782	305,282	199,717	241,531	317,223	193,997	130,662
General Administrative Services	129,955	143,647	149,875	137,429	139,673	133,297	29,792	127,284	57,279	143,093
School Administrative Services	74,718	78,125	79,916	60,282	63,128	72,519	183,378	101,194	119,059	62,514
Plant Operations & Maintenance	162,146	155,309	168,808	167,951	160,282	148,204	211,341	198,211	177,820	181,525
Pupil Transportation	147,177	146,917	163,126	132,304	131,066	124,450	156,780	165,283	148,833	145,683
Unallocated Benefits	523,004	1,084,188	849,272	580,332	594,919	510,818	533,399	614,607	562,874	516,934
On-Behalf TPAF Pension & FICA Contr.	343,528	-	-	-	-	-	-	-	-	-
Interest & Other Charges	128,203	50,290	41,050	45,550	49,850	81,925	59,950	63,750	67,390	69,565
Unallocated Compensated Absences	-	10,850	(19,350)	17,677	12,008	585	-	-	-	-
Unallocated Loss on Revaluation of Asset:	-	-	-	-	-	938,564	-	-	-	-
Unallocated Depreciation	62,052	62,357	62,586	63,025	63,478	67,969	169,802	166,580	144,074	120,420
Total Governmental Activities Expenses:	3,278,427	3,398,684	3,132,764	2,719,647	2,649,554	3,435,922	2,740,406	2,923,371	2,764,652	2,625,141
Business-Type Activities:										
Food Service	-	-	-	-	-	-	-	1,091	94,083	92,291
School Store	-	-	-	-	-	-	2,456	3,039	3,609	1,386
After School Program	7,903	13,680	14,957	13,086	14,592	15,113	-	-	-	-
Total Business-Type Activities Expenses:	7,903	13,680	14,957	13,086	14,592	15,113	2,456	4,130	97,692	93,677
Total District Expenses	\$ 3,286,330	\$ 3,412,364	\$ 3,147,721	\$ 2,732,733	\$ 2,664,146	\$ 3,451,035	\$ 2,742,862	\$ 2,927,501	\$ 2,862,344	\$ 2,718,818

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 476,857	\$ 701,634	\$ 551,784	\$ 304,895	\$ 347,554	\$ 113,551	\$ 120,702	\$ 148,604	\$ 113,142	\$ 213,700
Total Governmental Activities	476,857	701,634	551,784	304,895	347,554	113,551	120,702	148,604	113,142	213,700
Business-Type Activities:										
Operating grants and contributions	-	-	-	-	-	-	-	-	19,929	18,380
Charges for Services	11,291	24,546	27,905	18,249	17,229	16,454	2,224	3,413	27,063	22,691
Total Business Type Activities	11,291	24,546	27,905	18,249	17,229	16,454	2,224	3,413	46,992	41,071
Total District Program Revenues	\$ 488,148	\$ 726,180	\$ 579,689	\$ 323,144	\$ 364,783	\$ 130,005	\$ 122,926	\$ 152,017	\$ 160,134	\$ 254,771
Net (Expense)/Revenue										
Governmental Activities	\$ (2,801,570)	\$ (2,697,050)	\$ (2,580,980)	\$ (2,414,752)	\$ (2,302,000)	\$ (3,322,371)	\$ (2,619,704)	\$ (2,774,767)	\$ (2,651,510)	\$ (2,411,441)
Business-Type Activities	3,388	10,866	12,948	5,163	2,637	1,341	(232)	(717)	(50,700)	(52,606)
Total District-Wide Net Expense	\$ (2,798,182)	\$ (2,686,184)	\$ (2,568,032)	\$ (2,409,589)	\$ (2,299,363)	\$ (3,321,030)	\$ (2,619,936)	\$ (2,775,484)	\$ (2,702,210)	\$ (2,464,047)

