

EATONTOWN PUBLIC SCHOOL DISTRICT

Eatontown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
EATONTOWN PUBLIC SCHOOL DISTRICT
EATONTOWN, NEW JERSEY**



YEAR ENDED JUNE 30, 2018

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
LORI YOUNGCLAUS**

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TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION (First Section)	
Letter of Transmittal	1
Organizational Chart	15
Certificate of Excellence	16
Roster of Officials	17
Consultants and Advisors	18
FINANCIAL SECTION (Second Section)	
Independent Auditor's Report	21
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	27
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	39
A-2 Statement of Activities	40
B. Fund Financial Statements:	
B-1 Balance Sheet	45
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	46
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	47
Proprietary Funds:	
B-4 Statement of Net Position	51
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Position	52
B-6 Statement of Cash Flows	53
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	57
B-8 Statement of Changes in Fiduciary Net Position	58
Notes to Financial Statements	61
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	103
C-2 Budgetary Comparison Schedule – Special Revenue Fund	111
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	115

TABLE OF CONTENTS

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	121
L-2 Schedule of the School District Contributions - PERS	122
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	123
M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)	
M-1 Schedule of Changes in the Net OPEB Liability and Related Ratios - OPEB	127
Notes to the Required Supplementary Information - Part III	131
OTHER SUPPLEMENTARY INFORMATION	
D. School Based Budget Schedules Fund (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Special Revenue Fund – Budgetary Basis	139
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Fund –	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	147
H-2 Combining Statement of Changes in Fiduciary Net Position	148
H-3 Student Activity Agency Fund - Schedule of Receipts & Disbursements	149
H-4 Payroll Agency Fund - Schedule of Receipts & Disbursements	149
H-5 Athletic Agency Fund - Schedule of Receipts and Disbursements	N/A

TABLE OF CONTENTS

	PAGE
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	153
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	154
I-4 Schedule of Early Retirement Incentive Plan Loans Payable	N/A

STATISTICAL SECTION (Unaudited)

(Third Section)

Financial Trends:

J-1 Net Position by Component	159
J-2 Changes in Net Position	160
J-3 Fund Balances – Governmental Funds	162
J-4 Changes in Fund Balances – Governmental Funds	163
J-5 General Fund - Other Local Revenue by Source	164

Revenue Capacity:

J-6 Assessed Value & Actual Value of Taxable Property	167
J-7 Direct and Overlapping Property Tax Rates	168
J-8 Principal Property Taxpayers	169
J-9 Property Tax Levies and Collections	170

Debt Capacity:

J-10 Ratios of Outstanding Debt by Type	173
J-11 Ratios of Net General Bonded Debt Outstanding	174
J-12 Ratios of Overlapping Governmental Activities Debt	175
J-13 Legal Debt Margin Information	176

Demographic & Economic Information:

J-14 Demographic & Economic Statistics	179
J-15 Principal Employers	180

Operating Information:

J-16 Full-Time Equivalent District Employees by Function/Program	183
J-17 Operating Statistics	184
J-18 School Building Information	185
J-19 Schedule of Required Maintenance	186
J-20 Insurance Schedule	187

SINGLE AUDIT SECTION

(Fourth Section)

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	191
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08	193
K-3 Schedule of Expenditures of Federal Awards, Schedule A	195
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	196
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	197
K-6 Schedule of Findings and Questioned Cost - Part I	199
K-7 Schedule of Findings and Questioned Costs - Part II & III	201
K-8 Summary Schedule of Prior Year Audit Findings	203

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INTRODUCTORY SECTION

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EATONTOWN BOARD OF EDUCATION

Office of the School Business Administrator/Board Secretary

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November 30, 2018

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

Dear Board Members/Citizens:

It is with pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the Eatontown School District (District) for the fiscal year ended June 30, 2018. This CAFR includes the district's basic financial statements prepared in accordance with generally accepted accounting principles for local governments. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities, including the Management's Discussion Analysis, have been included.

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

- The Introductory Section contains a Letter of Transmittal, Roster of Officials, List of Consultants, Independent Auditors and Advisors, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the district's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)" and the New Jersey State Treasury Circular Letter 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 auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the Single Audit Section of this report.

SCHOOL DISTRICT ORGANIZATION

The Eatontown Public School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 as amended by GASB Statement No. 39. The Eatontown Board of Education and its four schools constitute the district's reporting entity.

The district continues to maintain a high quality of education which consists of a K-8 district in New Jersey. The district provides a full range of programs and services appropriate to grades Pre-K through 8. These include regular education programs for the very able students (gifted and talented), as well as those for students with disabilities both in and out of district. Three elementary schools and one middle school comprise the district's instructional facilities.

Supervising district-wide goals is a district superintendent, a school business administrator/board secretary, a director of elementary and secondary education, and a supervisor of special services. Each of the three elementary schools have their own principal. The Memorial Middle School has their own principal as well.

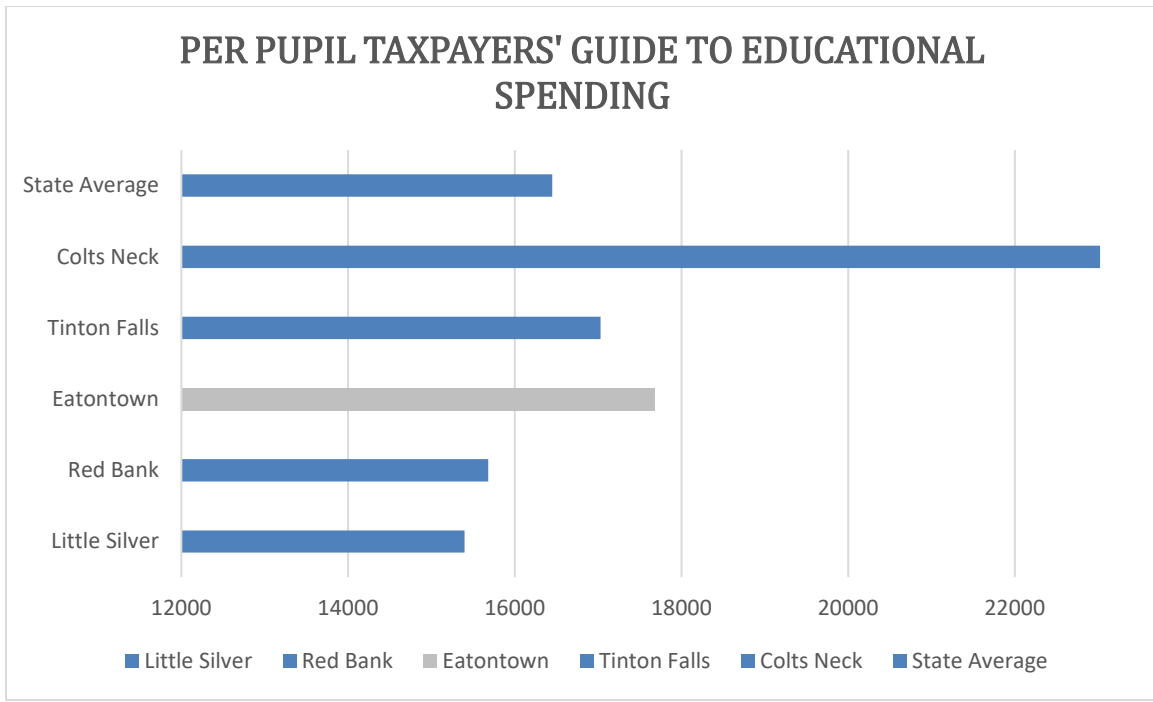
The Board of Education, comprised of nine members, each elected to three-year terms, meets on the second and fourth Monday of each month for regular meetings. Committee meetings take place one to two other times per month. During the meetings and committee meetings the board members determine district goals, priorities, set policy, and conduct other business. Board meetings are open to the public and begin at 7:00 PM.

PTA's/PTO's are highly active in the district and provide community support for a variety of programs and activities for the children. The PTAs/PTO help to provide the financial resources needed to support various educational programs for the schools and students.

To maintain effective communications, the district uses several options to ensure a consistent flow of information to our stakeholders. Communication tools utilized by the district include a district website that is updated regularly with important information for parents, such as school closures, delayed openings, medical/health alerts, new curriculum initiatives, and more. The district also communicates with parents via Swift911, a system that provides both phone and text message contact options. The ability to contact the entire parent population within 20 minutes about changes in the school day, i.e. early closure, or to be able to update them in an emergency situation, is a vital component in ensuring that our communication efforts are timely, accurate and effective. The districts also utilizes Parent Portal for communications between home and school for non-emergency notifications such as grades, attendance records, and events within the schools.

EDUCATIONAL PROGRAM

Each district school follows district-wide goals and educational approaches to the teaching of children, while maintaining a unique personality based upon the age of the students. All curricula in our district have been aligned to the New Jersey Student Learning Standards. In July 2018, the New Jersey Department of Education released its Taxpayers' Guide to Education Spending (formerly the Comparative Spending Guide) for all school districts in the state. The guide compares districts with those similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$17,678 per pupil while the average cost for similar districts is \$16,450. According to the report, per pupil costs range from a low of \$9,858 to a high of \$24,370 for districts of this type. Of the 76 other K-8 school districts in the state with enrollments exceeding 751 children, Eatontown ranks 61st lowest in total cost per pupil.



Elementary School: Grades K through 6

Currently, there are three elementary schools (Meadowbrook School, Woodmere Elementary, Margaret L. Vetter Elementary) housing students in grades Pre K through 6 and providing a comprehensive educational program.

Meadowbrook School – a grade K-2 school of 298 students. There is one administrator and a staff of 37 teachers, instructional assistants and school aides. The school is located on Wyckoff Road in Eatontown.

Woodmere Elementary School – a grade Pre-K and 3-4 school of 247 students. There is one administrator and a staff of 39 teachers, instructional assistants and school aides. The school is located on Raleigh Court in Eatontown.

Margaret L. Vetter School – a grade 5-6 school of 228 students. There is one administrator and a staff of 31 teachers, instructional assistants and school aides. The school is located on Grant Avenue in Eatontown.

Middle School: Grades 7 and 8

Currently, there is one middle school (Memorial Middle School) that offer students in grades 7 and 8 a comprehensive educational program.

Memorial Middle School – a grade 7-8 school of 214 students. There is one administrator and a staff of 29 teachers, instructional assistants and school aides. The school is located on Grant Avenue in Eatontown.

DISTRICT CURRICULUM

The goal of the Eatontown K-8 Public Schools System is to encourage lifelong learning for all students. The district provides curricular offerings aligned with the New Jersey Student Learning Standards that enable students to develop intellectually, socially, physically and emotionally. The core subjects of English

Language Arts Literacy, Mathematics, Science, and Social Studies establish the foundation for a curriculum of exploration and breadth.

English Language Arts

The English Language Arts Curriculum is aligned to the New Jersey Student Learning Standards and promotes the language experiences students need in order to grow intellectually, socially, and emotionally. A balanced literacy approach is utilized, which integrates reading, writing, speaking, listening, and viewing to foster instruction that encourages students to think critically and creatively. The curriculum provides the skills students need to be successful throughout their lifetime and moreover, promotes a love of learning that comes with reading great literature and communicating well in speech and writing.

Curriculum was revised and BOE approved based on the state timeline. The district will provide more non-fiction and fictional texts for students and teachers to use within the classroom. The addition of these text materials will enhance students' interest in reading as well as provide more texts in meeting the students' various reading levels.

Mathematics

The overriding goal of mathematics education in the Eatontown Public Schools is to provide students with the higher order thinking skills, mathematical understandings and problem-solving attitudes to be successful in their careers and daily lives. The curriculum, aligned to the New Jersey Student Learning Standards, takes a developmental and sequential approach; a concept is introduced, subsequently developed, and mastered. The eight mathematical practices are embedded into the curriculum and instruction. With a strong focus on technology, the mathematics curriculum strives to integrate its objectives into all other subjects.

The district math curriculum has been revised and BOE approved in alignment with the NJSL. In addition, the district is ordering supplementary materials to align math educational materials to the NJSL. At the middle school level, the Larsen Pre-Algebra (7th) and the Algebra (8th) books will be used. At the elementary level, the Go Math series will be used. This series is aligned with the NJSL K-6. In order to accelerate math learning and offer Algebra in 8th grade, supplemental materials will be ordered for grades 5-6 to begin the math acceleration process.

Science

Science education in Eatontown provides the experiences to make students aware of the impact of science on society. This comprehensive curriculum, aligned to the New Jersey Student Learning Standards, assures that students develop an understanding of the concepts and processes of science through inquiry, activity, and experimentation. In grades kindergarten through five, the emphasis is placed on broad concept development while incorporating disciplinary core ideas, science and engineering practices, and crosscutting concepts. In grades 7-8, while the incorporation of disciplinary core ideas, science and engineering practices, and crosscutting concepts is still prevalent, the specific areas of earth science, life science and physical science are emphasized.

The district has revised the Science curriculum to the new Next Generation Science Standards and instituted the STEM Scopes Program K-4. In addition, students in grades 3-6 received STEM enrichment throughout the year.

Social Studies

The social studies program reflects our changing society. Through a variety of learning experiences, by linking the past to the present, students develop an appreciation of the continuity of the human experience and realize that each individual has a contribution to make to society. With subject matter drawn from the humanities, this social studies program includes history, geography, government and civics, economics, anthropology, sociology, and psychology. These key study areas are integrated to explain the past, the current human condition, and future possibilities. This curriculum has been revised to align with the New Jersey Student Learning Standards.

World Languages

The focus of the world language program is for students to gain a rich background in the culture of various countries and acquire the ability to communicate in the target language. Students in Kindergarten through grade eight are introduced to Spanish.

The district is fully staffed in these areas. In fact, students are taught Spanish K-8 by a certified, World Language teacher. Our youngest students are exposed to the World Languages curriculum on a routine and consistent basis. Materials for this subject area were ordered recently and will not be modified at this time. Articulation work with Monmouth Regional High School will continue.

Arts

The arts curriculum is intended to promote creative and original thought. The foundation of the arts curriculum is the belief that students are unique and have diverse talents. The goal of the arts programs is to provide rich, educational opportunities for all students to explore vocal music, general music, instrumental music, visual art, drama, and dance.

As a district we have full staffing in both Art and Music PK-8. Students take these courses on a weekly basis as well as have opportunities to participate in after school clubs in these areas as well.

Library Media Center

The library media program embodies the district's philosophy of developing and enhancing critical thinking skills through the use of print, multimedia, and technological resources. Students are encouraged to become life-long learners by fostering recreational reading and providing instruction in research skills that will be useful to them throughout their lifetime. The library media program is an integral part of the total educational program. Students learn the basic processing skills necessary to connect concepts and information in all disciplines and interest areas. As a result of the library media program, students will be able to locate, select and retrieve print and nonprint materials, evaluate information effectively, and access technological resources independently.

Health and Physical Education

The comprehensive health and physical education programs encourage students to take responsibility for their own lives by acting conscientiously in the present and establishing positive health practices that will support and enhance life-long wellness. Students who are health-literate have the knowledge and skills to better achieve and maintain physical, social and emotional health.

The district has full staffing in these areas. Students participate in physical education twice a week. Health is covered in the classroom at the elementary level and at the middle school level students participate in a separate offering. Health education materials were ordered recently. There are no plans to modify these materials next year.

Educational Technology

It is the vision of the district to provide a technologically enriched environment in which our students can perform at optimum levels. The district provides for the acquisition and dissemination of knowledge via technological resources in concert with the New Jersey Student Learning Standards. The district modifies its program as students' needs and current technologies change. As a result, ongoing technology training is a major component of the district's staff development plan via turn-key training sessions as well as out-of-district professional development opportunities. Students in grades 2-8 are equipped with a device daily to enhance learning and acquisition of important technology skills.

The district technology standards are incorporated and infused in the various district curriculum. The Technology Coordinator, Technology Specialists, and Computer Technician all support the integration of technology into the curriculum. The use of Genesis, Microsoft Office, i-Ready, Google Classroom, i-Ready, Discovery Learning, BrainPop, Rosetta Stone, and Activinspire all help technology to be part of the

district's daily use of technology. Resources are available to maintain a high level of technology in the district and maintain a 1:1 student to device ratio in Grades 2-8. Classrooms have been equipped with Smartboards and sound bars for instruction.

Basic Skills

The K-8 Basic Skills Improvement program (BSI) is designed to meet the needs of those students who need additional assistance in English language arts and/or mathematics. The goal of the program is to help students succeed in the classroom. Utilizing small group instruction, students receive instruction either through in-class support or a pull-out model. In order to help a diverse student population to learn and to develop, the district supports remedial instruction in all schools. Title I resources are used to supplement this program.

Elementary Gifted and Talented

The elementary gifted and talented programs are needs-based programs designed for those students who exhibit exceptional intellectual and/or academic needs. The programs provide additional and appropriate educational challenges and opportunities to meet those needs.

The district Gifted and Talented program is supported by a teacher for grades 3-8. Students engage in a specialized curriculum and are pulled from class 2 periods a week. In addition, students in grades K-2 receive enrichment opportunities throughout the year. For a district of Eatontown's size, the community is proud of its Gifted and Talented as well as enrichment programs.

Middle School's Honors

The middle school's honors programs are subject specific.

- English Language Arts;
- Math

English as a Second Language (ESL)

The ESL program addresses the needs of students who have acquired another language prior to their exposure to English. The program is designed to help students develop both communicative skills and academic language proficiency in English so that they can succeed in school. The ESL program focuses on the development of skills in listening, comprehension, speaking, reading, writing, and American culture. Support is provided in the content areas of science, social studies, reading, and mathematics. This program and its range of services have expanded over the years. Title III resources are used to enhance this program. The district serves as a lead in the Title III consortium.

Special Education

The special education program continues to be an integral part of the district and of each school. There are inclusive classrooms at each of the district's schools as well as pull-out resource rooms and self-contained classrooms at most schools. Over the last five years, our special education population has increased well above the state average. The District continues to work diligently to address this concern through providing appropriate services and programs for students.