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,901,135	\$ 1,863,858	\$ 1,827,312	\$ 1,650,760	\$ 1,618,392	\$ 1,586,659	\$ 1,555,548	\$ 1,525,743	\$ 1,505,700	\$ 1,447,788
Taxes Levied for Debt Service	244,904	104,771	104,506	104,115	103,559	102,625	99,683	44,846	39,389	81,008
Unrestricted Grants & Contributions	721,600	727,361	724,168	722,034	718,789	970,824	920,267	1,022,377	947,475	891,255
Tuition Received	14,600	14,500	14,500	15,900	9,200	7,700	-	-	-	-
Miscellaneous Income	6,445	9,645	18,012	14,856	2,216	4,926	14,132	18,569	14,502	63,520
Prior Year Receivable Cancelled	-	-	-	-	-	-	(3,059)	(8,301)	-	(17,207)
Other Special Items	-	-	-	-	-	-	11,840	(25,937)	-	-
Transfers	-	-	-	-	-	-	-	-	(50,327)	(50,982)
Total Governmental Activities	2,888,684	2,720,135	2,688,498	2,507,665	2,452,136	2,672,734	2,598,411	2,577,297	2,456,739	2,415,382
Business-Type Activities										
Interest Earned	-	-	-	-	-	-	-	17	-	10
Transfers	-	-	-	-	-	(281)	-	(1,046)	50,327	50,972
Total Business-Type Activities	-	-	-	-	-	(281)	-	(1,029)	50,327	50,982
Total District-Wide	\$ 2,888,684	\$ 2,720,135	\$ 2,688,498	\$ 2,507,665	\$ 2,452,136	\$ 2,672,453	\$ 2,598,411	\$ 2,576,268	\$ 2,507,066	\$ 2,466,364
Change in Net Position:										
Governmental Activities	\$ 87,114	\$ 23,085	\$ 107,518	\$ 92,913	\$ 150,136	\$ (649,637)	\$ (21,293)	\$ (197,470)	\$ (194,771)	\$ 3,941
Business-Type Activities	3,388	10,866	12,948	5,163	2,637	1,060	(232)	(1,746)	(373)	(1,624)
Total District	\$ 90,502	\$ 33,951	\$ 120,466	\$ 98,076	\$ 152,773	\$ (648,577)	\$ (21,525)	\$ (199,216)	\$ (195,144)	\$ 2,317

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 387,305	\$ 282,296	\$ 330,263	\$ 273,554	\$ 216,680	\$ 296,203	\$ -	\$ 30,000	\$ 30,000	\$ -
Assigned	3,337	77,105	676	870	-	23,394	(3,933)	(76,439)	(26,587)	95,350
Unassigned	193,893	195,185	194,364	187,976	184,700	(37,063)	-	-	-	-
Total General Fund	\$ 584,535	\$ 554,586	\$ 525,303	\$ 462,400	\$ 401,380	\$ 282,534	\$ (3,933)	\$ (46,439)	\$ 3,413	\$ 95,350
All Other Governmental Funds:										
Unassigned, Reported in:										
Special Revenue Fund	\$ (3,543)	\$ (3,543)	\$ (3,305)	\$ (2,600)	\$ (2,991)	\$ (2,710)	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	1,916,314	4,134,360	2,389	2,389	2,389	2,389	2,691	17,629	109,119	542,611
Assigned, Reported in:										
Debt Service Fund	56,787	587	7	9	5	48	48	6,187	56,289	106,049
Total All Other Governmental Funds	\$ 1,969,558	\$ 4,131,404	\$ (909)	\$ (202)	\$ (597)	\$ (273)	\$ 2,739	\$ 23,816	\$ 165,408	\$ 648,660

EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax Levy	\$ 2,146,039	\$ 1,968,629	\$ 1,931,818	\$ 1,754,875	\$ 1,721,931	\$ 1,689,284	\$ 1,655,231	\$ 1,570,589	\$ 1,545,089	\$ 1,528,796
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Other Local Revenue	21,045	24,145	32,512	30,756	11,416	12,626	16,632	18,569	14,502	63,520
State Sources	1,100,558	1,047,890	992,413	937,497	983,580	997,920	935,116	1,003,938	975,001	1,016,256
Federal Sources	97,899	95,485	94,720	89,432	82,763	86,455	103,353	167,043	85,615	88,699
Total Revenue	3,365,541	3,136,149	3,051,463	2,812,560	2,799,690	2,786,285	2,710,332	2,760,139	2,620,207	2,697,271
Expenditures										
Instruction:										
Regular Instruction	809,196	782,949	759,508	782,546	810,565	743,708	841,501	839,434	898,778	836,120
Special Education Instruction	304,641	288,604	234,155	262,333	202,222	220,726	148,319	150,194	160,240	256,666
Other Instruction	173,942	172,790	196,293	118,659	115,063	61,249	43,555	97,490	116,249	25,669
Support Services:										
Instruction	-	-	-	-	-	-	121,058	138,744	118,059	136,290
Tuition	116,573	116,245	111,093	31,777	2,018	132,191	241,531	122,976	102,474	69,297
Student & Instruction Related Services	303,292	306,413	336,432	319,782	305,282	199,717	44,560	99,438	91,523	61,365
General Administrative Services	129,955	143,647	149,875	137,429	139,673	133,297	138,819	101,194	119,059	143,093
School Administrative Services	74,718	78,125	79,916	60,282	63,128	72,519	29,792	127,284	57,279	62,514
Plant Operations & Maintenance	162,146	155,309	168,808	167,951	160,282	148,204	211,341	198,211	177,820	181,525
Pupil Transportation	147,177	146,917	163,126	132,304	131,066	124,450	156,780	165,283	148,833	145,683
Unallocated Benefits	467,073	756,775	631,711	580,332	594,919	510,818	533,399	652,793	562,874	516,935
On-Behalf TPAF Pension & FICA Con	343,528	-	-	-	-	-	-	-	-	-
Capital Outlay	2,218,046	261,029	-	-	-	-	15,240	91,490	433,492	946,159
Debt Service:										
Principal	125,000	120,000	115,000	110,000	105,000	100,000	100,000	95,000	91,000	60,000
Interest & Other Charges	122,151	38,750	43,350	47,750	51,950	55,950	59,950	63,750	67,390	69,565
Total Expenditures	5,497,438	3,367,553	2,989,267	2,751,145	2,681,168	2,502,829	2,685,845	2,943,281	3,145,070	3,510,881

**EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,131,897)	(231,404)	62,196	61,415	118,522	283,456	24,487	(183,142)	(524,863)	(813,610)
Other Financing Sources/(Uses):										
Transfers In	-	-	-	-	-	-	-	-	-	4,188
Transfers Out	-	-	-	-	-	-	-	-	(50,327)	(55,169)
Bond Proceeds	-	4,393,000	-	-	-	-	-	-	-	-
Cancellation of Prior Year Accounts Receivable	-	-	-	-	-	-	(3,059)	(8,301)	-	(17,207)
Total Other Financing Sources/ (Uses)	-	4,393,000	-	-	-	-	(3,059)	(8,301)	(50,327)	(68,188)
Net Change in Fund Balances	<u>\$ (2,131,897)</u>	<u>\$ 4,161,596</u>	<u>\$ 62,196</u>	<u>\$ 61,415</u>	<u>\$ 118,522</u>	<u>\$ 283,456</u>	<u>\$ 21,428</u>	<u>\$ (191,443)</u>	<u>\$ (575,190)</u>	<u>\$ (881,798)</u>

Debt Service as a Percentage of
Noncapital Expenditures

7.54%	5.11%	5.30%	5.73%	5.85%	6.23%	5.99%	5.57%	5.84%	5.05%
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Source: District Records

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	BID BOND FORFEITED	INTEREST EARNED	TUITION	AFTER-CARE CHARGES (NET)	MISCELLANEOUS	TOTAL
2017	\$ -	\$ -	\$ 14,600	\$ -	\$ 2,041	\$ 16,641
2016	-	-	14,500	-	4,936	19,436
2015	-	-	14,500	-	12,134	26,634
2014	-	-	15,900	-	14,852	30,752
2013	-	1,035	9,200	-	1,176	11,411
2012	-	194	7,700	-	4,732	12,626
2011	-	110	-	11,624	2,350	14,084
2010	-	301	-	4,570	13,396	18,267
2009	-	6,334	-	5,431	2,737	14,502
2008	13,596	2,059	-	74	1,575	17,304