The inclusive programs support the District's goal of educating the maximum number of students in general education settings as appropriate. The district has proved successful at doing this and is working on continuing this work in the future.

New Jersey Student Learning Standards

The Eatontown Public School district is following the Department of Education's guidelines for the adoption of the 2016 New Jersey Student Learning Standards. All approved curricula are aligned to the New Jersey Student Learning Standards.

Staff Development

The Eatontown Public School district provides its teaching staff with many opportunities for professional development.

In the beginning of the school year, all newly hired teachers receive one day of intensive in-service that includes instructional strategies, classroom management, curriculum, mentoring, district policy, technology, and security. Mentors are assigned to new staff members to provide support throughout the school year.

Four full day professional days are built into the school calendar, enabling teachers to attend sessions related to instructional strategies, curricular updates, textbook orientation, and district-wide grade level and department meetings. Eight additional one-session days are provided to in-service the staff through building-based professional learning communities. Teachers also are afforded the opportunity to take two additional professional days related to their PDPs and/or areas of interest.

Many teachers are involved in writing curriculum. They receive in-service in using the New Jersey Student Learning Standards and Rubicon Atlas when writing curricula. These documents provide the support needed for teachers to develop curriculum guides that foster higher order thinking skills for all Eatontown students.

Technology

District-wide technology is used to increase productivity, enhance communication, as well as enrich curriculum and instruction. Every classroom, computer lab, media center, and office in all four schools, transportation, buildings & grounds, and the administration building are linked together in local and wide area networks. All administrators, teachers, and support staff have access to computers, printers, email accounts, and the Internet within their work areas.

To assist teachers in presenting lessons and resources to an entire class by way of one computer in a classroom, SMART Boards have been installed in every homeroom classroom throughout the district. The interactivity available with SMART Boards has provided district students with opportunities for active learning. As an effective and efficient alternative to computer lab replacements, the district has created a 1:1 computing environment where every student has access to a district-owned device in grades 2-8. Teachers have access to a variety of internet resources including i-Ready in Math and ELA, BrainPop, Front Row, iXL, and streaming video, to name a few. Each teacher is issued a laptop computer for educational tasks.

All schools use e-mail communications with parents, which has reduced the amount of paper sent home with the students. In addition, the district utilizes Genesis for its student information. All teachers use Genesis for inputting term grades, and all report cards are printed electronically. Parents can access their child's schedules, class attendance, and teachers' grade books live through the Parent Portal. Staff and students of all elementary and middle schools have the use of devices with wireless network cards. Grades Kindergarten and one have wireless carts to support teachers in implementing a real-time assessment, curriculum-based instructional platform.

ECONOMIC CONDITION AND OUTLOOK

There are a number of housing developments that were approved in Eatontown and the beginning phases of building has begun. The district anticipates an increase in enrollment once those homes are built and occupied. The district completed the 2017-2018 fiscal year with an enrollment of 987 students. The following details the changes in the student enrollment of the district over the last five (5) years and the

current school year. The table presents the annual pupil enrollment, as of October 15th, for the schools years 2013-14 through 2017-18.

<u>School Year</u>	<u>Enrollment as of October 15</u>	<u>% of Change</u>
2013-14	1061	-1.12%
2014-15	1051	-0.94%
2015-16	1053	0.19%
2016-17	1035	-1.71%
2017-18	991	-4.25%

A demographic study was completed in November 2015 which predicted an overall continuing downward trend in enrollment over the next five years. This has prompted the board to grade band the district, which has led to each school to host specific grade levels. Previously the district housed neighbor schools where the grade levels in each of the elementary buildings were kindergarten through 6th grade.

The four (4) schools in the district vary in age, with original construction dates ranging from 1953 through 1968. Major renovations took place in 2007 included replacement of HVAC systems, new roofs, installation of windows throughout district, installation of new flooring and doors in all classrooms, an addition to central office building, and upgrade of life safety equipment.

We recognize that the state is in a financial crisis and want to assure our residents that the Eatontown School District is doing its part to maintain a responsible budget. The district’s administration closely monitors the cost of operations and continues to look for new funding sources in order to maintain the quality education services that the district has been accustomed to providing. The district has applied for and received grants from the Elks Club, NJ Audubon, NJSBAIG Safety Grant, IDEA and Title I, II, & III.

DEBT ADMINISTRATION

At June 30, 2018, the District’s outstanding debt issues included bonds of \$19,110,000. In December 2014, the district participated in a pool with the Monmouth County Improvement Authority which qualified the district for a bond rating of AAA. The district refinanced their outstanding bonds at a lower rate to reduce the debt service portion of the tax levy.

COMMUNITY INVOLVEMENT

- Eatontown Foundation for Excellence in Education
- The Eatontown Elks applied for a grant on behalf of the district which enabled them to provide Vetter School with supplies to construct a reading garden. Volunteers from the Elks built the structures while students from Memorial School assisted with the gardening.
- In addition the Elks and Lion’s Clubs conduct essay contests to award students.
- Numerous organizations including Eatontown Rec, Pop Warner, Eatontown Choraliers and the Greater Shore Concert Band, Boy Scouts and Girls Scouts use the district facilities to hold meetings and events.

MAJOR INITIATIVES

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

Meadowbrook School

The priorities of maintaining student safety and security, as well as rigor in the instructional program were the cornerstones of the 2017-18 budget. In a continuing commitment to fiscal responsibility, purchases were made very selectively with both school and district goals at the forefront of that decision making. By carefully examining and utilizing existing resources in the building and in other elementary schools, there was no need to purchase additional desks or chairs. Additionally, all initiated purchase requests were for materials that were deemed essential. These included core instructional materials/supplies and materials. Additionally, purchases of educational resources also were made to enhance small group and differentiated instruction within the mathematics sections at each grade level. Additionally, monies also were allocated and spent within the media center and in the special areas of art, music, PE, and health. Doing so provided monetary support for these programs within the school budget so that these programs could operate properly during the school year. Input from stakeholders across the staff proved useful in determining amounts needed in various supply accounts. Supplies that were ordered were confirmed to be valid needs prior to initiating the purchase process. Whenever possible, members of the staff continued to utilize existing resources to keep costs down.

The 2017-18 budget reflected a commitment to fully support the instructional program while being financially responsible. The books, services, and materials that were purchased were for mandated and supplemental instructional resources in order to help students meet the college and career readiness standards.

Woodmere Elementary School

In preparing our students for their eventual entrance into intermediate school, the Woodmere faculty worked collaboratively to provide a positive school culture based on reflective practices, inquiry, and learning. During the 2017-18 school year, we deepened our commitment and practices in utilizing data to drive instruction and expanded our small group instruction in both Language Arts and Math.

The 2017-18 school budget effectively enabled the purchase of resources to help meet the goal of providing an enriching educational experience for all students. During this year, the school expanded the Guided Reading Library and purchased instructional materials to support the existing English Language Arts program. In Mathematics, educational resources were obtained to enhance small group instruction and differentiated math centers across grade-levels.

With the continuing implementation of the district technology initiative, the faculty had opportunities to attend professional development workshops both in and out of the district. The professional learning was transferred to classroom practice. Teachers integrated Google applications in daily instruction and used technology to develop formative and summative assessments.

In addition to, the previous essential purchases, money was allocated to enhance student learning outside of the traditional classroom setting. Membership costs and materials associated with NJ Math League, Spelling and Geography Competitions were included in the school budget. Also, institutional subscriptions for weekly Scholastic Readers and Time for Kids for students were purchased.

Margaret L. Vetter School

Goals and objectives for the 2017-18 school year centered largely on continued instructional focus of implementing Google learning and turnkey training. This initiative has included continued efforts in the ever-evolving technology focus, specifically the continued application of technology in both instructional practice and data management. Data conferences were an area of prime focus this year at Margaret L. Vetter. Throughout the year, data conferences were held with staff to provide them with various data points to be used to support instruction. Material and programs also were funded to improve student performance in Math.

In preparation for the presentation of the Next Generation Science Standards, Margaret L. Vetter School has a full and equipped science lab for students and staff.

As in years past, professional development opportunities have also included the ongoing use of tablets in the classroom. Further, the use of this technology, in conjunction with the Google apps, enables the teacher to acquire immediate evidence of learning and modify instruction and/or lesson plans respective of the needs of students. Basic professional development was employed to staff, including the Google platform, and students engaged in teacher designed, internet based problem solving activities in addition to completing tasks with interactive components of the Google classroom. Class-wide collaborations in a digital atmosphere now became possible and were consistent with the types of thinking embedded within the New Jersey Student Learning Standards as well as 21st century learning competencies. Throughout this school year, informal visits and formal observations demonstrated and confirmed the proficiency with which these tools are used.

Memorial Middle School

During the 2017-18 budget cycle the Memorial Middle School's budget continued to evolve to meet the demands of a rigorous curriculum as well as the unique needs of our students.

Funds were dedicated to the purchase of programs to allow us to monitor student progress and make informed instructional decisions. Assessment tools such as i-Ready allowed us to monitor student's reading progress. Empowered with this data, teachers were able to tailor their instruction to the unique needs of each student.

Throughout the 2017-18 school year, teachers, parents, students, and all support personnel worked together to support a school environment centered on academic achievement and personal growth and tolerance for students in grades seven and eight. Teachers planned lessons and experiences for students that broadened their understanding of the curriculum and areas of priority focus.

As part of the continued district initiative, the staff infused technology and the use of laptops on a daily basis. The advancement of 1:1 technology continued to play a major role in the school. Students were given opportunities to research, create, write and read through the laptops. Many teachers have embraced the Google Classroom and other curriculum appropriate resources as a vehicle to provide differentiated instruction and promote students' organizational skills and practices.

As required, the school addressed the Harassment, Intimidation and Bullying Law by utilizing a building level committee and training the staff in the provisions of the law. Memorial School scheduled grade level programs, presented by our school counselors, to address the expectations of tolerance for others and exercising appropriate behavior. The school is investigating ways to use ??? in the future.

Professional development initiatives for the staff continued to focus on the New Jersey Student Learning Standards and the infusion of technology. Teachers, in all departments continue to embrace an enhanced focus on non-fiction text, literacy and problem solving in mathematics. Teachers are working together to address the NJ Student Learning Standards by attending regular workshops and working together as a professional community.

The school budget continued to support many fine athletic teams and extra-curricular clubs. Our athletic teams continued to be widely supported by parents and the community. The National Junior Honor Society continues to be popular among the students. Students participated in numerous clubs including the Environmental Club and Drama Club.

The middle school program continued to address the academic and emotional growth of adolescent students and their role as a community member in the middle school. The instructional program coupled with the numerous team and club opportunities continues to exceed our goals and expectations.

DISTRICT-WIDE

Curriculum:

- Mentoring – New teachers to the district have a well-defined mentoring program that will enable them to become acclimated with the Eatontown Public Schools. This program supports new teachers by providing a mentor who acts as a guide the first year. During the second year of mentoring, the concept of coaching has been added to train mentors to further assist new teacher in the instructional process. A new teacher orientation is provided in the first year as well.
- Curriculum Writing – Many guides were revised or developed in order to align the newly adopted New Jersey Student Learning Standards. All curriculum is fully aligned as per NJ QSAC standards.

Technology:

- District-wide technology was used to increase productivity, enhance communication, and enrich curriculum and instruction.
- Throughout the year, all district administrators, teachers, and appropriate support staff had the use of a networked computer for e-mail and Internet access. All students have access to networked computers for Internet use in classrooms, media centers, and computer labs. Throughout the district, approximately 1000 networked computers were in operation and a complete Local Area Network was present in each school and in the administration building. These LANs are connected to a Wide Area Network. The internet service provider is xTel.
- The district maintains a website that includes district information and separate sections for each school. The district maintains a district-wide student information system, Genesis.

Special Services:

Goals and objectives for the Special Services Department included:

- To increase the number of students receiving services in an in-class resource/in-class support program. The in-class resource programs were expanded to include all grade levels. The number of students receiving ELA and/or math programs within the general education classes increased from 38 in the 2016-17 school year to 97 students in 2017-18.
- To decrease the number of students receiving services in a self-contained program. The number of students receiving services in the self-contained programs has decreased from 54 students in 2016-17 to 41 students in 2017-18.
- To continue decreasing the number of students referred to CST by the I&RS committee. Throughout the 2017-18, and to continue into the 2018-19 school year the Special Services Department worked collaboratively with school administrators and teachers to support students within the general education program. Through participation in I&RS, completing Functional Behavioral Assessments as well as individual Behavior Improvement Plans for targeted general education students, CST referrals (K-8) decreased from 28 students 2016-17 to 16 students in 2017-18.

In addition:

- The Special Education Parent Advisory Group (SEPAG) was formed. SEPAG met four times throughout the school year. In addition, SEPAG sponsored nine parent workshops presented by both SPAN and CHADD.
- To continue to support the ABA based preschool program, preschool teachers and speech therapists receive extensive training in ABA, PROMPT and PECS.
- Preschool teachers and the preschool case manager participated in the state sponsored year-long training in Improving the Preschool Environment.
- Speech therapists have increased the use of technology in the form of tablets and expanded software, to support communication efforts of our non-verbal students.
- With the implementation of two specialized reading programs, students in self-contained and pullout resource programs have increased their Fountas and Pinnell reading levels on an average of 2.6 levels.

- In grades 3-8 the percentage of students meeting or exceeding proficiency on the LAL section of the PARCC increased on the average of 4 percentage points. Additionally, students meeting or exceeding proficiency on the math section of the PARCC increased between 4 and 7 percentage points.

Business:

Due to constant changes in the state fiscal environment, the business office continued to evolve during the 2017-18 school year. Increased workload in all areas, while maintaining current staff levels, proves to be an on-going challenge. Accomplishments/initiatives in this school year were as follows:

- The district completed its twentieth year using a contractor for custodial services. Through ongoing hard work and adaptation, the outsourcing out of this service continues to be successful and has proven to be the cost efficient option for the district.
- Continued to find ways to save taxpayer monies by exploring shared services with Eatontown Borough. During the 2017-2018 school year, the district continued to participate in an electricity cooperative, jointures for transportation, grounds maintenance shared service, and professional development services.
- Sodexo continues to provide meals based on the guidelines prescribed by the State of New Jersey Department of Agriculture. For the past three years, Sodexo has produced a substantial profit which the district reinvested into the kitchen to promote the continued growth of the food service program. More students are taking advantage of food services including the breakfast and lunch programs.
- In the 2017-18 School Year, Sodexo continues to introduce more variety of meals to increase sales throughout the district. In addition, Sodexo continues to provide catering for district-wide functions throughout the district.
- The Business Office provides direct access to its budgetary system for all schools for input of purchase orders and budgetary account review. This system was also used to develop the 2017-18 district budget. In addition, school activity accounts are now linked to this system.
- The Business Office utilizes the cooperative procurement management program Educational Data Services, Inc. This program creates savings to the district and helps maintain purchasing compliance.
- The District maintains the Long Range Facilities Plan and Comprehensive Maintenance Plan for submission to the New Jersey Department of Education and continued maintenance of our facilities.
- The District continues to explore ways to keep cost down by looking at health benefits alternatives and options through its consultant Brown and Brown Benefit Advisors. During the 2017-18 School Year, the district joined the School Health Insurance Fund which is administered through PERMA, and has provided an safe guard for increase health insurance cost for the next three years.
- Due to the demands of the expected reduction in state aid due to the S2 funding formula, the district is exploring ways to adjust to the forecasted loss over the next several years.

Personnel:

The district employed 177 individuals during the 2017-2018 school year. The certificated staff numbered 125; 8 administrators and supervisors and 117 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). In addition, 52 others, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees, were employed.

In a district the size of Eatontown, there is the need each year to search for qualified candidates. The district was able to accomplish this through a highly competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities helped staff members stay current, allowing them to improve their instructional skills, a hallmark of a progressive and innovative school district. For example, the district continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year of employment. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment. In addition, the district supports both

in-house and out-of-district presenters to keep staff current on important educational trends, approaches, and strategies.

INTERNAL CONTROLS

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) as they pertain to government entities. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the district's Single Audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws, regulations, contracts and grants. All board of education policies are updated in this area. Additionally, the district has a point person responsible for these areas.

BUDGETARY CONTROLS

In addition to internal controls, the district maintains budgetary controls. The objective of these 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 funds, 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. P.L. 2011, c 202 allowed school districts to elect to eliminate the budget vote and adopt a budget approved by the Board of Education and the New Jersey Department of Education (NJDOE) providing that the tax levy increase does not exceed 2% plus any allowable waivers.

Beginning with the 2012-2013 budget, the state of New Jersey allowed school districts to elect to eliminate the budget vote and adopt a budget approved by the Board of Education and the New Jersey Department of Education (NJDOE) providing that the tax levy increase does not exceed 2% plus any allowable waivers. The Eatontown Board of Education elected to eliminate the budget vote at that time. In addition to the 2% limit on tax levy increases, there are restrictions on budget transfers during the year that can be made without NJDOE approval.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance at fiscal yearend. The Business Administrator and the Superintendent meet with the Finance Committee regularly to review the school budget and areas of concern.

CASH MANAGEMENT

The investment policy of the district is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements,” Note 2. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds deposited with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, and workers compensation. A schedule of insurance coverage is found in J-20.

ACCOUNTING SYSTEMS AND REPORTS

The District’s financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in “Notes to the Basic Financial Statements,” Note 1.

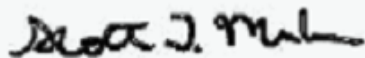
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of Title 2 U.S. Code of Federal Regulations Part 200, “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)” and the New Jersey OMB Circular 15-08. The auditors’ report on the basic financial statements, required supplementary information, individual fund statements and schedules is included in the financial section of this report. The auditors’ reports related specifically to the Single Audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

Respectfully submitted,

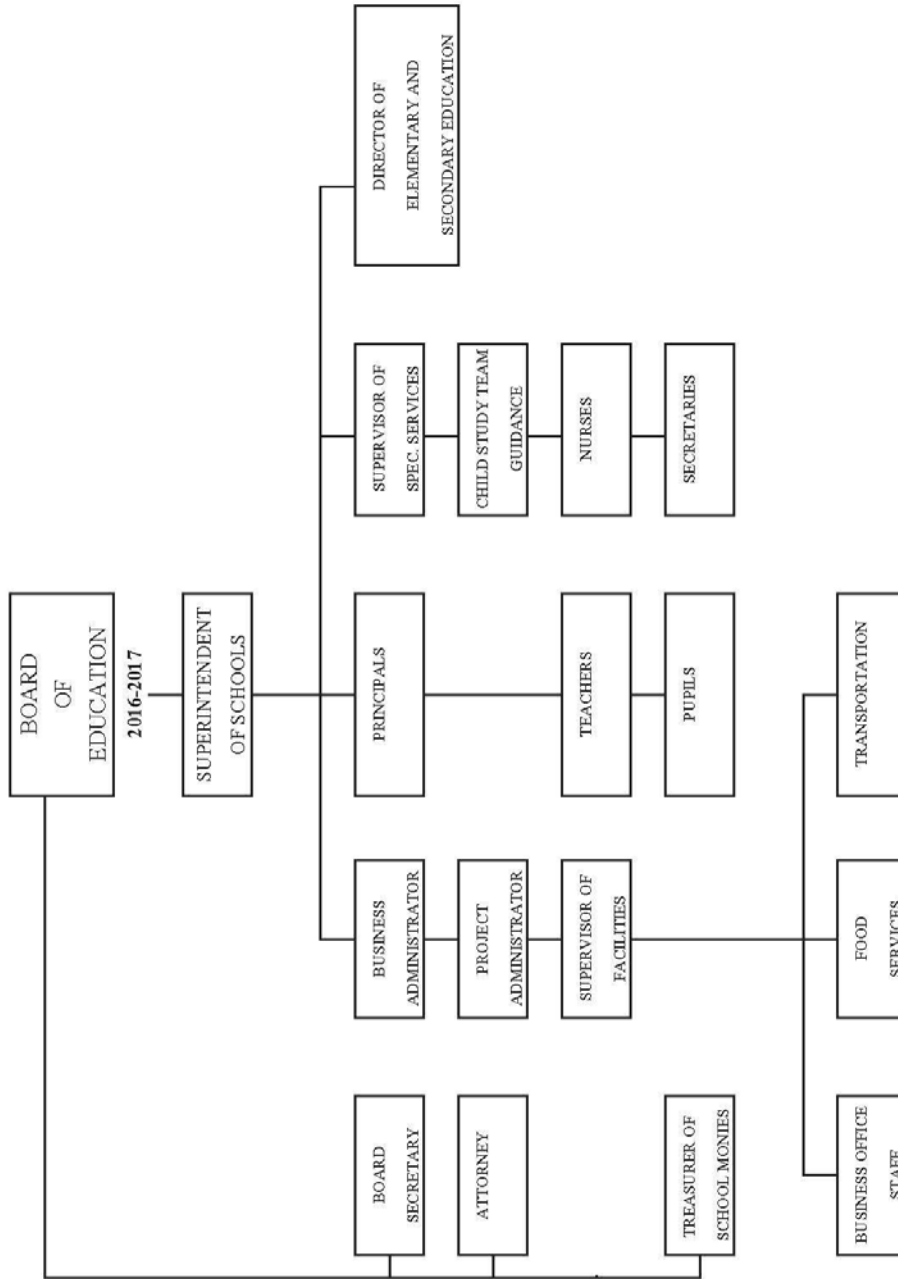


Scott T. McCue
Superintendent of Schools



Lori Youngclaus,
Business Administrator/Board Secretary

EATONTOWN SCHOOL DISTRICT
 ORGANIZATIONAL CHART
 (UNIT CONTROL)





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Eatontown Public School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

**EATONTOWN PUBLIC SCHOOL DISTRICT
EATONTOWN, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

TERM EXPIRES

Bob English, President	2018
Carl Lawson, Vice President	2018
Pete Siino	2018
Deborah Martinock	2020
Mark Regan Jr.	2020
Edmund Fitterer, Jr.	2019
Shellie Miller	2020
Lori Flynn	2019
Nelson Ortiz	2019

Other Officials

Scott T. McCue, Superintendent of Schools
Lori Youngclaus, School Business Administrator/Board Secretary
Deborah Trainor, Treasurer of School Monies
Dennis A. Collins, Esq., Board Attorney

**EATONTOWN PUBLIC SCHOOL DISTRICT
EATONTOWN, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2018**

AUDITOR/AUDIT FIRM

Matthew Holman, CPA, PSA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

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

OFFICIAL DEPOSITORY

TD Bank
175 Wyckoff Road
Eatontown, New Jersey 07724

FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

Honorable President and Members
of the Board of Education
Eatontown Public School District
County of Monmouth
Eatontown, NJ 07724

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Eatontown Public School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended, June 30, 2018, 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 Eatontown Public School District, County of Monmouth, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, 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 School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and 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 February 7, 2019 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.

Matthew Holman
Certified Public Accountant
Public School Accountant, #20CS00260100

Freehold, New Jersey
February 7, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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EATONTOWN PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018 UNAUDITED

This section of the Eatontown Public School Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities increased \$397,771.66, which represents a 15.08% increase from 2017. Total net position of business-type activities increased \$40,669.99, which represents an 50.81% increase from 2017.
- General revenues accounted for \$21,112,524.49 in revenue or 70.14% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,849,232.88 or 29.86% of total revenues of \$29,961,757.37.
- Total assets of governmental activities decreased by \$730,320.00 as cash and cash equivalents decreased by \$308,747.45, receivables increased by \$96,983.91, restricted cash and cash equivalents increased by \$138,682.68, and total capital assets decreased by \$665,239.14.
- Total liabilities of governmental activities decreased by \$2,564,985.07 as non-current liabilities due beyond one year decreased by \$2,601,210.51.
- The District had \$29,271,380.62 in governmental activity expenses; only \$8,556,627.79 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) of \$21,112,524.49 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$397,771.66.
- In the governmental funds, the general fund had \$21,936,803.53 in revenues and \$21,929,605.62 in expenditures. The general fund's fund balance increased by \$7,197.91 over 2017.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Eatontown Public School Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Changes in Net Position (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods of the district.

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

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

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The proprietary fund has been included within business-type activities in the district-wide financial statements.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, student scholarship fund and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2018 and 2017, respectively:

Net Position
June 30, 2018

	Governmental Activities		Business-Type Activities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets				
Current and Other				
Assets	\$ 4,534,171.39	\$ 4,599,252.25	\$ 148,368.22	\$ 105,807.26
Capital Assets, Net	23,305,162.23	23,970,401.37	-	-
Total Assets	<u>27,839,333.62</u>	<u>28,569,653.62</u>	<u>148,368.22</u>	<u>105,807.26</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	1,095,274.00	1,537,908.00	-	-
Deferred Charges on Refunding of Debt	1,713,036.28	1,827,238.69	-	-
Total Deferred Outflows of Resources	<u>2,808,310.28</u>	<u>3,365,146.69</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	26,461,382.80	29,022,593.31	-	-
Other Liabilities	265,131.95	268,906.51	27,660.47	25,769.50
Total Liabilities	<u>26,726,514.75</u>	<u>29,291,499.82</u>	<u>27,660.47</u>	<u>25,769.50</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	886,486.00	6,429.00	-	-
Total Deferred Inflows of Resources	<u>886,486.00</u>	<u>6,429.00</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in				
Capital Assets	3,020,055.90	2,566,954.61	-	-
Restricted	4,152,378.06	4,162,346.88	-	-
Unrestricted	(4,137,790.81)	(4,092,430.00)	120,707.75	80,037.76
Total Net Position	<u>\$ 3,034,643.15</u>	<u>\$ 2,636,871.49</u>	<u>\$ 120,707.75</u>	<u>\$ 80,037.76</u>

The District's largest net position component is the Restricted portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position decreased \$9,968.82 from the prior year to \$4,152,378.06 at June 30, 2018.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$4,137,790.81) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2018 and 2017. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	<u>June 30, 2018</u>		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 292,605.09	\$ 292,605.09
Operating Grants and Contributions	8,556,627.79	137,468.30	8,694,096.09
General Revenues:			
Property Taxes	16,209,020.04	-	16,209,020.04
Federal and State Aid	4,633,131.94	-	4,633,131.94
Miscellaneous	270,372.51	-	270,372.51
Total Revenues	<u>29,669,152.28</u>	<u>430,073.39</u>	<u>30,099,225.67</u>
Expenses:			
Instructional Services	17,595,584.54	-	17,595,584.54
Support Services	10,861,339.29	389,403.40	11,250,742.69
Interest and Other Charges	814,456.79	-	814,456.79
Total Expenses	<u>29,271,380.62</u>	<u>389,403.40</u>	<u>29,660,784.02</u>
Change in Net Position	397,771.66	40,669.99	438,441.65
Net Position, Beginning	2,636,871.49	80,037.76	2,716,909.25
Net Position, Ending	<u>\$ 3,034,643.15</u>	<u>\$ 120,707.75</u>	<u>\$ 3,155,350.90</u>
	<u>June 30, 2017</u>		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 299,319.92	\$ 299,319.92
Operating Grants and Contributions	3,335,728.40	127,760.65	3,463,489.05
General Revenues:			
Property Taxes	15,897,138.00	-	15,897,138.00
Federal and State Aid	4,730,497.78	-	4,730,497.78
Miscellaneous	69,121.52	-	69,121.52
Total Revenues	<u>24,032,485.70</u>	<u>427,080.57</u>	<u>24,459,566.27</u>
Expenses:			
Instructional Services	14,258,306.41	-	14,258,306.41
Support Services	8,879,527.76	398,104.06	9,277,631.82
Interest and Other Charges	905,658.18	-	905,658.18
Total Expenses	<u>24,043,492.35</u>	<u>398,104.06</u>	<u>24,441,596.41</u>
Change in Net Position	(11,006.65)	28,976.51	17,969.86
Net Position, Beginning	2,647,878.14	51,061.25	2,698,939.39
Net Position, Ending	<u>\$ 2,636,871.49</u>	<u>\$ 80,037.76</u>	<u>\$ 2,716,909.25</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2018 and 2017 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<u>June 30, 2018</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 9,111,268.38	36.55%	-\$ 88,074.38	-0.96%
Undistributed	13,691,639.95	54.93%	1,143,260.92	9.11%
Capital Outlay	168,787.04	0.68%	78,220.78	86.37%
Debt Service:				
Principal	1,040,000.00	4.17%	(10,000.00)	-0.95%
Interest	915,951.38	3.67%	(68,047.22)	-6.92%
Total	\$ 24,927,646.75	100.00%	\$ 1,055,360.10	4.42%

	<u>June 30, 2017</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2016	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 9,199,342.76	38.54%	\$ 824,367.46	9.84%
Undistributed	12,548,379.03	52.56%	605,228.57	5.07%
Capital Outlay	90,566.26	0.38%	(19,290.53)	-17.56%
Debt Service:				
Principal	1,050,000.00	4.40%	50,000.00	5.00%
Interest	983,998.60	4.12%	(45,001.34)	-4.37%
Total	\$ 23,872,286.65	100.00%	\$ 1,415,304.16	6.30%

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2017-2018 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2017-2018 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2017-2018 unassigned fund balance increased by \$69,326.29 to \$69,326.29 (2% required per S-1701, net of allowable adjustments).

Proprietary Funds. The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund showed a change in net position of \$40,669.99 in 2017-2018 as compared to a change in net position of \$28,976.51 in 2016-2017. The food service fund required no contributions from the Board in 2016-2017 or in the 2017-2018 year. The Board has made significant changes to the varieties of offerings to appeal to the grade levels at each school. In the 2017-2018 school year Eatontown Board of Education implemented grade banding throughout the district. In order to increase sales and reduce cost, the menu varies for the students in the upper grade levels. Although the food service operation is profitable, the district feels an investment in the program is needed to improve service and replace equipment, combined with the changes in the operations recommended by its food service consultant, will continue to ensure that the program’s financial remains positive over time.

Capital Assets

At June 30, 2018 the District has capital assets of \$23,305,162.23, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2018</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 2,375,200.00	\$ -
Buildings/Construction	20,865,262.23	-
Machinery and Equipment	64,700.00	-
Total	<u>\$ 23,305,162.23</u>	<u>\$ -</u>
	<u>June 30, 2017</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 2,375,200.00	\$ -
Buildings/Construction	21,516,129.95	-
Machinery and Equipment	79,071.42	-
Total	<u>\$ 23,970,401.37</u>	<u>\$ -</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2018 and 2017, the District’s outstanding debt issues included \$19,110,000.00 and \$20,150,000.00 respectively of general obligation bonds and \$668,034.19 and \$776,497.00 respectively in compensated absences payable.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2018-2019 budget will be adequate to satisfy all 2018-2019 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- It is expected the State of New Jersey will again delay the final state aid payments to school districts for 2018-2019.
- The Board has settled contracts with all bargaining units for the 2018-2019 school year. Negotiations are to begin in November 2018 for the Eatontown Education Association (EEA) and for the Eatontown Education Association Secretaries (EEAS).
- The District had an updated enrollment projection done in November 2015 which projects that the District's overall enrollment will decline approximately 3% over the next five years. The District's 2017-2018 enrollment is lower than this study reflects.

Requests for Information

This financial report is designed to provide a general overview of the Eatontown School District's finances for all those with an interest in the District's finances. 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, Eatontown Board of Education, 5 Grant Avenue, Eatontown, NJ 07724.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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EATONTOWN PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 2,411,454.02	\$ 142,315.46	\$ 2,553,769.48
Receivables, Net (Note 4)	384,600.17	-	384,600.17
Inventory	-	6,052.76	6,052.76
Restricted Cash & Cash Equivalents	1,738,117.20	-	1,738,117.20
Capital Assets, Net (Note 5)			
Non-Depreciable	2,375,200.00	-	2,375,200.00
Depreciable	20,929,962.23	-	20,929,962.23
Total Assets	<u>27,839,333.62</u>	<u>148,368.22</u>	<u>27,987,701.84</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	1,095,274.00	-	1,095,274.00
Related to Loss on Debt Refunding	1,713,036.28	-	1,713,036.28
Total Deferred Outflow of Resources	<u>2,808,310.28</u>	<u>-</u>	<u>2,808,310.28</u>
LIABILITIES:			
Accounts Payable	-	24,184.50	24,184.50
Due to Other Governments	174,866.04	-	174,866.04
Unearned Revenue	15,670.08	3,475.97	19,146.05
Accrued Interest	74,595.83	-	74,595.83
Noncurrent Liabilities (Note 7):			
Due Within One Year	1,272,542.84	-	1,272,542.84
Due in More Than One Year	25,188,839.96	-	25,188,839.96
Total Liabilities	<u>26,726,514.75</u>	<u>27,660.47</u>	<u>26,754,175.22</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	886,486.00	-	886,486.00
Total Deferred Inflow of Resources	<u>886,486.00</u>	<u>-</u>	<u>886,486.00</u>
NET POSITION:			
Net Investment in Capital Assets	3,020,055.90	-	3,020,055.90
Restricted for:			
Capital Projects	1,075,816.80	-	1,075,816.80
Emergency Reserve	142,000.40	-	142,000.40
Maintenance Reserve	520,300.00	-	520,300.00
Excess Surplus	2,414,260.86	-	2,414,260.86
Unrestricted (Deficit)	(4,137,790.81)	120,707.75	(4,017,083.06)
Total Net Position	<u>\$ 3,034,643.15</u>	<u>\$ 120,707.75</u>	<u>\$ 3,155,350.90</u>

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

EATONTOWN PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 11,384,675.01	\$ -	\$ 4,669,943.59	\$ -	\$ (6,714,731.42)	\$ -	\$ (6,714,731.42)
Special Education Instruction	4,347,016.90	-	1,536,101.07	-	(2,810,915.84)	-	(2,810,915.84)
Other Instruction	1,863,892.62	-	658,641.89	-	(1,205,250.73)	-	(1,205,250.73)
Support Services:							
Tuition	1,219,954.44	-	145,658	-	(1,074,296.39)	-	(1,074,296.39)
Student & Instruction Related Services	3,475,027.89	-	810,042.98	-	(2,664,984.91)	-	(2,664,984.91)
General Administrative	549,468.85	-	65,605	-	(483,864.30)	-	(483,864.30)
School Administrative Services	950,851.13	-	113,528	-	(837,323.02)	-	(837,323.02)
Central Services	405,581.00	-	48,425	-	(357,156.13)	-	(357,156.13)
Administrative Info. Technology	14,748.01	-	1,761	-	(12,987.15)	-	(12,987.15)
Plant Operations & Maintenance	2,697,657.22	-	322,090	-	(2,375,566.93)	-	(2,375,566.93)
Pupil Transportation	1,548,050.75	-	184,832	-	(1,363,219.22)	-	(1,363,219.22)
Interest & Other Charges	814,456.79	-	-	-	(814,456.79)	-	(814,456.79)
Total Governmental Activities	29,271,380.62	-	8,556,627.79	-	(20,714,752.83)	-	(20,714,752.83)
Business-Type Activities:							
Food Service	389,403.40	137,468.30	292,605.09	-	-	40,669.99	40,669.99
Total Business-Type Activities	389,403.40	137,468.30	292,605.09	-	-	40,669.99	40,669.99
Total Primary Government	\$ 29,660,784.02	\$ 137,468.30	\$ 8,849,232.88	\$ -	(20,714,752.83)	40,669.99	(20,674,082.84)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					14,992,181.04	-	14,992,181.04
Property Taxes, Levied for Debt Service					1,216,839.00	-	1,216,839.00
Federal & State Aid Restricted					665,023.00	-	665,023.00
Federal & State Aid Not Restricted					3,968,108.94	-	3,968,108.94
Tuition Charges					224,718.90	-	224,718.90
Miscellaneous					45,653.61	-	45,653.61
Total General Revenues					21,112,524.49	-	21,112,524.49
Change In Net Position					397,771.66	40,669.99	438,441.65
Net Position - Beginning					2,636,871.49	80,037.76	2,716,909.25
Net Position - Ending					\$ 3,034,643.15	\$ 120,707.75	\$ 3,155,350.90