Source: District Records

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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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	\$25,549,100	\$176,936,900	\$268,900	\$39,400	\$28,113,700	\$4,522,400	\$319,200	\$235,749,600	\$-	\$235,749,600	1.628	\$235,749,600
2016	26,046,300	177,811,600	268,900	43,100	29,041,400	4,440,200	319,200	237,970,700	-	237,970,700	1.537	237,970,700
2015	25,145,900	178,845,900	268,900	63,100	29,983,700	4,440,200	319,200	242,369,800	-	239,066,900	1.452	246,639,134
2014	27,018,000	180,405,800	268,900	52,400	29,865,300	4,440,200	319,200	242,194,800	434,584	242,629,384	1.411	254,981,708
2013	25,860,200	182,014,100	268,900	52,400	29,239,800	4,440,200	318,200	242,193,800	434,584	242,628,384	1.335	264,047,789
2012	26,699,700	183,965,800	268,900	52,400	29,565,800	4,310,500	319,200	245,182,300	462,004	245,644,304	1.283	270,501,214
2011	34,511,900	210,822,000	281,500	50,600	33,519,900	3,967,600	436,900	283,590,400	452,190	284,042,590	0.595	264,012,041
2010	36,756,300	209,278,500	281,500	50,600	32,640,200	3,967,600	436,900	283,411,600	555,252	283,966,852	0.583	278,764,342
2009	37,902,600	208,021,100	281,500	50,600	33,617,900	3,967,600	436,900	284,278,200	521,335	284,799,535	0.551	308,406,375
2008	41,450,500	204,913,500	281,500	48,700	33,293,500	3,967,600	436,900	284,392,200	491,494	284,883,694	0.542	308,490,534

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	PINELANDS REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OF EAGLESWOOD	OCEAN COUNTY	
2017	1.009	0.619	1.628	0.415	0.342	2.385
2016	0.902	0.635	1.537	0.406	0.358	2.301
2015	0.823	0.629	1.452	0.398	0.423	2.273
2014	0.796	0.615	1.411	0.388	0.399	2.198
2013	0.723	0.612	1.335	0.379	0.412	2.126
2012	0.701	0.582	1.283	0.361	0.331	1.975
2011	0.595	0.477	1.072	0.313	0.315	1.700
2010	0.583	0.513	1.096	0.293	0.320	1.709
2009	0.551	0.490	1.041	0.283	0.333	1.657
2008	0.542	0.463	1.005	0.283	0.332	1.620

Source: Municipal Tax Collector

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS,
 CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Taxpayer #1	\$ 4,234,700	1	1.74%
Taxpayer #2	2,949,200	2	1.21%
Taxpayer #3	2,568,500	3	1.06%
Taxpayer #4	1,902,500	4	0.78%
Taxpayer #5	1,743,200	5	0.72%
Taxpayer #6	1,456,200	6	0.60%
Taxpayer #7	1,363,500	7	0.56%
Taxpayer #8	1,303,700	8	0.54%
Taxpayer #9	1,286,900	9	0.53%
Taxpayer #10	1,239,100	10	0.51%
Total	<u>\$ 20,047,500</u>		<u>8.25%</u>