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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**EATONTOWN PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
ASSETS				
Cash & Cash Equivalents	\$ 2,599,053.10	\$ -	\$ -	\$ 2,599,053.10
Receivables, Net:				
Interfund Receivable	240.45	7,759.55	-	8,000.00
Due from Other Governments:				
Federal	27,733.13	195,659.61	-	223,392.74
State	147,014.38	-	-	147,014.38
Other Accounts Receivable	954.01	5,239.04	-	6,193.05
Restricted Cash & Cash Equivalents	1,738,117.20	-	-	1,738,117.20
Total Assets	<u>\$ 4,513,112.27</u>	<u>\$ 208,658.20</u>	<u>\$ -</u>	<u>\$ 4,721,770.47</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 187,599.08	\$ -	\$ 187,599.08
Intergovernmental Payable:				
State	-	5,389.04	-	5,389.04
Unearned Revenue	-	15,670.08	-	15,670.08
Total Liabilities	-	208,658.20	-	208,658.20
Fund Balances:				
Restricted for:				
Capital Reserve	1,075,816.80	-	-	1,075,816.80
Maintenance Reserve	520,300.00	-	-	520,300.00
Emergency Reserve	142,000.40	-	-	142,000.40
Excess Surplus	1,169,682.53	-	-	1,169,682.53
Excess Surplus Designated for Subsequent Year	1,244,578.33	-	-	1,244,578.33
Assigned to:				
Designated for				
Subsequent Year	24,997.67	-	-	24,997.67
Other Purposes	266,410.25	-	-	266,410.25
Unassigned	69,326.29	-	-	69,326.29
Total Fund Balances	<u>4,513,112.27</u>	<u>-</u>	<u>-</u>	<u>4,513,112.27</u>
Total Liabilities & Fund Balances	<u>\$ 4,513,112.27</u>	<u>\$ 208,658.20</u>	<u>\$ -</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 and therefore are not reported in the funds. The cost of the assets is \$39,620,800.30 and the accumulated depreciation is \$16,315,638.07.				
				23,305,162.23
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.				
Deferred Outflows Related to Pensions				1,095,274.00
Deferred Inflows Related to Pensions				(886,486.00)
Deferred Outflow Related to the Loss on Bond Refunding of Debt				1,713,036.28
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.				
				(74,595.83)
Accrued pension contributions for the June 30, 2018 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.				
				(169,477.00)
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.				
				<u>(26,461,382.80)</u>
Net Position of Governmental Activities				<u>\$ 3,034,643.15</u>

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 14,992,181.04	\$ -	\$ 1,216,839.00	\$ 16,209,020.04
Tuition Charges	224,718.90	-	-	224,718.90
Miscellaneous	45,653.61	1,190.39	-	46,844.00
Total Local Sources	15,262,553.55	1,190.39	1,216,839.00	16,480,582.94
State Sources	6,603,629.04	205,416.00	665,023.00	7,474,068.04
Federal Sources	70,620.94	835,483.36	-	906,104.30
Total Revenues	21,936,803.53	1,042,089.75	1,881,862.00	24,860,755.28
Expenditures:				
Instruction:				
Regular Instruction	5,248,210.22	646,952.24	-	5,895,162.46
Special Education Instruction	2,250,953.22	-	-	2,250,953.22
Other Instruction	965,152.70	-	-	965,152.70
Support Services:				
Tuition	860,285.78	-	-	860,285.78
Health Services	352,345.68	-	-	352,345.68
Student & Instruction Related Services	1,703,032.16	395,137.51	-	2,098,169.67
General Administrative	387,473.68	-	-	387,473.68
School Administrative Services	670,519.88	-	-	670,519.88
Central Services	286,007.05	-	-	286,007.05
Administrative Information Technology	10,399.98	-	-	10,399.98
Plant Operations & Maintenance	1,902,330.18	-	-	1,902,330.18
Pupil Transportation	1,091,652.28	-	-	1,091,652.28
Unallocated Benefits	3,326,314.73	-	-	3,326,314.73
On Behalf TPAF Pension and Social Security Contributions	2,706,141.04	-	-	2,706,141.04
Capital Outlay	168,787.04	-	-	168,787.04
Debt Service:				
Principal	-	-	1,040,000.00	1,040,000.00
Interest & Other Charges	-	-	915,951.38	915,951.38
Total Expenditures	21,929,605.62	1,042,089.75	1,955,951.38	24,927,646.75
Excess/(Deficiency) of Revenues Over Expenditures	7,197.91	-	(74,089.38)	(66,891.47)
Net Changes in Fund Balances	7,197.91	-	(74,089.38)	(66,891.47)
Fund Balance, July 1	4,505,914.36	-	74,089.38	4,580,003.74
Fund Balance, June 30	\$ 4,513,112.27	\$ -	\$ -	\$ 4,513,112.27

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ (66,891.47)

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.

This is the amount by which depreciation exceeded capital outlays in the period.

	Depreciation Expense	(834,026.18)	
	Capital Outlays	168,787.04	
			(665,239.14)

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.

(107,206.99)

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.

1,040,000.00

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

	Amortization of Premium on Bonds	192,542.84	
	Amortization of Loss on Bond Refunding	(114,202.42)	
			78,340.42

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 (+).

23,154.17

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 (+).

95,614.67

Change in Net Position of Governmental Activities

\$ 397,771.66

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

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Proprietary Funds

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EATONTOWN PUBLIC SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018

	<u>MAJOR FUNDS</u> <u>BUSINESS-TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE</u> <u>FUNDS</u> <u>FOOD</u> <u>SERVICE</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 142,315.46
Inventories	6,052.76
	<u>148,368.22</u>
Total Current Assets	
Noncurrent Assets:	
Capital Assets	157,715.00
Less: Accumulated Depreciation	<u>(157,715.00)</u>
Total Capital Assets, Net	<u>-</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>148,368.22</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	24,184.50
Unearned Revenue	<u>3,475.97</u>
Total Current Liabilities	<u>27,660.47</u>
NET POSITION	
Net Investment in Capital Assets	-
Unrestricted	<u>120,707.75</u>
Total Net Position	<u>\$ 120,707.75</u>

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS
	BUSINESS-TYPE
	ACTIVITIES -
	ENTERPRISE
	FUNDS
	FOOD
	SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 92,306.55
Daily Sales - Non-Reimbursable Programs	41,389.00
Special Functions	3,125.75
Miscellaneous	647.00
	137,468.30
Total Operating Revenues	137,468.30
Operating Expenses:	
Cost of Sales - Reimbursable Programs	155,377.24
Salaries	126,577.53
Employee Benefits	20,373.72
Supplies and Materials	24,862.61
Depreciation	2,943.52
Management and Administrative Fees	38,179.89
Other	21,088.89
	389,403.40
Total Operating Expenses	389,403.40
Operating Income/(Loss)	(251,935.10)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	4,481.77
Federal Sources:	
National School Lunch Program	194,217.48
National School Breakfast Program	53,894.50
Food Distribution Program	39,432.47
Interest Revenue	578.87
	292,605.09
Total Nonoperating Revenues/(Expenses)	292,605.09
Change in Net Position	40,669.99
Total Net Position - Beginning	80,037.76
Total Net Position - Ending	\$ 120,707.75

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS
	BUSINESS-TYPE
	ACTIVITIES -
	ENTERPRISE
	FUNDS
	FOOD
	SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 137,648.99
Payments to Employees	(126,577.53)
Payments for Employee Benefits	(20,373.72)
Payments to Suppliers	(201,854.24)
	(211,156.50)
Net Cash Provided by/(Used for) Operating Activities	(211,156.50)
Cash Flows From Noncapital Financing Activities:	
State Sources	4,481.77
Federal Sources	248,690.85
	253,172.62
Net Cash Provided by/(Used for) Noncapital Financing Activities	253,172.62
Net Increase/(Decrease) in Cash & Cash Equivalents	42,016.12
Balances - Beginning of Year	100,299.34
Balances - End of Year	\$ 142,315.46
Reconciliation of Operating Income/(Loss) to Net Cash □	
Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (251,935.10)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	39,432.47
(Increase)/Decrease in Inventories	(544.84)
Increase/(Decrease) in Unearned Revenue	180.69
Increase/(Decrease) in Accounts Payable	1,710.28
	40,778.60
Total Adjustments	40,778.60
Net Cash Provided/(Used) by Operating Activities	\$ (211,156.50)

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

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Fiduciary Fund

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**EATONTOWN PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	PRIVATE- PURPOSE TRUST FUND	AGENCY FUNDS
	<u> </u>	<u> </u>
ASSETS		
Cash & Cash Equivalents	\$ 82,475.98	\$ 57,680.28
Total Assets	<u>82,475.98</u>	<u>\$ 57,680.28</u>
LIABILITIES		
Accounts Payable	3,474.88	\$ -
Interfund Payable	-	8,000.00
Payable for Student Related Activities	-	42,586.83
Payroll Deductions & Withholdings	-	7,093.45
Total Liabilities	<u>3,474.88</u>	<u>\$ 57,680.28</u>
NET POSITION		
Restricted - Held in Trust for Unemployment Claims & Other Purposes	72,699.09	
Restricted - Scholarships	<u>6,302.01</u>	
Total Net Position	<u>\$ 79,001.10</u>	

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Contributions:	
Plan Member	\$ 25,904.54
Total Contributions	25,904.54
Investment Earnings:	
Interest	517.97
Net Investment Earnings	517.97
Total Additions	26,422.51
DEDUCTIONS	
Unemployment Claims	42,386.01
Scholarships Awarded	200.00
Total Deductions	42,586.01
Change in Net Position	(16,163.50)
Net Position - Beginning	95,164.60
Net Position - Ending	\$ 79,001.10

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

EATONTOWN PUBLIC SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Eatontown Public 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 School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grades levels Preschool through 8th grade. These include regular, vocational, as well as special education for handicapped youngsters. The School District has an approximate enrollment at June 30, 2018 of 1,049 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, 2018.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of 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.

The School District reports the following fiduciary funds:

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

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

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

Agency Funds - Agency funds (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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 their acquisition value. 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building 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.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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.

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 components 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.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 7, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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, 2018:

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.

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.

Recently Issued Accounting Pronouncements

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

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 has not yet determined the potential 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 financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the School District's financial statements.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Property Tax Information

Property Tax Reveune's are collected in quarterly installments. 2017/2018 tax bills were mailed out July of 2017. 2018/2019 tax bills were mailed out August of 2018. Each quarter is due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the District's annual budget, but also the amounts required in support of the budgets of the County of Monmouth and the Borough of Eatontown. Unpaid property taxes are subject to tax sale in accordance with statutes. The 2017 Tax Sale was conducted on December of 2017 & the 2018 Tax Sale was held on December of 2018.

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, 2018, the School District's bank balance of \$5,731,485.98 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	5,396,988.56
Uninsured and Uncollateralized		334,497.42
Total	\$	5,731,485.98

Investments

The School District had no investments at June 30, 2018.

Note 3. Reserve Accounts

Capital Reserve

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

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

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

Beginning Balance, July 1, 2017	\$	972,434.12
Increased by:		
Interest Earnings		7,469.72
Deposits Approved by Board		298,912.96
		1,278,816.80
Decreased by:		
Budget Withdrawals		(203,000.00)
Ending Balance, June 30, 2018	\$	1,075,816.80

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$2,975,000.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

Emergency Reserve

The School District established an emergency reserve account in the 2012-2013 school year for the accumulation of funds for use in accordance with N.J.S.A. 18A: 7F-41c(1) to finance unanticipated general fund expenditures.

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

Beginning Balance, July 1, 2017	\$	142,000.40
Increased by:		
Interest Earnings		-
Deposits Approved by Board		-
		142,000.40
Decreased by:		
Budget Withdrawals		-
Ending Balance, June 30, 2018	\$	142,000.40

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

Maintenance Reserve

The School District established a maintenance reserve account in June of 2011 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	485,000.00
Increased by:		
Interest Earnings		-
Deposits Approved by Board		114,300.00
		599,300.00
Decreased by:		
Budget Withdrawals		(79,000.00)
		Ending Balance, June 30, 2018
	\$	520,300.00

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 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, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Federal Awards	\$ 27,733.13	\$ 195,659.61	\$ 223,392.74
State Awards	147,014.38	-	147,014.38
Tuition	954.01	-	954.01
Other	240.45	12,998.59	13,239.04
Total	\$ 175,941.97	\$ 208,658.20	\$ 384,600.17

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

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

	Governmental Activities			
	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,375,200.00	\$ -	\$ -	\$ 2,375,200.00
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	<u>2,375,200.00</u>	<u>-</u>	<u>-</u>	<u>2,375,200.00</u>
Capital Assets being depreciated:				
Land Improvements	-	-	-	-
Buildings and Improvements	33,426,952.65	104,087.04	-	33,531,039.69
Equipment	3,649,860.61	64,700.00	-	3,714,560.61
Total Capital Assets being depreciated	<u>37,076,813.26</u>	<u>168,787.04</u>	<u>-</u>	<u>37,245,600.30</u>
Less: Accumulated Depreciation:				
Land Improvements	-	-	-	-
Buildings and Improvements	(11,910,822.70)	(754,954.76)	-	(12,665,777.46)
Equipment	(3,570,789.19)	(79,071.42)	-	(3,649,860.61)
Total Accumulated Depreciation	<u>(15,481,611.89)</u>	<u>(834,026.18)</u>	<u>-</u>	<u>(16,315,638.07)</u>
Total Capital Assets being depreciated, net	<u>21,595,201.37</u>	<u>(665,239.14)</u>	<u>-</u>	<u>20,929,962.23</u>
Total Governmental Activities Capital Assets, net	<u>\$ 23,970,401.37</u>	<u>\$ (665,239.14)</u>	<u>\$ -</u>	<u>\$ 23,305,162.23</u>
Business-Type Activities				
	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
Business-Type Activities:				
Buildings	\$ -	\$ -	\$ -	\$ -
Equipment	157,715.00	-	-	157,715.00
Total Capital Assets being depreciated	<u>157,715.00</u>	<u>-</u>	<u>-</u>	<u>157,715.00</u>
Less: Accumulated Depreciation:				
Buildings	-	-	-	-
Equipment	(157,715.00)	-	-	(157,715.00)
Total Capital Assets being depreciated, net	<u>(157,715.00)</u>	<u>-</u>	<u>-</u>	<u>(157,715.00)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the School District as follows:

<u>Governmental Activities</u>	
Instruction:	
Regular Instruction	\$ 293,177.53
Special Education Instruction	111,944.14
Other Instruction	47,998.86
Support Services:	
Tuition	42,783.63
Student & Instruction Related Services	121,868.74
General Administrative	19,269.80
School Administrative Services	33,346.22
Central Services	14,223.67
Administrative Info. Technology	517.21
Plant Operations & Maintenance	94,606.46
Pupil Transportation	54,289.92
	<hr/>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 834,026.18</u></u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 240.45	\$ -
Special Revenue Fund	7,759.55	-
Agency Fund	-	8,000.00
	<hr/>	<hr/>
	<u><u>\$ 8,000.00</u></u>	<u><u>\$ 8,000.00</u></u>

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

There were no interfund transfers for the year ended June 30, 2018.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 20,150,000.00	\$ -	\$ 1,040,000.00	\$ 19,110,000.00	\$ 1,080,000.00
Unamortized Bond					
Premiums	3,080,685.45	-	192,542.84	2,888,142.61	192,542.84
Compensated Absences	763,648.86	-	95,614.67	668,034.19	-
Net Pension Liability	5,028,259.00	1,190,469.00	2,423,522.00	3,795,206.00	-
	<u>\$ 29,022,593.31</u>	<u>\$ 1,190,469.00</u>	<u>\$ 3,751,679.51</u>	<u>\$ 26,461,382.80</u>	<u>\$ 1,272,542.84</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the 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.

During December 2014, the School District issued \$20,150,000 of General Obligation Bonds. The General Obligation Bonds were issued at varying interest rates of 4.00% to 5.00% and mature on December 1, 2032.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations (Continued)

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,080,000.00	\$ 873,550.00	\$ 1,953,550.00
2020	1,125,000.00	829,450.00	1,954,450.00
2021	1,165,000.00	783,650.00	1,948,650.00
2022	1,260,000.00	728,850.00	1,988,850.00
2023	1,265,000.00	665,725.00	1,930,725.00
2024-2028	6,530,000.00	2,358,750.00	8,888,750.00
2029-2033	6,685,000.00	728,100.00	7,413,100.00
	<u>\$ 19,110,000.00</u>	<u>\$ 6,968,075.00</u>	<u>\$ 26,078,075.00</u>

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

In Substance Defeased Debt

As of June 30, 2018, the School District had no in substance defeased debt..

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (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 <http://www.nj.gov/treasury/pensions/financial-reports.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. 43:15A* 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 2017, the State's pension contribution was less than the actuarial determined amount.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$3,795,206.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was 0.0163035523%, which was a decrease of 0.0006739831% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$258,243.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 89,364.00	\$ -
Changes of Assumptions	764,603.00	761,800.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	25,843.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	45,987.00	124,686.00
School District contributions subsequent to measurement date	169,477.00	-
	\$ 1,095,274.00	\$ 886,486.00

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

\$169,477.00 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:

Year Ending June 30,		
2019	\$	82,519.00
2020		128,841.00
2021		75,326.00
2022		(153,591.00)
2023		(93,784.00)
		\$ 39,311.00
		\$ 39,311.00

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, 2015	-	-
June 30, 2016	5.72	-
June 30, 2017	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2015	6.44	-
June 30, 2016	5.72	-
June 30, 2017	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2017, calculated using the discount rate of 5.00% 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:

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 4,708,211.00	\$ 3,795,206.00	\$ 3,034,560.00

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 925,797.00	\$ 1,386,000.00
Collective Deferred Inflows of Resources	\$ 885,786.00	\$ 6,429.00
Collective Net Pension Liability	\$ 3,795,206.00	\$ 5,028,259.00
School District's portion	0.01630%	0.01698%

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.nj.gov/treasury/pensions/financial-reports.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

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ 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.