Taxpayer	2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

Source: Municipal Tax Assessor

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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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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2017	\$ 2,146,039	\$ 2,146,039	100.00%
2016	1,968,629	1,968,629	100.00%
2015	1,931,818	1,931,818	100.00%
2014	1,721,931	1,721,931	100.00%
2013	1,721,931	1,721,931	100.00%
2012	1,689,284	1,689,284	100.00%
2011	1,655,231	1,655,231	100.00%
2010	1,570,589	1,570,589	100.00%
2009	1,545,089	1,545,089	100.00%
2008	1,528,796	1,528,796	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2017	\$ 5,098,000	\$ -	\$ 5,098,000	N/A	N/A	
2016	5,223,000	-	5,223,000	N/A	3,256	
2015	950,000	-	950,000	1.28%	592	
2014	1,065,000	-	1,065,000	1.50%	665	
2013	1,175,000	-	1,175,000	1.71%	733	
2012	1,280,000	-	1,280,000	1.87%	799	
2011	1,380,000	-	1,380,000	2.08%	861	
2010	1,480,000	-	1,480,000	2.32%	924	
2009	1,575,000	-	1,575,000	2.33%	925	
2008	1,666,000	-	1,666,000	2.40%	992	

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 5,098,000	\$ -	\$ 5,098,000	2.14%	N/A
2016	5,223,000	-	5,223,000	2.19%	3,256
2015	950,000	-	950,000	0.40%	592
2014	1,065,000	-	1,065,000	0.44%	665
2013	1,175,000	-	1,175,000	0.48%	733
2012	1,280,000	-	1,280,000	0.52%	799
2011	1,380,000	-	1,380,000	0.49%	861
2010	1,480,000	-	1,480,000	0.52%	924
2009	1,575,000	-	1,575,000	0.55%	925
2008	1,666,000	-	1,666,000	0.58%	992

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Eagleswood	\$ 648,332	100.00%	\$ 648,333
Couty of Ocean - Township's Share	457,267,841	0.256%	1,169,537
Subtotal, Overlapping Debt			1,817,870
Eagleswood School District Direct Debt			5,098,000
Total Direct & Overlapping Debt			<u>\$ 6,915,870</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.

**EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 6,002,852	\$ 6,054,612	\$ 6,165,978	\$ 6,399,543	\$ 4,431,248	\$ 6,781,884	\$ 7,078,942	\$ 7,397,458	\$ 7,611,026	\$ 6,876,231
Total Net Debt Applicable to Limit	5,098,000	5,223,000	950,000	1,065,000	1,175,000	1,280,000	1,380,000	1,480,000	1,575,000	1,666,000
Legal Debt Margin	<u>\$ 904,852</u>	<u>\$ 831,612</u>	<u>\$ 5,215,978</u>	<u>\$ 5,334,543</u>	<u>\$ 3,256,248</u>	<u>\$ 5,501,884</u>	<u>\$ 5,698,942</u>	<u>\$ 5,917,458</u>	<u>\$ 6,036,026</u>	<u>\$ 5,210,231</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	84.93%	86.26%	15.41%	16.64%	26.52%	18.87%	19.49%	20.01%	20.69%	24.23%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 231,759,544
2015	241,946,058
2014	<u>246,636,613</u>
	<u>\$ 720,342,215</u>
Average Equalized Valuation of Taxable Property	<u>\$ 240,114,072</u>
Debt Limit (2.5 % of Average Equalization Value)	\$ 6,002,852
Net Bonded School Debt	<u>5,098,000</u>
Legal Debt Margin	<u>\$ 904,852</u>

Source:
Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation. Limit set by N.J.S.A.18A:24-19 for K through 12 district; other % limits would be applicable for other districts.

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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 economic statistics and factors prevalent in the location in which the School District operates.

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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	COUNTY PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2016	1,604	N/A	N/A	6.50%
2015	1,605	74,004,945	46,109	N/A
2014	1,601	71,169,253	44,453	N/A
2013	1,603	68,842,438	42,946	7.09%
2012	1,603	68,292,609	42,603	9.50%
2011	1,602	66,442,950	41,475	9.30%
2010	1,602	63,748,386	39,793	8.90%
2009	1,703	67,721,498	39,766	8.40%
2008	1,679	69,315,836	41,284	5.10%
2007	1,648	65,943,072	40,014	5.10%

Source:

- (a) Population information provided by US Bureau of the Census; Population Division
 - (b) Personal income calculated using population and per capita personal income
 - (c) Per Capita personal income provided by the NJ Dept of Labor and Workforce Development
 - (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development
- N/A - Information not available.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2017		2008	
	EMPLOYEES	RANK	EMPLOYEES	RANK
Easgleswood Elementary School				
Shorline, Inc.	NOT AVAILABLE		NOT AVAILABLE	
Clayton Block Company, Inc.				
Atlantic City Electric				

Source: Ocean County Office of Economic Development

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Operating Information

Operating information is intended to provide contextual information about the School District's operations 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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**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular & Special Education	14	14	14	14	14	12	12	12	12	12
Special	5	5	5	5	5	5	5	5	5	5
Other Support Services	4	4	6	5	4	2	2	2	2	2
Support Services:										
Attendance & Health Services	1	1	1	1	1	1	1	1	1	1
General Administrative Services	2	2	2	2	2	2	5	5	5	5
School Administration	2	2	2	2	2	2	5	5	5	5
Operations & Maintenance	2	2	2	2	2	2	2	2	2	2
Total	30	30	32	31	30	26	32	32	32	32

Source: District Personnel Records

**EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	144	\$ 3,032,241	\$ 21,057	11.45%	19	8.1	141.2	134.9	-7.29%	95.54%
2016	153	2,890,849	18,894	-5.39%	19	8.1	152.3	146.6	10.20%	96.26%
2015	143	2,855,814	19,971	9.85%	19	7.2	138.2	132.4	-3.03%	95.80%
2014	143	2,599,822	18,181	3.28%	19	7.5	142.5	134.5	4.87%	94.38%
2013	137	2,411,542	17,602	11.13%	19	7.2	135.9	127.7	-3.62%	93.97%
2012	141	2,233,328	15,839	-8.90%	19	7.4	141.0	138.0	4.44%	97.87%
2011	136	2,364,676	17,387	-12.57%	19	7.2	135.0	126.0	-6.25%	93.33%
2010	148	2,943,281	19,887	-10.84%	19	7.8	144.0	137.5	4.80%	95.49%
2009	141	3,145,069	22,305	-9.78%	19	7.4	137.4	130.6	-3.24%	95.05%
2008	142	3,510,880	24,725	44.01%	19	7.5	142.0	138.5	-1.39%	97.54%

Sources: District records

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Eagleswood Elementary	27,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Square Feet	200	175	175	175	175	175	175	175	175	175
Capacity (Students)	144	153	143	143	137	141	131	148	141	142
Enrollment										

Number of Schools at June 30, 2017:
Elementary = 1

Source: District Facilities Office

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	EAGLESWOOD ELEMENTARY
2017	\$ 43,890
2016	43,833
2015	47,353
2014	57,089
2013	53,683
2012	47,469
2011	28,949
2010	25,998
2009	18,285
2008	<u>20,497</u>
Total School Facilities	<u><u>\$ 387,046</u></u>

Source: District records

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
Property:		
Blanket Building & Personal Property	\$400,000,000	\$1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers and Records	10,000,000	1,000
Demolition and Increased Cost of Construction	1,000,000	per occurrence
Fire Department Service Charge	10,000	
Arson Award	10,000	
Pollutant Cleanup & Removal	250,000	
Flood	75,000,000	per occurrence
Earthquake	50,000,000	per occurrence
Terrorism	1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software	100,000	per occurrence
Equipment:		
Combined Limit per Accident for Property Damage And Business Income	100,000,000	1,000
Crime:		
Various	5,000-25,000	500
Comprehensive General Liability & Automobile Liability:		
Combined Limit per Bodily Injury & Property Damage And Property Damage	10,000,000	
Automobile		
Combined Limit per Bodily Injury & Property Damage And Property Damage	10,000,000	
Boiler & Machinery:		
Limits of Liability	Included	
Hazardous Substance Expense	25,000	
School Leaders Errors & Omissions Liability:		
Limit of Liability	10,000,000	each policy period
Limit of Liability	100,000	each claim
Workers Compensation:		
Bodily Injury by Accident & Disease	2,000,000	each accident/employee