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 2017, 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, 2017 was \$57,751,877.00. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0856552773%, which was a decrease of 0.003682556% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$4,000,758.00 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, 2017 measurement date.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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 4.25% 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:

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	<u>At 1% Decrease (3.25%)</u>	<u>At Current Discount Rate (4.25%)</u>	<u>At 1% Increase (5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 68,611,041.00	\$ 57,751,877.00	\$ 48,806,050.00

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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$14,353,461,035.00	\$17,581,004,496.00
Collective Deferred Inflows of Resources	\$11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$67,670,209,171.00	\$79,028,907,033.00
School District's portion	0.08566%	0.08529%

B. Defined Contribution Retirement 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;
- 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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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, 2018, employee contributions totaled \$20,956.60, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$11,193.89.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

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

Inflation Rate	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:				
Through 2026		1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
		based on years of service	based on age	based on age
Thereafter		2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
		based on years of service	based on age	based on age

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

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

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$57,495,261.00. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.1071876035%, which was a decrease of 0.0009186842% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$2,839,465.00 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 68,251,022.88	\$ 57,495,261.00	\$ 48,963,688.46
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 74,900,041.56	\$ 62,519,795.00	\$ 52,774,954.10
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 47,284,294.10	\$ 57,495,261.00	\$ 71,055,304.89
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 51,299,232.57	\$ 62,519,795.00	\$ 77,520,617.85
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of	Deferred Inflows of
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (Continued)

Additional Information (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

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, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,234,493.00, \$672,274.04, \$797,333.00 and \$2,041.00, respectively.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -	\$ 25,904.54	\$ 42,386.01	\$ 77,086.30
2016-2017	-	24,734.87	28,924.91	93,567.77
2015-2016	150,000.00	139,377.00	181,633.00	97,757.81

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.

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

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

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, 2018 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.

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 12. Contingencies (Continued)

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.

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	Lincoln Investment Planning, Inc.	Valic Investments
The Legend Group	Security Benefit & Life	

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, 2018, the liability for compensated absences reported was \$668,034.19.

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 15. Tax Abatements (Continued)

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.

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, 2018 was \$2,414,260.86.

Note 17. Fund Balances

General Fund – Of the \$4,513,112.27 General Fund fund balance at June 30, 2018, \$1,075,816.80 has been restricted for the Capital Reserve Account; \$520,300.00 has been restricted for the Maintenance Reserve Account; \$142,000.40 has been restricted for the Emergency Reserve Account; \$1,169,682.53 has been restricted for current year excess surplus; \$1,244,578.33 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$266,410.25 has been assigned to other purposes; \$24,997.67 has been assigned – designated for subsequent year's expenditures; and \$69,326.29 has been unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$4,137,790.81 at June 30, 2018. 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, 2018. 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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EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 14,992,181.00	\$ -	\$ 14,992,181.00	\$ 0.04
Tuition From Other LEAs Within State	-	112,085.07	112,085.07	112,633.83
Unrestricted Miscellaneous Revenues	7,000.00	-	7,000.00	38,653.61
Total Local Sources	14,999,181.00	112,085.07	15,111,266.07	151,287.48
State Sources:				
School Choice Aid	-	-	-	-
Categorical Transportation Aid	259,295.00	-	259,295.00	-
Extraordinary Aid	42,987.00	-	42,987.00	56,398.00
Categorical Special Education Aid	653,864.00	-	653,864.00	-
Equalization Aid	728,620.00	-	728,620.00	-
Categorical Security Aid	228,617.00	-	228,617.00	-
Adjustment Aid	1,949,536.00	-	1,949,536.00	(77,031.00)
PARCC Readiness Aid	10,570.00	-	10,570.00	-
Per Pupil Growth Aid	10,570.00	-	10,570.00	-
Professional Learning Community Aid	10,500.00	-	10,500.00	(1.00)
Other State Aids	-	10,900.00	10,900.00	4,014.00
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	1,234,493.00
TPAF Social Security (reimbursed)	-	-	-	672,274.04
TPAF Post Retirements	-	-	-	797,333.00
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	2,041.00
Total State Sources	3,894,559.00	10,900.00	3,905,459.00	2,689,521.04
Federal Sources:				
Medicaid Reimbursement	62,379.00	-	62,379.00	8,241.94
Total Federal Sources	62,379.00	-	62,379.00	8,241.94
Total Revenues	18,956,119.00	122,985.07	19,079,104.07	2,849,050.46
Current Expense:				
Regular Programs - Instruction:				
Preschool - Salaries of Teachers	124,870.00	1,940.00	126,810.00	126,809.99
Kindergarten - Salaries of Teachers	344,935.00	4,031.60	348,966.60	348,966.60
Grades 1-5 - Salaries of Teachers	2,645,655.00	26,278.34	2,671,933.34	2,612,248.38
Grades 6-8 - Salaries of Teachers	1,508,892.00	161,103.40	1,669,995.40	1,463,721.98
Regular Programs - Home Instruction:				
Salaries of Teachers	5,000.00	951.50	5,951.50	3,958.50
Regular Programs - Undistributed Instruction:				
				1,993.00

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018				VARIANCE FINAL TO ACTUAL	
	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Other Salaries for Instruction	11-190-100-106	130,012.00	12,788.23	142,800.23	119,954.83	22,845.40
Purchased Professional - Educational Services	11-190-100-320	7,500.00	-	7,500.00	5,830.50	1,669.50
Purchased Technical Services	11-190-100-340	64,995.00	-	64,995.00	55,906.07	9,088.93
Rentals	11-190-100-440	-	60,322.42	60,322.42	58,818.11	1,504.31
Other Purchased Services	11-190-100-500	65,753.00	(60,131.25)	5,621.75	1,760.75	3,861.00
General Supplies	11-190-100-610	495,636.96	527.45	496,164.41	428,496.37	67,668.04
Textbooks	11-190-100-640	112,800.00	-	112,800.00	21,738.14	91,061.86
Other Objects	11-190-100-800	500.00	-	500.00	-	500.00
Total Regular Programs - Instruction		5,506,548.96	207,811.69	5,714,360.65	5,248,210.22	466,150.43
Special Education - Instruction:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	770,689.00	132,060.90	902,749.90	880,613.10	22,136.80
Other Salaries for Instruction	11-204-100-106	402,644.00	(18,394.99)	384,249.01	383,625.16	623.85
General Supplies	11-204-100-610	5,370.00	5,426.02	10,796.02	10,074.28	721.74
Textbooks	11-204-100-640	4,000.00	153.84	4,153.84	4,000.00	153.84
Total Learning and/or Language Disabilities		1,182,703.00	119,245.77	1,301,948.77	1,278,312.54	23,636.23
Special Education - Instruction:						
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	975,750.00	(18,697.77)	957,052.23	956,520.83	531.40
General Supplies	11-213-100-610	8,600.00	-	8,600.00	8,560.17	39.83
Textbooks	11-213-100-640	6,000.00	-	6,000.00	5,609.68	390.32
Total Resource Room/Resource Center		990,350.00	(18,697.77)	971,652.23	970,690.68	961.55
Special Education - Instruction:						
Home Instruction:						
Purchased Professional - Educational Services	11-219-100-320	3,800.00	-	3,800.00	1,950.00	1,850.00
Total Home Instruction		3,800.00	-	3,800.00	1,950.00	1,850.00
Total Special Education - Instruction		2,176,853.00	100,548.00	2,277,401.00	2,250,953.22	26,447.78
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	672,302.00	(4,578.46)	667,723.54	655,674.32	12,049.22
General Supplies	11-230-100-610	2,000.00	-	2,000.00	-	2,000.00
Total Basic Skills/Remedial - Instruction		674,302.00	(4,578.46)	669,723.54	655,674.32	14,049.22
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	188,684.00	45,485.78	234,169.78	193,189.71	40,980.07
Purchased Technical Services	11-240-100-340	1,014.00	-	1,014.00	370.50	643.50

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Total Bilingual Education - Instruction		189,698.00	45,485.78	235,183.78	193,560.21	41,623.57
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction:						
Salaries	11-401-100-100	89,593.00	-	89,593.00	83,761.34	5,831.66
Other Objects	11-401-100-800	44,505.00	2.00	44,507.00	32,156.83	12,350.17
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		134,098.00	2.00	134,100.00	115,918.17	18,181.83
Undistributed Expenditures - Instruction (Tuition):						
Tuition to Other LEAs Within State - Regular	11-000-100-561	30,000.00	38,745.83	68,745.83	18,094.85	50,650.98
Tuition to Other LEAs Within State - Special	11-000-100-562	528,035.00	(25,114.16)	502,920.84	494,265.85	8,654.99
Tuition to Private School Disabled - Within State	11-000-100-566	280,398.00	67,527.08	347,925.08	347,925.08	-
Tuition - Other	11-000-100-569	-	10,656.00	10,656.00	-	10,656.00
Total Undistributed Expenditures - Instruction (Tuition)		838,433.00	91,814.75	930,247.75	860,285.78	69,961.97
Undistributed Expenditures - Health Services:						
Salaries of Social Services Coordinators	11-000-213-175	325,611.00	9,167.50	334,778.50	333,867.50	911.00
Purchased Professional & Technical Services	11-000-213-300	9,598.00	531.04	10,129.04	10,128.08	0.96
Other Purchased Services	11-000-213-500	-	7,286.00	7,286.00	4,000.00	3,286.00
Supplies and Materials	11-000-213-600	10,788.00	(6,150.40)	4,637.60	4,315.10	322.50
Other Objects	11-000-213-800	-	35.00	35.00	35.00	-
Total Undistributed Expenditures - Health Services		345,997.00	10,869.14	356,866.14	352,345.68	4,520.46
Undistributed Expenditures - Speech, OT, PT and Related Services:						
Salaries	11-000-216-100	293,056.00	7,675.60	300,731.60	298,502.00	2,229.60
Purchased Professional - Educational Services	11-000-216-320	38,500.00	(30,992.95)	7,507.05	7,507.05	-
Supplies and Materials	11-000-216-600	2,380.00	-	2,380.00	2,051.10	328.90
Total Undistributed Expenditures - Speech, OT, PT and Related Services		333,936.00	(23,317.35)	310,618.65	308,060.15	2,558.50
Undistributed Expenditures - Other Support Services - Extra Services:						
Purchased Professional - Educational Services	11-000-217-320	85,668.00	(32,918.30)	52,749.70	50,039.24	2,710.46
Total Undistributed Expenditures - Other Support Services - Extra Services		85,668.00	(32,918.30)	52,749.70	50,039.24	2,710.46

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	11-000-218-104	128,043.00	(5,003.00)	123,040.00	2.00
Supplies and Materials	11-000-218-600	1,825.00	137.09	1,962.09	456.23
Total Undistributed Expenditures - Guidance		129,868.00	(4,865.91)	125,002.09	458.23
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	11-000-219-104	578,702.00	(1,204.21)	577,497.79	2.58
Salaries of Secretaries & Clerical Assistants	11-000-219-105	61,751.00	43.62	61,794.62	43.58
Other Salaries	11-000-219-110	16,300.00	178.20	16,478.20	882.60
Purchased Professional - Educational Services	11-000-219-320	26,450.00	129.57	26,579.57	130.03
Other Purchased Prof. and Tech. Services	11-000-219-390	19,620.00	(4,836.00)	14,784.00	-
Miscellaneous Purchased Services	11-000-219-592	1,444.00	326.54	1,770.54	-
Supplies and Materials	11-000-219-600	11,923.60	(3,419.89)	8,503.71	613.48
Other Objects	11-000-219-800	1,020.00	-	1,020.00	50.00
Total Undistributed Expenditures - Child Study Teams		717,210.60	(8,782.17)	708,428.43	1,722.27
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	11-000-221-102	39,000.00	9.18	39,009.18	0.06
Salaries of Sec. and Clerical Assist.	11-000-221-105	19,603.00	0.86	19,603.86	0.02
Sal. of Fac., Math, Literacy Coaches	11-000-221-176	135,209.00	(1,267.35)	133,941.65	4,342.39
Purchased Professional - Educational Services	11-000-221-320	15,000.00	-	15,000.00	12,612.23
Other Purchased Professional and Technical Services	11-000-221-390	65,900.00	(10,487.95)	55,412.05	5,000.00
Supplies and Materials	11-000-221-600	2,600.00	(2,058.15)	541.85	-
Other Objects	11-000-221-800	1,070.00	-	1,070.00	250.00
Total Undistributed Expenditures - Improvement of Instruction Services		278,382.00	(13,803.41)	264,578.59	22,204.70
Undistributed Expenditures - Educational Media Services/Library:					
Salaries of Technology Coordinators	11-000-222-177	247,511.00	0.39	247,511.39	0.39
Supplies and Materials	11-000-222-600	23,735.00	(5,835.00)	17,900.00	4,512.10
Total Undistributed Expenditures - Educational Media Services/Library		271,246.00	(5,834.61)	265,411.39	4,512.49
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	11-000-223-320	2,000.00	-	2,000.00	65.66
Other Purchased Services	11-000-223-500	21,750.00	(11,973.09)	9,776.91	663.68
Other Objects	11-000-223-800	1,345.00	233.46	1,578.46	347.39

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Total Undistributed Expenditures - Instructional Staff Training Services		25,095.00	(11,739.63)	13,355.37	2,945.41
Undistributed Expenditures - Support Services - General Administration:					
Salaries	11-000-230-100	202,254.00	6,668.34	208,922.34	208,921.67
Legal Services	11-000-230-331	81,600.00	11,865.66	93,465.66	55,121.33
Audit Fees	11-000-230-332	29,695.00	-	29,695.00	29,695.00
Architectural/Engineering Services	11-000-230-334	30,769.00	(16,321.38)	14,447.62	14,447.62
Other Purchased Professional Services	11-000-230-339	-	17,715.36	17,715.36	17,434.72
Communications/Telephone	11-000-230-530	87,385.09	50.03	87,435.12	280.64
BOE Other Purchased Professional Services	11-000-230-585	5,350.00	(2,400.00)	2,950.00	32,212.68
Other Purchased Services	11-000-230-590	8,000.00	(6,500.00)	1,500.00	230.62
General Supplies	11-000-230-610	3,000.00	-	3,000.00	725.00
Miscellaneous Expenditures	11-000-230-890	12,114.00	(2,500.00)	9,614.00	1,913.78
BOE Membership Dues and Fees	11-000-230-895	12,575.00	0.10	12,575.10	2,766.18
Total Undistributed Expenditures - Support Services - General Administration		472,742.09	8,578.11	481,320.20	387,473.68
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	11-000-240-103	469,900.00	(1,145.74)	468,754.26	468,753.36
Salaries of Secretaries & Clerical Assistants	11-000-240-105	195,540.00	1,660.95	197,200.95	189,452.02
Other Purchased Services	11-000-240-500	800.00	-	800.00	800.00
Supplies and Materials	11-000-240-600	12,200.00	580.42	12,780.42	9,034.50
Other Objects	11-000-240-800	4,840.00	-	4,840.00	3,280.00
Total Undistributed Expenditures - Support Services - School Administration		683,280.00	1,095.63	684,375.63	670,519.88
Undistributed Expenditures - Central Services:					
Salaries	11-000-251-100	258,666.00	249.99	258,915.99	258,915.56
Purchased Professional Services	11-000-251-330	1,350.00	-	1,350.00	1,250.00
Miscellaneous Purchased Services	11-000-251-592	16,310.00	-	16,310.00	6,889.80
Supplies and Materials	11-000-251-600	15,000.00	-	15,000.00	11,813.51
Miscellaneous Expenditures	11-000-251-890	10,226.00	-	10,226.00	7,138.18
Total Undistributed Expenditures - Central Services		301,552.00	249.99	301,801.99	286,007.05
Undistributed Expenditures - Administrative Information Technology: Purchased Technical Services	11-000-252-340	14,095.00	-	14,095.00	10,399.98
Total Undistributed Expenditures -					3,695.02

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Administrative Information Technology	14,095.00	-	14,095.00	3,695.02
Undistributed Expenditures - Required Maintenance for School Facilities:				
Salaries	147,695.00	15,917.00	163,612.00	1,148.45
Cleaning, Repair & Maintenance Services	658,725.00	4,672.80	663,397.80	68,586.78
General Supplies	53,085.00	(8,000.00)	45,085.00	18,777.56
Other Objects	11,500.00	(3,105.76)	8,394.24	4,120.00
Total Undistributed Expenditures - Required Maintenance for School Facilities	871,005.00	9,484.04	880,489.04	92,632.79
Undistributed Expenditures - Custodial Services:				
Salaries	49,220.00	(2,208.00)	47,012.00	0.61
Cleaning, Repair & Maintenance Services	468,647.32	(0.11)	468,647.21	125,584.44
Rental of Land & Bldg. Other Than Lease Purch.	1,750.00	-	1,750.00	1,000.00
Other Purchased Property Services	77,009.99	-	77,009.99	20,863.92
Insurance	176,244.00	(912.34)	175,331.66	8,252.04
General Supplies	56,144.64	639.43	56,784.07	2,592.18
Energy (Natural Gas)	153,463.38	(24,617.42)	128,845.96	67,499.36
Energy (Electricity)	568,174.20	(38,171.92)	530,002.28	158,371.22
Total Undistributed Expenditures - Custodial Services	1,550,653.53	(65,270.36)	1,485,383.17	384,163.77
Undistributed Expenditures - Care and Upkeep of Grounds:				
Cleaning, Repair & Maintenance Services	-	5,200.00	5,200.00	-
General Supplies	-	11,156.00	11,156.00	8,409.57
Total Undistributed Expenditures - Care and Upkeep of Grounds	-	16,356.00	16,356.00	8,409.57
Security:				
Purchased Professional and Technical Services	3,000.00	2,764.80	5,764.80	456.70
Total Security	3,000.00	2,764.80	5,764.80	456.70
Undistributed Expenditures - Student Transportation Services:				
Salaries of Non-Instructional Aides	204,021.00	(21,489.87)	182,531.13	8,033.29
Sal for Pupil Trans (Bet Home & Sch)- Sp Ed	-	2,978.28	2,978.28	-
Social Security Contributions	11,000.00	-	11,000.00	-
Other Retirement Contributions - PERS	20,000.00	-	20,000.00	-
Health Benefits	41,743.00	(0.04)	41,742.96	-
Cleaning, Repair and Maintenance Services	11,263.96	-	11,263.96	7,052.95