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
Eagleswood Township School District
County of Ocean
West Creek, New Jersey 08092

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 activities, the business-type activities, each major fund and the aggregate remaining fund information of the Eagleswood Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Eagleswood Township School District's basic financial statements, and have issued our report thereon dated November 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Eagleswood Township 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Eagleswood Township 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eagleswood Township 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 29, 2017

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Eagleswood Township School District
County of Ocean
West Creek, New Jersey 08092

Report on Compliance for Each Major State Program

We have audited the Eagleswood Township School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Eagleswood Township School District's major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Eagleswood Township School District's major 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; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In our opinion, the Eagleswood Township 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 state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Eagleswood Township 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 the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 the 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 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 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 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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 29, 2017

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**EAGLEWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL AWARD CFDA IDENTIFICATION NUMBER	FEDERAL AWARD NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE JUNE 30, 2017 ACCOUNTS RECEIVABLE
U.S. Department of Education										
Passed Through New Jersey Department of Education:										
I.D.E.A. Part B (Special Education Cluster)										
Basic	84.027	H027A160100	100-034-5065-016	44,602	7/1/16-6/30/17	-	44,602	(44,602)	-	-
Basic	84.027	H027A150100	100-034-5065-016	42,955	7/1/15-6/30/16	(8,590)	8,590	-	-	-
Subtotal						(8,590)	53,192	(44,602)	-	-
Preschool	84.173	H173A160114	100-034-5065-020	3,244	7/1/16-6/30/17	-	3,244	(3,244)	-	-
Preschool	84.173	H173A150114	100-034-5065-020	3,192	7/1/15-6/30/16	(638)	638	-	-	-
Subtotal						(638)	3,882	(3,244)	-	-
Total Special Education Cluster						(9,228)	57,074	(47,846)	-	-
No Child Left Behind (N.C.L.B.)										
Title I - Part A	84.010	S010A160030	100-034-5064-194	27,159	7/1/16-6/30/17	-	27,159	(27,159)	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	27,170	7/1/15-6/30/16	(9,919)	9,919	-	-	-
Subtotal						(9,919)	37,078	(27,159)	-	-
Title II - Part A	84.367	S367A160029	100-034-5063-290	5,949	7/1/16-6/30/17	-	5,949	(5,949)	-	-
Title II - Part A	84.367	S367A150029	100-034-5063-290	6,123	7/1/15-6/30/16	(2,123)	2,123	-	-	-
Subtotal						(2,123)	8,072	(5,949)	-	-
Rural Education Achievement Program	84.358A	S358A160030	Unavailable	16,945	7/1/16-6/30/17	-	-	(16,945)	-	(16,945)
Rural Education Achievement Program	84.358A	S358A160030	Unavailable	16,045	7/1/15-6/30/16	(6,767)	6,767	-	-	-
Subtotal						(6,767)	6,767	(16,945)	-	(16,945)
Total Federal Financial Assistance						\$ (28,037)	\$ 108,991	\$ (97,899)	\$ -	\$ (16,945)