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
			ACTUAL	
11-000-270-503	-	50,000.00	23,000.00	27,000.00
Contract Services - Aid in Lieu Payments - Non Public Schools				
11-000-270-511	567,407.00	(165,000.10)	402,406.90	380,702.44
Contract Services (Between Home & School) - Vendors				
11-000-270-512	25,750.00	9,760.50	35,510.50	35,510.50
Contract Services (Other Than Between Home & School) - Vendors				
11-000-270-513	-	16,652.87	16,652.87	16,652.87
Contract Services (Between Home & School) - Joint Agreement				
11-000-270-518	190,000.00	162,636.62	352,636.62	352,636.62
Contract Services (Special Education) - ESCs & CTSA's				
11-000-270-610	6,750.00	223.83	6,973.83	5,655.85
General Supplies				
11-000-270-615	35,000.00	-	35,000.00	15,011.45
Transportation Supplies				
11-000-270-800	8,600.00	(24.00)	8,576.00	8,052.46
Miscellaneous Expenditures				
Total Undistributed Expenditures -	1,121,534.96	55,738.09	1,177,273.05	1,091,652.28
Student Transportation Services				
Unallocated Benefits:				
Group Insurance				
11-000-291-210	-	-	-	-
Social Security Contributions				
11-000-291-220	179,000.00	(32,482.12)	146,517.88	122,566.18
TPAF Contributions - ERIIP				
11-000-291-232	-	35,000.00	35,000.00	35,000.00
Other Retirement Contributions - PERS				
11-000-291-241	201,172.99	0.72	201,173.71	144,032.51
Unemployment Compensation				
11-000-291-250	12,500.00	-	12,500.00	-
Workmen's Compensation				
11-000-291-260	106,861.00	0.14	106,861.14	91,791.01
Health Benefits				
11-000-291-270	3,239,555.00	(259,220.49)	2,980,334.51	2,865,981.13
Tuition Reimbursement				
11-000-291-280	25,000.00	-	25,000.00	23,490.00
Other Employee Benefits				
11-000-291-290	76,001.00	(1.00)	76,000.00	43,453.90
Total Unallocated Benefits	3,840,089.99	(256,702.75)	3,583,387.24	3,326,314.73
Nonbudgeted:				
TPAF Pension (on-behalf)				
TPAF Social Security (reimbursed)				
TPAF Post Retirements				
TPAF Long-Term Disability Insurance (on behalf)				
11-000-291-290	-	-	-	1,234,493.00
11-000-291-290	-	-	-	672,274.04
11-000-291-290	-	-	-	797,333.00
11-000-291-290	-	-	-	2,041.00
Total Undistributed Expenditures	11,883,788.17	(226,283.94)	11,657,504.23	13,296,502.44
Total Expenditures - Current Expense	20,565,288.13	122,985.07	20,688,273.20	21,760,818.58
Facilities Acquisition & Construction Services:				
Other Purchased Prof. and Tech. Services				
12-000-400-390	79,000.00	-	79,000.00	64,700.00
Construction Services				
12-000-400-450	203,000.00	-	203,000.00	104,087.04
Total Facilities Acquisition & Construction Services	282,000.00	-	282,000.00	168,787.04
Total Capital Outlay	282,000.00	-	282,000.00	168,787.04
Total Expenditures	20,847,288.13	122,985.07	20,970,273.20	21,929,605.62

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(1,891,169.13)	-	(1,891,169.13)	1,889,718.04
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(1,891,169.13)	-	(1,891,169.13)	1,889,718.04
Fund Balances, July 1	4,890,118.36	-	4,890,118.36	-
Fund Balances, June 30	\$ 2,998,949.23	\$ -	\$ 2,998,949.23	\$ 1,889,718.04

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 1,075,816.80
Maintenance Reserve	520,300.00
Emergency Reserve	142,000.40
Excess Surplus	1,169,682.53
Excess Surplus Designated for Subsequent Year's Expenditures	1,244,578.33
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	24,997.67
Year-End Encumbrances	266,410.25
Unassigned Fund Balance	444,881.29
Subtotal	4,888,667.27
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	(375,555.00)
Fund Balance per Governmental Funds (GAAP)	\$ 4,513,112.27

EATONTOWN PUBLIC SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL (OVER/ UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources	\$ -	\$ 3,854.87	\$ 3,854.87	\$ 1,190.39
State Sources	151,376.00	54,041.00	205,417.00	205,416.00
Federal Sources	724,167.00	205,615.00	929,782.00	835,483.36
Total Revenues	875,543.00	263,510.87	1,139,053.87	1,042,089.75
Expenditures:				
Instruction:				
Salaries of Teachers	386,660.00	(144,818.00)	241,842.00	227,943.02
Purchased Professional - Educational Services	-	15,830.00	15,830.00	11,550.50
Other Purchased Services (400-500 Series)	455,592.00	(155,152.00)	300,440.00	300,440.00
General Supplies	-	121,462.00	121,462.00	105,828.33
Textbooks	8,427.00	1,160.00	9,587.00	-
Other Objects	-	3,854.87	3,854.87	1,190.39
Total Instruction	850,679.00	(157,663.13)	693,015.87	646,952.24
Support Services:				
Salaries of Other Professional Staff	-	14,688.00	14,688.00	10,219.63
Personal Services - Employee Benefits	-	43,144.00	43,144.00	39,964.00
Purchased Educational Services	24,864.00	185,943.00	210,807.00	174,617.60
Other Purchased Services (400-500 Series)	-	158,430.00	158,430.00	158,429.00
Supplies and Materials	-	13,969.00	13,969.00	7,407.28
Other Objects	-	5,000.00	5,000.00	4,500.00
Total Support Services	24,864.00	421,174.00	446,038.00	395,137.51
Total Expenditures	875,543.00	263,510.87	1,139,053.87	1,042,089.75
Total Outflows	875,543.00	263,510.87	1,139,053.87	1,042,089.75
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2018**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 21,928,154.53	\$ 1,042,089.75
<p>The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).</p>		
Current Year	(375,555.00)	-
Prior Year	384,204.00	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 21,936,803.53	\$ 1,042,089.75
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 21,929,605.62	\$ 1,042,089.75
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 21,929,605.62	\$ 1,042,089.75

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0163035523%	0.0169775354%	0.0166434462%	0.0166057005%	0.0166686668%
School District's proportionate share of the net pension liability	\$ 3,795,206.00	\$ 5,028,259.00	\$ 3,736,120.00	\$ 3,109,041.00	\$ 3,185,713.00
School District's covered payroll	\$ 1,095,256.24	\$ 1,095,256.24	\$ 1,091,554.12	\$ 1,122,841.00	\$ 1,155,174.00
School District's proportionate share of the net pension liability as a percentage of its covered payroll	346.51%	459.09%	342.28%	276.89%	275.78%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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.

EATONTOWN PUBLIC SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST FIVE FISCAL YEARS

	2018	2017	2016	2015
School District's contractually required contribution	\$ 169,477.00	\$ 151,035.00	\$ 150,826.00	\$ 143,089.00
Contributions in relation to the contractually required contribution	(169,477.00)	(151,035.00)	(150,826.00)	(143,089.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 1,095,256.24	\$ 1,095,256.24	\$ 1,091,554.12	\$ 1,122,841.00
Contributions as a percentage of covered payroll	15.47%	13.79%	13.82%	12.74%
				11.85%

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FIVE FISCAL YEARS***

	2018	2017	2016	2015
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	\$ 57,751,877.00	\$ 67,092,202.00	\$ 56,226,481.00	\$ 48,136,446.00
	\$ 57,751,877.00	\$ 67,092,202.00	\$ 56,226,481.00	\$ 45,565,423.00
School District's covered payroll	\$ 8,563,215.56	\$ 8,563,215.56	\$ 8,503,243.68	\$ 8,529,641.00
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	25.41%	22.33%	28.71%	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.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

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**EATONTOWN BOARD OF EDUCATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
District's Total OPEB Liability	
Service Cost	\$ 1,863,254
Interest Cost	1,816,767
Changes of Assumptions	(7,421,880)
Contributions: Member	49,037
Gross Benefit Payments	(1,331,712)
Net Change in District's Total OPEB Liability	(5,024,534)
District's Total OPEB Liability (Beginning)	62,519,795
District's Total OPEB Liability (Ending)	\$ 57,495,261
District's Covered Employee Payroll	\$ 18,118,096
District's Net OPEB Liability as a Percentage of Payroll	317%

Note - 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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**EATONTOWN PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Title I	Title IIA	Title III	Title III - Immigrant	I.D.E.A. - Basic	I.D.E.A. - Preschool
Revenues:						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-
Federal Sources	344,960.31	39,105.83	37,648.66	8,360.25	394,577.22	10,831.09
Total Revenues	\$ 344,960.31	\$ 39,105.83	\$ 37,648.66	\$ 8,360.25	\$ 394,577.22	\$ 10,831.09
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 226,386.02	\$ -	\$ 1,557.00	\$ -	\$ -	\$ -
Purchased Professional - Educational Services	\$ 11,550.50	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	300,440.00	-
General Supplies	52,372.95	-	25,012.57	7,790.25	1,664.45	9,401.11
Other Objects	-	-	-	-	-	-
Total Instruction	290,309.47	-	26,569.57	7,790.25	302,104.45	9,401.11
Support Services:						
Salaries of Other Professional Staff	9,205.78	-	785.85	228.00	-	-
Personal Services - Employee Benefits	39,964.00	-	-	-	-	-
Purchased Educational Services	1,251.12	33,838.75	8,224.98	-	92,472.77	1,429.98
Other Purchased Services (400-500 Series)	-	-	-	-	-	-
Supplies and Materials	4,229.94	767.08	2,068.26	342.00	-	-
Other Objects	-	4,500.00	-	-	-	-
Total Support Services	54,650.84	39,105.83	11,079.09	570.00	92,472.77	1,429.98
Total Expenditures	\$ 344,960.31	\$ 39,105.83	\$ 37,648.66	\$ 8,360.25	\$ 394,577.22	\$ 10,831.09

**EATONTOWN PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Non Public Security Aid	Non Public Ch. 192 Auxiliary	Non Public Ch. 193 Handicapped	Non Public Textbook	Non Public Nursing
Revenues:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	13,950.00	61,122.00	97,307.00	9,587.00	16,975.00
Federal Sources	-	-	-	-	-
Total Revenues	\$ 13,950.00	\$ 61,122.00	\$ 97,307.00	\$ 9,587.00	\$ 16,975.00
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-	-
General Supplies	-	-	-	9,587.00	-
Other Objects	-	-	-	-	-
Total Instruction	-	-	-	9,587.00	-
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Educational Services	13,950.00	-	-	-	16,975.00
Other Purchased Services (400-500 Series)	-	61,122.00	97,307.00	-	-
Supplies and Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Support Services	13,950.00	61,122.00	97,307.00	-	16,975.00
Total Expenditures	\$ 13,950.00	\$ 61,122.00	\$ 97,307.00	\$ 9,587.00	\$ 16,975.00

**EATONTOWN PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Non Public Technology	Woodmere Elk Grant	Target - Field Trips Vetter	Totals
Revenues:				
Local Sources	\$ -	\$ 1,190.39	\$ -	\$ 1,190.39
State Sources	6,475.00	-	-	205,416.00
Federal Sources	-	-	-	835,483.36
Total Revenues	\$ 6,475.00	\$ 1,190.39	\$ -	\$ 1,042,089.75
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ 227,943.02
Purchased Professional - Educational Services	-	-	-	11,550.50
Other Purchased Services (400-500 Series)	-	-	-	300,440.00
General Supplies	-	-	-	105,828.33
Other Objects	-	1,190.39	-	1,190.39
Total Instruction	-	1,190.39	-	646,952.24
Support Services:				
Salaries of Other Professional Staff	-	-	-	10,219.63
Personal Services - Employee Benefits	-	-	-	39,964.00
Purchased Educational Services	6,475.00	-	-	174,617.60
Other Purchased Services (400-500 Series)	-	-	-	158,429.00
Supplies and Materials	-	-	-	7,407.28
Other Objects	-	-	-	4,500.00
Total Support Services	6,475.00	-	-	395,137.51
Total Expenditures	\$ 6,475.00	\$ 1,190.39	\$ -	\$ 1,042,089.75

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F. Capital Projects Fund

NOT APPLICABLE

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H. Fiduciary Fund

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**EATONTOWN PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	TRUST			AGENCY		
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	TRUST TOTALS	PAYROLL FUND	STUDENT ACTIVITY FUND	AGENCY TOTALS
ASSETS						
Cash & Cash Equivalents	\$ 76,173.97	\$ 6,302.01	\$ 82,475.98	\$ 15,093.45	\$ 42,586.83	\$ 57,680.28
Total Assets	76,173.97	6,302.01	82,475.98	15,093.45	42,586.83	57,680.28
LIABILITIES						
Accounts Payable	3,474.88	-	3,474.88	-	-	-
Interfund Payable	-	-	-	8,000.00	-	8,000.00
Payable for Student Related Activities	-	-	-	-	42,586.83	42,586.83
Payroll Deductions & Withholdings	-	-	-	7,093.45	-	7,093.45
Total Liabilities	3,474.88	-	3,474.88	15,093.45	42,586.83	57,680.28
NET POSITION						
Restricted - Held in Trust for Unemployment Claims & Other Purposes	72,699.09	-	72,699.09			
Restricted - Scholarships	-	6,302.01	6,302.01			
Total Net Position	\$ 72,699.09	\$ 6,302.01	\$ 79,001.10			

**EATONTOWN PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	TOTAL TRUST
ADDITIONS			
Contributions:			
Plan Member	\$ 25,904.54	\$ -	\$ 25,904.54
Total Contributions	25,904.54	-	25,904.54
Investment Earnings:			
Interest	480.22	37.75	517.97
Net Investment Earnings	480.22	37.75	517.97
Total Additions	26,384.76	37.75	26,422.51
DEDUCTIONS			
Unemployment Claims	42,386.01	-	42,386.01
Scholarships Awarded	-	200.00	200.00
Total Deductions	42,386.01	200.00	42,586.01
Change in Net Position	(16,001.25)	(162.25)	(16,163.50)
Net Position - Beginning	88,700.34	6,464.26	95,164.60
Net Position - Ending	\$ 72,699.09	\$ 6,302.01	\$ 79,001.10

EXHIBIT H-3

**EATONTOWN PUBLIC SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
Elementary Schools:				
Woodmere School	\$ 2,795.99	\$ 3,786.29	\$ 3,934.35	\$ 2,647.93
Margaret L. Vetter School	4,378.11	12,136.17	9,754.75	6,759.53
Meadowbrook School	2,808.04	833.06	79.80	3,561.30
Total Elementary Schools	9,982.14	16,755.52	13,768.90	12,968.76
Junior High Schools				
Memorial School	31,765.28	32,381.96	34,529.17	29,618.07
Total Junior High Schools	31,765.28	32,381.96	34,529.17	29,618.07
Total All Schools	\$ 41,747.42	\$ 49,137.48	\$ 48,298.07	\$ 42,586.83

EXHIBIT H-4

**EATONTOWN PUBLIC SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
ASSETS				
Cash & Cash Equivalents	\$ 31,401.42	\$ 12,633,260.35	\$ 12,649,568.32	\$ 15,093.45
Total Assets	\$ 31,401.42	\$ 12,633,260.35	\$ 12,649,568.32	\$ 15,093.45
LIABILITIES				
Payroll Deductions & Withholdings	\$ 23,401.42	\$ 12,648,040.21	\$ 12,631,732.24	\$ 7,093.45
Interfunds Payable	8,000.00	1,528.11	1,528.11	8,000.00
Total Liabilities	\$ 31,401.42	\$ 12,649,568.32	\$ 12,633,260.35	\$ 15,093.45

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I. Long-Term Debt

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**EATONTOWN PUBLIC SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED JUNE 30, 2018**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2017	BALANCE JUNE 30, 2018
			DATE	AMOUNT			
2014 Refunding Bonds - 2006 General Improvement Issue	12/1/14	\$ 7,670,000.00	12/1/2018	1,080,000.00	4.000%	\$ 20,150,000.00	\$ 19,110,000.00
			12/1/2019	1,125,000.00	4.000%		
			12/1/2020	1,165,000.00	4.000%		
			12/1/2021	1,260,000.00	4.000%		
			12/1/2022	1,265,000.00	5.000%		
			12/1/2023	1,295,000.00	5.000%		
			12/1/2024	1,295,000.00	5.000%		
			12/1/2025	1,300,000.00	5.000%		
			12/1/2026	1,305,000.00	5.000%		
			12/1/2027	1,335,000.00	5.000%		
			12/1/2028	1,335,000.00	5.000%		
			12/1/2029	1,340,000.00	5.000%		
			12/1/2030	1,345,000.00	5.000%		
		12/1/2031	1,340,000.00	4.000%			
		12/1/2032	1,325,000.00	4.000%			
Total						\$ 20,150,000.00	\$ 19,110,000.00

EXHIBIT I-3

EATONTOWN PUBLIC SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,290,927.00	\$ -	\$ 1,290,927.00	\$ 1,216,839.00	\$ (74,088.00)
State Sources:					
Debt Service Aid Type II	665,023.00	-	665,023.00	665,023.00	-
Total Revenues	1,955,950.00	-	1,955,950.00	1,881,862.00	(74,088.00)
Expenditures:					
Regular Debt Service:					
Interest	915,950.00	-	915,950.00	915,951.38	(1.38)
Redemption of Principal	1,040,000.00	-	1,040,000.00	1,040,000.00	-
Total Regular Debt Service	1,955,950.00	-	1,955,950.00	1,955,951.38	(1.38)
Total Expenditures	1,955,950.00	-	1,955,950.00	1,955,951.38	(1.38)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(74,089.38)	74,086.62
Fund Balance, July 1,	74,089.38	-	74,089.38	74,089.38	-
Fund Balance, June 30,	\$ 74,089.38	\$ -	\$ 74,089.38	\$ 0.00	\$ 74,086.62

STATISTICAL SECTION (Unaudited)

Third Section

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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. The Exhibits are presented for the last ten fiscal years.

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,020,055.90	\$ 2,566,954.61	\$ 3,742,239.63	\$ 2,298,997.03	\$ 2,247,054.86	\$ 2,062,334.03	\$ 1,913,622.00	\$ 5,143,131.22	\$ 3,966,740.76	\$ 2,131,902.07
Restricted	4,152,378.06	4,162,346.88	3,522,482.63	2,522,942.43	3,340,079.35	3,228,648.62	1,544,579.21	2,127,268.64	3,094,399.86	3,758,850.21
Unrestricted (Deficit)	(4,137,790.81)	(4,092,430.00)	(4,616,844.12)	(233,433.23)	(1,083,121.38)	(1,151,474.11)	(80,302.67)	(732,037.09)	112,292.45	491,744.65
Total Governmental Activities Net Position	\$ 3,034,643.15	\$ 2,636,871.49	\$ 2,647,878.14	\$ 4,588,506.23	\$ 4,504,012.83	\$ 4,139,508.54	\$ 3,377,898.54	\$ 6,538,362.77	\$ 7,173,433.07	\$ 6,382,496.93
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382.00	\$ 3,288.00	\$ 4,389.00	\$ 5,690.00
Unrestricted (Deficit)	120,707.75	80,037.76	51,061.25	4,113.83	6,311.12	9,040.97	15,606.40	11,866.00	14,393.40	13,506.47
Total Business-Type Activities Net Position	\$ 120,707.75	\$ 80,037.76	\$ 51,061.25	\$ 4,113.83	\$ 6,311.12	\$ 9,040.97	\$ 15,988.40	\$ 15,154.00	\$ 18,782.40	\$ 19,196.47
District-Wide:										
Net Investment in Capital Assets	\$ 3,020,055.90	\$ 2,566,954.61	\$ 3,742,239.63	\$ 2,298,997.03	\$ 2,247,054.86	\$ 2,062,334.03	\$ 1,914,004.00	\$ 5,146,419.22	\$ 3,971,129.76	\$ 2,137,592.07
Restricted	4,152,378.06	4,162,346.88	3,522,482.63	2,522,942.43	3,340,079.35	3,228,648.62	1,544,579.21	2,127,268.64	3,094,399.86	3,758,850.21
Unrestricted (Deficit)	(4,017,083.06)	(4,012,392.24)	(4,565,782.87)	(229,319.40)	(1,076,810.26)	(1,142,433.14)	(64,696.27)	(720,171.09)	126,685.85	505,251.12
Total District Net Position	\$ 3,155,350.90	\$ 2,716,909.25	\$ 2,698,939.39	\$ 4,592,620.06	\$ 4,510,323.95	\$ 4,148,549.51	\$ 3,393,886.94	\$ 6,553,516.77	\$ 7,192,215.47	\$ 6,401,693.40

Source: CAFR Schedule A-1

EATONTOWN PUBLIC SCHOOL DISTRICT
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 11,384,675.01	\$ 9,798,517.56	\$ 5,804,105.35	\$ 6,066,077.31	\$ 6,195,151.57	\$ 8,363,363.83	\$ 8,342,598.37	\$ 8,761,721.54	\$ 8,475,714.85	\$ 9,227,118.38
Special Education	4,347,016.90	3,254,742.02	1,879,434.94	1,714,360.00	1,563,495.95	2,230,521.92	2,154,674.55	2,172,129.93	1,992,814.83	2,192,314.73
Other Special Education	-	-	585,390.38	654,988.00	628,941.60	899,985.05	949,114.04	832,095.37	1,092,680.79	944,941.89
Other Instruction	1,863,892.62	1,205,046.84	106,044.63	112,221.00	95,262.19	672,903.90	622,738.36	638,205.67	106,104.08	88,249.00
Support Services:										
Tuition	1,219,954.44	786,871.11	445,814.94	636,574.00	722,222.13	569,661.06	311,828.90	434,769.16	517,704.40	532,009.10
Student & Instruction Related Services	3,475,027.89	2,881,040.31	2,525,549.43	2,439,847.88	2,217,382.42	2,082,314.52	1,916,662.93	2,197,183.73	2,708,283.10	2,880,864.85
Other Administrative Services	549,468.85	497,742.19	419,603.35	354,893.00	370,118.20	404,282.39	528,062.48	502,256.85	529,440.29	616,347.34
Central Services	405,581.00	347,357.48	258,415.54	217,268.00	243,783.75	282,237.50	295,499.40	335,627.05	401,112.37	422,047.20
Administration Information Technology Services	14,748.01	10,317.27	13,392.84	3,872.00	6,250.00	128,688.91	119,921.96	104,073.95	157,611.83	118,070.16
School Administrative Services	950,851.13	844,204.83	630,218.68	629,442.00	667,931.49	892,574.75	922,626.05	901,515.78	851,712.28	957,284.04
Plant Operations & Maintenance	2,697,657.22	2,283,368.44	1,722,142.50	1,805,738.00	1,663,393.11	1,609,605.11	1,850,541.64	1,804,631.30	1,815,198.54	1,815,198.54
Pupil Transportation	1,548,050.75	1,228,626.11	788,364.97	761,055.00	751,358.84	832,909.90	863,075.79	921,489.76	892,100.37	899,925.62
Unallocated Benefits	-	-	7,969,906.88	4,338,163.46	4,641,967.84	-	-	-	-	-
Interest & Other Charges	814,456.79	905,658.18	931,909.52	1,123,855.00	1,163,042.50	1,199,980.00	1,235,323.75	1,269,542.39	1,302,636.25	1,308,399.11
Unallocated Depreciation	-	-	1,062,404.52	1,019,095.83	973,149.29	752,631.04	744,958.00	676,297.50	297,920.69	175,392.08
Total Governmental Activities Expenses	29,271,380.62	24,043,492.34	25,142,698.47	21,877,450.48	21,903,450.88	20,921,659.88	20,857,626.22	21,551,539.98	21,137,446.67	22,178,162.04
Business-Type Activities:										
Food Service	389,403.40	398,104.06	375,783.03	429,090.63	392,162.48	394,241.38	363,908.60	363,512.95	340,789.62	320,051.56
Total Business-Type Activities Expense	389,403.40	398,104.06	375,783.03	429,090.63	392,162.48	394,241.38	363,908.60	363,512.95	340,789.62	320,051.56
Total District Expenses	\$ 29,660,784.02	\$ 24,441,596.40	\$ 25,518,481.50	\$ 22,306,541.11	\$ 22,295,613.36	\$ 21,315,901.26	\$ 21,221,534.82	\$ 21,915,052.93	\$ 21,478,236.29	\$ 22,498,213.60
Program Revenues:										
Charges for Services	-	-	\$ 54,141.00	\$ 12,945.00	\$ 75,416.03	\$ 70,803.41	\$ -	\$ -	\$ -	\$ -
Operating Grants & Contributions	8,556,627.79	3,335,728.40	6,986,151.15	1,950,152.19	1,871,807.05	271,669.22	271,260.81	215,162.00	266,931.00	336,241.00
Total Governmental Activities Program Revenues	8,556,627.79	3,335,728.40	7,040,292.15	1,963,097.19	1,947,223.08	342,472.63	271,260.81	215,162.00	266,931.00	336,241.00
Business-Type Activities:										
Charges for Services:										
Food Service	137,468.30	127,760.65	123,848.11	155,212.16	122,657.52	128,945.85	145,641.81	141,247.39	153,520.24	143,847.02
Operating Grants & Contributions	292,605.09	299,319.92	295,045.19	271,681.18	266,775.11	258,348.10	219,644.19	218,637.16	186,855.31	157,787.91
Total Business Type Activities Program Revenues	430,073.39	427,080.57	419,493.30	426,893.34	389,432.63	387,293.95	365,286.00	359,884.55	340,375.55	301,634.93
Total District Program Revenues	\$ 8,986,701.18	\$ 3,762,808.97	\$ 7,459,785.45	\$ 2,389,990.53	\$ 2,336,655.71	\$ 729,766.58	\$ 636,546.81	\$ 575,046.55	\$ 607,306.55	\$ 637,875.93
Net (Expense)/Revenue:										
Governmental Activities	\$ (20,714,752.83)	\$ (20,707,763.94)	\$ (18,102,406.32)	\$ (19,914,333.29)	\$ (19,956,227.80)	\$ (20,579,187.25)	\$ (20,586,365.41)	\$ (21,336,377.98)	\$ (20,870,515.67)	\$ (21,841,921.04)
Business-Type Activities	40,669.99	28,976.51	43,710.27	(2,197.29)	(2,729.85)	(6,947.43)	1,377.40	(3,628.40)	(41.40)	(18,416.63)
Total District-Wide Net Expense	\$ (20,674,082.84)	\$ (20,678,787.43)	\$ (18,058,696.05)	\$ (19,916,550.58)	\$ (20,586,134.68)	\$ (20,584,988.01)	\$ (20,584,988.01)	\$ (21,340,006.38)	\$ (20,870,929.74)	\$ (21,860,337.67)

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 14,992,181.04	\$ 14,519,827.00	\$ 13,748,136.00	\$ 13,364,766.00	\$ 13,206,960.00	\$ 13,076,199.00	\$ 13,076,199.00	\$ 13,076,199.00	\$ 12,859,451.00	\$ 12,947,762.00
Taxes Levied for Debt Service	1,216,839.00	1,377,311.00	1,329,458.00	1,346,882.00	1,339,127.00	1,329,887.00	1,310,197.00	1,193,957.00	1,224,738.00	1,232,959.00
Grants & Contributions	4,633,131.94	4,730,497.78	3,682,077.00	5,275,845.08	5,586,643.24	6,888,589.26	6,357,518.51	6,080,316.96	7,402,793.91	8,298,286.92
Tuition Received	224,718.90	52,779.05	-	-	-	-	-	-	-	-
Miscellaneous Income	45,653.61	16,342.47	8,029.29	11,353.61	9,663.18	46,122.02	91,460.79	350,834.72	174,468.90	571,559.85
Transfers In/Out	-	-	-	-	-	-	-	-	-	(27,252.20)
Total Governmental Activities	21,112,524.49	20,696,757.30	18,767,700.29	19,998,846.69	20,142,393.42	21,340,797.28	20,835,375.30	20,701,307.68	21,661,451.81	23,023,315.57
Total District-Wide	\$ 21,112,524.49	\$ 20,696,757.30	\$ 18,767,700.29	\$ 19,998,846.69	\$ 20,142,393.42	\$ 21,340,797.28	\$ 20,835,375.30	\$ 20,701,307.68	\$ 21,661,451.81	\$ 23,023,315.57
Change in Net Position:										
Governmental Activities	\$ 397,771.66	\$ (11,006.64)	\$ 665,293.97	\$ 84,493.40	\$ 186,165.62	\$ 761,610.03	\$ 249,009.89	\$ (635,070.30)	\$ 790,936.14	\$ 1,181,394.53
Business-Type Activities	40,669.99	28,976.51	43,710.27	(2,197.29)	(2,729.85)	(6,947.43)	1,377.40	(3,628.40)	(414.07)	(18,416.63)
Total District	\$ 438,441.65	\$ 17,969.87	\$ 709,004.24	\$ 82,296.11	\$ 183,435.77	\$ 754,662.60	\$ 250,387.29	\$ (638,698.70)	\$ 790,522.07	\$ 1,162,977.90

Source: CAFR Schedule A-2

**EATONTOWN PUBLIC SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 4,152,378.06	\$ 4,088,257.50	\$ 3,620,232.63	\$ 2,967,645.26	\$ 2,981,371.60	\$ 3,099,130.86	\$ 2,340,277.67	\$ 1,358,880.42	\$ -	\$ -
Assigned	291,407.92	364,924.13	725,484.08	816,304.06	415,314.77	240,948.49	831,398.83	1,119,137.69	-	-
Unassigned	69,326.29	52,732.73	-	-	-	103,548.79	180,145.56	251,916.23	-	-
Reserved	-	-	-	-	-	-	-	-	2,053,284.36	4,168,924.21
Unreserved	-	-	-	-	-	-	-	-	582,763.83	320,199.81
Total General Fund	\$ 4,513,112.27	\$ 4,505,914.36	\$ 4,345,716.71	\$ 3,783,949.32	\$ 3,396,686.37	\$ 3,443,628.14	\$ 3,351,822.06	\$ 2,729,934.34	\$ 2,636,048.19	\$ 4,489,124.02
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ -	\$ 74,089.38	\$ 74,087.98	\$ 74,087.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	-	-	-	-	-	-	56,972.12	66,560.87	-	-
Reserved	-	-	-	-	-	-	-	-	-	68,828.95
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	73,984.28	107,813.87
Debt Service Fund	-	-	-	-	-	-	-	-	26,206.00	26,205.89
Total All Other Governmental Funds	\$ -	\$ 74,089.38	\$ 74,087.98	\$ 74,087.92	\$ -	\$ -	\$ 56,972.12	\$ 66,560.87	\$ 100,190.28	\$ 202,848.71

Source: CAFR Schedule B-1

**EATONTOWN PUBLIC SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax Levy	\$ 16,209,020.04	\$ 15,897,138.00	\$ 15,077,594.00	\$ 14,851,566.00	\$ 14,711,648.00	\$ 14,546,087.00	\$ 14,406,086.00	\$ 14,386,396.00	\$ 14,270,156.00	\$ 14,084,189.00
Tuition Charges	224,718.90	52,779.05	54,141.00	59,273.00	12,945.00	58,004.00	46,754.00	-	70,892.12	-
Miscellaneous	46,844.00	23,259.34	14,446.76	15,833.03	28,539.56	27,400.06	70,171.43	80,884.20	279,942.59	1,549,509.90
State Sources	7,474,068.04	7,227,154.70	6,938,112.98	6,675,922.55	6,401,394.25	6,622,366.51	6,195,807.23	5,569,322.22	5,209,879.82	6,236,124.91
Federal Sources	906,104.30	832,154.61	934,455.20	765,609.58	807,417.07	835,758.93	964,451.25	1,059,457.10	1,085,599.14	1,433,600.00
Total Revenues	24,860,755.28	24,032,485.70	23,018,749.94	22,368,204.16	21,961,943.88	22,089,616.50	21,683,269.91	21,096,059.52	20,916,469.67	23,303,423.81
Expenditures										
Instruction:										
Regular Instruction	5,895,162.46	6,321,923.44	5,804,105.35	-	6,066,077.31	6,195,151.57	5,956,142.95	6,066,831.45	6,666,478.04	6,432,173.70
Special Education Instruction	2,250,953.22	2,099,932.95	1,879,434.94	1,792,773.00	1,714,360.00	1,563,495.95	1,612,489.64	1,548,240.48	1,562,427.56	1,433,701.23
Other Special Instruction	-	-	106,044.63	472,935.00	654,988.00	628,941.60	628,479.98	658,004.90	564,497.15	781,883.20
Other Instruction	965,152.70	777,486.37	445,814.94	124,724.00	112,221.00	95,262.19	70,593.21	79,925.27	89,380.77	106,104.08
Support Services:										
Tuition	860,285.78	612,045.52	-	-	-	-	-	-	-	-
Health Services	352,345.68	328,317.36	-	-	-	-	-	-	-	-
Student & Instruction Related Services	2,098,169.67	1,912,618.66	2,525,549.43	352,293.00	636,574.00	722,222.13	569,661.06	311,828.90	434,769.16	517,704.40
Other Administrative Services	387,473.68	387,154.74	419,603.35	2,355,500.02	2,439,847.88	2,217,382.42	2,102,333.52	1,938,224.93	2,221,671.40	2,105,608.19
Central Services	286,007.05	270,182.23	258,415.54	641,940.00	629,442.00	667,931.49	690,674.25	718,993.94	682,306.07	658,193.89
Administration Information										
Technology Services	10,399.98	8,025.00	13,392.84	280,419.00	217,268.00	243,783.75	232,272.69	250,001.07	292,109.17	309,134.09
School Administrative Services	670,519.88	656,640.94	630,218.68	384,182.00	354,893.00	370,118.20	361,060.74	432,573.29	425,745.05	459,177.98
Plant Operations & Maintenance	1,902,330.18	1,776,053.80	1,771,718.83	10,075.00	3,872.00	6,250.00	77,082.36	76,170.36	33,727.39	94,717.72
Pupil Transportation	1,091,652.28	955,652.20	788,364.97	1,912,522.00	1,805,738.00	1,663,393.11	1,592,234.02	1,832,259.42	1,773,924.23	1,796,049.43
Unallocated Benefits	6,032,455.77	5,641,688.58	5,090,071.88	4,638,562.55	4,400,781.46	4,770,979.84	4,256,890.55	4,063,719.99	3,977,275.40	3,688,707.85
Business and Other Support Services:										
Other	-	-	-	774,392.00	761,055.00	751,358.84	734,597.90	796,857.79	801,524.70	849,307.31
Capital Outlay	168,787.04	90,566.26	109,856.79	173,322.00	171,038.00	129,531.45	171,478.07	247,892.58	1,312,762.95	2,486,782.04
Debt Service:										
Principal	1,040,000.00	1,050,000.00	1,000,000.00	950,000.00	900,000.00	850,000.00	800,000.00	775,000.00	750,000.00	725,000.00
Interest & Other Charges	915,951.38	983,998.00	1,028,999.94	1,331,439.89	1,140,730.00	1,178,980.00	1,214,980.00	1,249,855.00	1,283,604.89	1,316,230.00
Total Expenditures	24,927,646.75	23,872,286.05	22,456,982.49	22,212,151.10	22,008,885.65	22,054,782.54	21,070,970.94	21,046,379.37	22,872,203.93	23,760,475.11
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	-	-	-	-	-	-	-	-	-	350,000.00
Sale of Property	-	-	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	23,712,042.55	-	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	(23,406,744.74)	-	-	-	-	-	-
Cancellation of Payable	-	-	-	-	-	-	-	10,576.59	-	-
Transfers In	-	-	-	-	-	56,972.12	11,564.43	-	-	-
Transfers Out	-	-	-	-	-	(56,972.12)	(11,564.43)	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	305,297.81	-	-	-	10,576.59	-	350,000.00
Net Change in Fund Balances	\$(66,891.47)	\$ 160,199.65	\$ 561,767.45	\$ 461,350.87	\$(46,941.77)	\$ 34,833.96	\$ 612,298.97	\$ 60,256.74	\$(1,955,734.26)	\$(107,051.30)
Debt Service as a Percentage of Noncapital Expenditures	8.51%	9.31%	9.93%	11.45%	10.22%	10.13%	10.57%	10.65%	9.76%	9.40%