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

STATE GRANTOR/ PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO RECIPIENTS	BALANCE		MEMO		
								ACCOUNTS RECEIVABLE	JUNE 30, 2017	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
<u>New Jersey Department of Education:</u>												
General Fund:												
Equalization Aid	495-034-5120-078	\$ 447,437	7/1/16-6/30/17	\$ -	\$ 447,437	\$ (447,437)	\$ -	\$ -	\$ 39,060	\$ 447,437	\$ -	\$ -
Security Aid	495-034-5120-084	18,682	7/1/16-6/30/17	-	18,682	(18,682)	-	-	1,631	18,682	-	-
Adjustment Aid	495-034-5120-085	62,721	7/1/16-6/30/17	-	62,721	(62,721)	-	-	5,475	62,721	-	-
Special Education Aid	495-034-5120-089	73,426	7/1/16-6/30/17	-	73,426	(73,426)	-	-	6,410	73,426	-	-
Per Pupil Growth Aid	495-034-5120-097	1,220	7/1/16-6/30/17	-	1,220	(1,220)	-	-	107	1,220	-	-
PARCC Readiness Aid	495-034-5120-098	1,220	7/1/16-6/30/17	-	1,220	(1,220)	-	-	107	1,220	-	-
Professional Community Learning Aid	495-034-5120-101	1,330	7/1/16-6/30/17	-	1,330	(1,330)	-	-	116	1,330	-	-
Total State Aid Public				-	606,036	(606,036)	-	-	52,906	606,036	-	-
Transportation Aid	495-034-5120-014	59,476	7/1/16-6/30/17	-	59,476	(59,476)	-	-	5,192	59,476	-	-
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,406	7/1/16-6/30/17	-	-	(1,406)	-	(1,406)	-	-	-	1,406
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,580	7/1/15-6/30/16	(1,580)	1,580	-	-	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	585	7/1/16-6/30/17	-	-	(585)	-	(585)	-	-	-	585
Extraordinary Aid	495-034-5120-044	1,757	7/1/15-6/30/16	(1,757)	1,757	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	95,370	7/1/16-6/30/17	-	90,729	(95,370)	-	(4,641)	-	-	-	95,370
Reimbursed TPAF Social Security Contributions	100-034-5094-003	89,503	7/1/15-6/30/16	(8,732)	8,732	-	-	-	-	-	-	-
TPAF - Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	112,712	7/1/16-6/30/17	-	112,712	(112,712)	-	-	-	-	-	112,712
TPAF - Normal Pension Contributions (Noncash Assistance)	495-034-5094-002	135,271	7/1/16-6/30/17	-	135,271	(135,271)	-	-	-	-	-	135,271
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	175	7/1/16-6/30/17	-	175	(175)	-	-	-	-	-	175
Total General Fund				(12,069)	1,016,468	(1,011,031)	-	(6,632)	58,098	1,011,031	-	-
Special Revenue Fund:												
Preschool Education Aid	495-034-5120-086	35,430	7/1/16-6/30/17	-	35,430	(35,430)	-	-	3,543	35,430	-	-
Total Special Revenue Fund				-	35,430	(35,430)	-	-	3,543	35,430	-	-
Debt Service Fund:												
School Construction Debt Service Aid	495-034-5120-075	54,043	7/1/16-6/30/17	-	54,043	(54,043)	-	-	-	-	-	54,043
Total Debt Service Fund				-	54,043	(54,043)	-	-	-	-	-	54,043
Total State Financial Assistance				\$ (12,069)	\$ 1,105,941	\$ (1,100,504)	\$ -	\$ (6,632)	\$ 61,641	\$ 1,100,504	\$ -	\$ -
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post-Retirement Medical (Noncash Assistance)	495-034-5094-001					\$ 112,712						
TPAF - Normal Pension Contributions (Noncash Assistance)	495-034-5094-002					135,271						
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004					175						
Total State Financial Assistance subject to Calculation for Major Program Determination						\$ (852,346)						

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

EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Eagleswood Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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*. 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 federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 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.

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$54 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,011,085	\$ 1,011,085
Special Revenue Fund	97,899	35,430	133,329
Debt Service Fund	-	54,043	54,043
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 97,899</u>	<u>\$ 1,100,558</u>	<u>\$ 1,198,457</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. Federal and State Loans Outstanding

The Eagleswood Township School District had no loan balances outstanding at June 30, 2017.

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	Not Applicable	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$ 750,000 _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public: _____
_____ 495-034-5120-078 _____	_____ Equalization Aid _____
_____ 495-034-5120-084 _____	_____ Security Aid _____
_____ 495-034-5120-085 _____	_____ Adjustment Aid _____
_____ 495-034-5120-089 _____	_____ Special Education Categorical Aid _____
_____ 495-034-5120-097 _____	_____ Per Pupil Growth Aid _____
_____ 495-034-5120-098 _____	_____ PARCC Readiness Aid _____
_____ 495-034-5120-101 _____	_____ Professional Learning Community Aid _____

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

**EAGLESWOOD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.