Source: CAFR Schedule B-2

EXHIBIT J-5

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION FROM OTHER LEA's	TUITION OTHER	TRANSPORTATION FEES	MISCELLANEOUS	TOTAL
2018	\$ -	\$ 224,718.90	\$ -	\$ -	\$ 45,653.61	\$ 270,372.51
2017	12,185.75	52,779.05	-	-	4,156.72	69,121.52
2016	6,087.26	54,141.00	-	-	1,942.03	62,170.29
2015	3,938.64	12,945.00	-	-	7,414.97	24,298.61
2014	3,974.32	58,004.00	-	17,412.03	5,688.86	85,079.21
2013	3,551.88	44,704.00	2,050.00	24,049.41	11,511.10	85,866.39
2012	7,389.55	1,067.00	-	-	29,504.97	37,961.52
2011	12,816.83	70,892.12	-	-	70,514.18	154,223.13
2010	38,010.01	-	-	-	102,943.28	140,953.29
2009	118,900.85	-	-	-	42,064.76	160,965.61
Total	\$ 206,855.09	\$ 519,251.07	\$ 2,050.00	\$ 41,461.44	\$ 321,394.48	\$ 1,091,012.08

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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EATONTOWN PUBLIC 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	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2018	\$ 22,149,800.00	\$ 1,011,224,100.00	\$ 402,100.00	\$ 15,900.00	\$ 777,468,900.00	\$ 200,902,900.00	\$ 190,944,400.00	\$ 2,203,108,100.00	N/A	\$ 7,064,920.00	2,210,173,020.00	\$ 0.757	\$ 2,332,460,731.00
2017	22,940,500.00	990,210,600.00	384,000.00	14,500.00	769,993,700.00	199,249,500.00	193,788,700.00	2,176,581,500.00	133,050,122.00	7,023,070.00	2,050,554,448.00	\$ 0.742	2,306,810,785.00
2016	25,545,000.00	981,605,200.00	386,000.00	14,500.00	770,972,500.00	191,896,000.00	193,796,700.00	2,164,215,900.00	N/A	6,832,461.00	2,171,048,361.00	0.732	2,086,507,982.00
2015	27,778,200.00	957,096,500.00	408,600.00	13,900.00	754,117,100.00	182,089,800.00	163,884,100.00	2,085,388,200.00	410,480,300.00	6,521,434.00	1,681,429,334.00	0.721	2,076,996,330.00
2014	32,786,600.00	869,596,840.00	379,500.00	13,900.00	766,767,300.00	178,485,300.00	163,809,800.00	2,011,839,240.00	410,151,600.00	6,412,287.00	1,608,099,927.00	0.736	2,060,110,356.00
2013	33,369,100.00	871,759,800.00	379,500.00	13,900.00	772,831,800.00	180,753,100.00	164,280,000.00	2,023,387,200.00	409,675,200.00	7,490,834.00	1,621,202,834.00	0.724	2,074,516,960.00
2012	26,622,600.00	884,763,000.00	379,500.00	13,900.00	807,994,400.00	182,553,000.00	164,359,700.00	2,066,686,100.00	409,319,600.00	9,313,909.00	1,666,680,409.00	0.697	2,143,001,928.00
2011	28,399,200.00	893,833,000.00	379,500.00	13,900.00	824,613,500.00	194,822,900.00	166,707,800.00	2,108,769,800.00	408,943,100.00	8,445,754.00	1,708,272,454.00	0.681	2,399,334,244.00
2010	29,549,500.00	890,088,700.00	379,500.00	13,900.00	835,059,800.00	198,173,200.00	166,707,800.00	2,119,972,400.00	405,397,100.00	9,791,841.00	1,724,367,141.00	0.676	2,492,512,157.00
2009	39,369,900.00	1,079,073,400.00	406,900.00	16,600.00	910,250,900.00	211,999,300.00	175,172,100.00	2,416,289,100.00	405,397,100.00	7,896,116.00	2,424,185,216.00	0.589	2,635,568,390.00

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

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

Note: There was a property revaluation in 2009

**EATONTOWN PUBLIC 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	
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	BOROUGH OF EATONTOWN	REGIONAL RATE		MONMOUTH COUNTY
2018	0.757	-	0.803	0.437	0.314	2.311
2017	0.742	-	0.803	0.413	0.275	2.233
2016	0.732	-	0.789	0.406	0.307	2.234
2015	0.721	-	0.789	0.420	0.311	2.241
2014	0.724	-	0.761	0.429	0.311	2.225
2013	0.697	-	0.706	0.391	0.302	2.096
2012	0.681	-	0.681	0.406	0.317	2.085
2011	0.676	-	0.655	0.411	0.318	2.060
2010	0.589	-	0.541	0.371	0.282	1.783
2009	0.573	-	0.513	0.348	0.244	1.678

Source: Municipal Tax Collector, Monmouth County Board of Taxation.

EATONTOWN PUBLIC SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS,
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Eatontown Monmouth Mall LLC	\$ 119,820,000.00	1	5.421%
East Coast Eatoncrest Apt	14,420,000.00	2	0.652%
Country Club Associates (Apartments)	11,480,000.00	3	0.519%
Stoney Hill Apartments	11,280,000.00	4	0.510%
VM Kushner LLC	6,934,500.00	5	0.314%
JC Penny	4,760,500.00	6	0.215%
IWW Property LLC	5,049,900.00	7	0.228%
Eatontown 36 LLC	13,412,000.00	8	0.607%
Macy's East Federated Dept. Stores	2,950,000.00	9	0.133%
Total	\$ 190,106,900.00		8.601%

Taxpayer	2009		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

DATA NOT AVAILABLE

Total	\$ -	-
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Source: Municipal Tax Assessor

**EATONTOWN PUBLIC 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		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2018	\$ 16,209,020.04	\$ 16,209,020.04	100.00%	-
2017	15,897,138.00	15,897,138.00	100.00%	-
2016	15,077,594.00	15,077,594.00	100.00%	-
2015	14,851,566.00	13,498,414.00	100.00%	1,353,152.00
2014	14,711,648.00	14,711,648.00	100.00%	-
2013	14,546,087.00	14,546,087.00	100.00%	-
2012	14,406,086.00	14,406,086.00	100.00%	-
2011	14,386,396.00	14,386,396.00	100.00%	-
2010	14,270,156.00	14,270,156.00	100.00%	-
2009	14,084,189.00	14,084,189.00	100.00%	-

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

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

Debt Capacity Information

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

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**EATONTOWN PUBLIC SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2018	\$ 19,110,000.00	\$ -	\$ 19,110,000.00	4.24%	36,429
2017	20,150,000.00	-	20,150,000.00	4.50%	35,200
2016	21,200,000.00	-	21,200,000.00	4.76%	37,031
2015	22,200,000.00	-	22,200,000.00	5.02%	36,036
2014	24,294,000.00	-	24,294,000.00	5.36%	35,693
2013	25,194,000.00	-	25,194,000.00	6.25%	31,676
2012	26,044,000.00	-	26,044,000.00	6.08%	33,708
2011	26,844,000.00	-	26,844,000.00	5.99%	35,200
2010	27,619,000.00	-	27,619,000.00	7.16%	26,965
2009	28,369,000.00	295,000.00	28,664,000.00	7.63%	2,062

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-14 for personal income and population data.

**EATONTOWN PUBLIC SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	ESTIMATED SCHOOL DISTRICT POPULATION	NET ASSESSED VALUATION TAXABLE	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2018	12,376	\$ 2,210,173,020.00	\$ 19,110,000.00	0.86%	1,544
2017	12,301	2,050,554,448.00	20,150,000.00	0.98%	1,638
2016	12,301	2,171,048,361.00	21,200,000.00	0.98%	1,723
2015	12,262	1,681,429,334.00	22,200,000.00	1.32%	1,810
2014	12,709	1,608,099,927.00	24,294,000.00	1.51%	1,912
2013	12,721	1,621,202,834.00	25,194,000.00	1.55%	1,981
2012	12,709	1,666,680,409.00	26,044,000.00	1.56%	2,049
2011	12,722	1,708,272,454.00	26,844,000.00	1.57%	2,110
2010	14,310	1,724,367,141.00	27,619,000.00	1.60%	1,930
2009	14,008	2,424,185,216.00	28,664,000.00	1.18%	2,046

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-6 for property tax data.
Population data can be found in Exhibit J-14.

**EATONTOWN PUBLIC SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED JUNE 30, 2018**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Eatontown	\$ 11,490,501.80	100.0%	\$ 11,490,501.80
Other Debt:			
County of Monmouth - Township's Share (%)	438,995,669.93	1.85%	8,099,922.19
Borough of Eatontown Sewerage Authority	2,304,901.00	100.0%	<u>2,304,901.00</u>
Subtotal, Overlapping Debt			21,895,324.99
Eatontown Borough School District Direct Debt			<u>19,110,000.00</u>
Total Direct & Overlapping Debt			<u><u>\$ 41,005,324.99</u></u>

Sources: Monmouth County Office of the Treasurer, Borough of Eatontown, Borough of Eatontown Sewerage Authority, Borough of Eatontown Housing Authority

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

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

EATONTOWN PUBLIC SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 83,735,984.04	\$ 62,236,146.68	\$ 62,116,236.46	\$ 62,776,292.44	\$ 66,168,531.00	\$ 70,348,483.00	\$ 75,274,148.00	\$ 73,085,493.00	\$ 73,085,493.00	\$ 68,031,649.00
Total Net Debt Applicable to Limit	19,110,000.00	21,200,000.00	22,200,000.00	24,294,000.00	25,194,000.00	26,044,000.00	26,844,000.00	28,369,000.00	28,369,000.00	29,094,000.00
Legal Debt Margin	\$ 64,625,984.04	\$ 41,036,146.68	\$ 39,916,236.46	\$ 38,482,292.44	\$ 40,974,531.00	\$ 44,304,483.00	\$ 48,430,148.00	\$ 44,716,493.00	\$ 44,716,493.00	\$ 38,937,649.00
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.82%	34.06%	35.74%	38.70%	38.08%	37.02%	35.66%	38.82%	38.82%	42.77%

Legal Debt Margin Calculation

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	\$ 2,299,787,715.00
Debt Limit (4% of Average Equalization Value)	2,020,174,495.00
Net Bonded School Debt	1,960,236,593.00
Legal Debt Margin	\$ 64,625,984.04

Source: Equalized valuation bases were obtained from the Monmouth County Board of Taxation

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within 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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**EATONTOWN PUBLIC SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2018	12,376	450,842,687	36,429	4.60%
2017	12,722	447,814,400	35,200	4.40%
2016	12,722	445,518,331	37,031	5.70%
2015	12,722	441,873,432	36,036	5.60%
2014	12,722	453,622,337	35,693	6.60%
2013	12,722	402,950,396	31,676	8.20%
2012	12,722	428,394,972	33,708	4.20%
2011	12,722	447,814,400	35,200	4.20%
2010	14,022	385,869,150	26,965	8.50%
2009	14,022	375,841,586	25,145	8.50%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

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

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

d Unemployment data provided by the NJ Dept of Labor and Workforce Development. Note that that there is recent revised data for the years 2004 through 2010 due to the new unemployment estimation procedure.

EATONTOWN PUBLIC SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2018	
		PERCENTAGE OF TOTAL EMPLOYMENT
EMPLOYEES	RANK	

DATA NOT AVAILABLE

Total	_____	_____
	=====	=====
Total Employment - (Estimated)	_____	_____
	=====	=====

Source: Monmouth County Department of Economic Development and Tourism;
The Borough of Eatontown, Official Statements

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	80	80	81	85	85	86	84	82	94	104
Special Education	24	24	28	26	24	21	23	24	23	23
Other Special Instruction	12	12	9	10	10	12	11	11	10	9
Support Services:										
Student & Instruction Related Services	28	28	28	27	25	24	22	22	17	18
General Administration	9	9	9	8	8	8	7	7	8	5
School Administrative Services	5	5	5	5	5	4	4	4	5	8
Central Services	10	10	10	10	9	5	5	5	6	4
Administrative Information Technology	2	2	2	2	2	2	2	1	1	
Plant Operations & Maintenance	1	1	1	1	1	1	1	1	1	1
Pupil Transportation	8	8	8	8	7	9	9	7	7	7
Total	179	179	181	182	176	172	168	164	172	179

Source: District Personnel Records

EATONTOWN PUBLIC SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO (d)		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEM	MIDDLE				
2018	1,049	\$ 22,802,908.33	\$ 21,737.76	3.04%	115	8:9:1	9:2:1	1,060.64	989.21	0.00%	93.27%
2017	1,035	21,834,265.05	21,095.91	9.33%	115	8:9:1	9:2:1	1,060.64	989.21	1.59%	93.27%
2016	1,053	20,318,126.00	19,295.47	2.64%	118	9:2:1	7:8:1	1,043.99	994.70	-1.46%	95.28%
2015	1,051	19,757,389.00	18,798.66	0.75%	121	9:1	7:6:1	1,059.50	1,012.00	-0.83%	95.52%
2014	1,061	19,797,118.00	18,658.92	16.37%	119	9:1	8:6:1	1,068.40	1,020.00	-0.29%	95.47%
2013	1,073	17,204,390.00	16,033.91	2.41%	122	9:7:1	10:2:1	1,071.50	1,023.00	2.98%	95.47%
2012	1,053	16,486,570.00	15,656.76	-7.48%	117	9:6:1	9:1:1	1,040.50	999.00	-1.89%	96.01%
2011	1,057	17,886,539.00	16,921.99	-2.96%	118	9:6:1	7:1:1	1,060.50	1,013.00	-2.97%	95.52%
2010	1,098	19,147,850.00	17,438.84	12.05%	119	9:2:1	7:2:3	1,093.00	1,048.00	-5.13%	95.88%
2009	1,132	17,617,386.00	15,563.06	6.95%	119	9:2:1	7:2:1	1,152.10	1,105.00	-3.42%	95.91%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Operating expenditures equal total expenditures less debt service, capital outlay, and on-behalf TPAF Pension and reimbursed TPAF social security contributions. J-4

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

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

d Pupil/Teacher ratio was obtained from the Comparative Spending Guide

EATONTOWN PUBLIC SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>DISTRICT BUILDINGS</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Elementary Schools:										
Administration Offices (2008):										
Square Feet	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Woodmere Elementary (1961):										
Square Feet	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510	44,510
Capacity	305	305	305	305	305	305	305	305	305	305
Enrollment	222	222	222	239	254	263	259	281	283	279
Margaret L. Vetter Elementary (1954):										
Square Feet	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635	33,635
Capacity	344	344	344	344	344	344	344	344	344	344
Enrollment	300	300	300	285	280	281	257	249	280	278
Meadowbrook Elementary (1964):										
Square Feet	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850	43,850
Capacity	320	320	320	320	320	320	320	320	320	320
Enrollment	308	308	219	227	241	227	233	223	230	262
Middle School:										
Memorial Middle School (1955):										
Square Feet	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070	53,070
Capacity	321	321	321	321	321	321	321	321	321	321
Enrollment	219	219	219	227	241	227	233	223	230	262

Number of Schools at June 30, 2018:
Elementary = 3
Middle School = 1
Other = 1

Source: District Facilities Office, District Records

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

EATONTOWN PUBLIC SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

SCHOOL FACILITIES	PROJECT # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Middle Schools:											
Memorial School	N/A	202,321.49	200,625.00	187,537.00	181,071.00	179,556.73	181,628.81	176,270.39	178,485.29	142,933.01	123,517.01
Elementary Schools:											
Woodmere School	N/A	194,761.09	193,128.00	179,996.00	182,734.00	181,989.75	179,156.73	174,548.41	174,652.48	142,142.00	114,557.07
Margaret L. Vetter Sch	N/A	196,952.47	195,301.00	180,979.00	274,703.00	190,416.56	186,604.36	172,540.18	171,603.80	141,313.83	121,286.84
Meadowbrook School	N/A	193,821.21	192,196.00	180,116.00	179,961.00	182,769.99	183,215.52	173,522.18	173,263.75	144,395.20	130,076.28
Grand Total		\$ 787,856.25	\$ 781,250.00	\$ 728,628.00	\$ 818,469.00	\$ 734,733.03	\$ 730,605.42	\$ 696,881.16	\$ 698,005.32	\$ 570,784.04	\$ 489,437.20

**EATONTOWN PUBLIC SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED**

	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY (1):		
Building and Contents (All Locations)	\$ 42,696,632.00	\$ 5,000.00
Boiler and Machinery	100,000.00 *	5,000.00
General Liability	6,000,000.00	-
Automobile Liability	6,000,000.00	-
Auto Physical Damage	-	1,000.00
Electronic Data Processing	2,000,000.00	1,000.00
School Board Legal Liability	6,000,000.00	5,000.00
SCHOOL ACCIDENT INSURANCE (1):		
Compulsory	1,000,000.00	-
SURETY BONDS:		
Treasurer (1)	250,000.00	1,000.00
School Business Administrator (1)	250,000.00	1,000.00
CRIME:		
Public Employee Dishonesty	100,000.00	1,000.00
Theft, Disappearance & Dishonesty	10,000.00	500.00
Forgery & Alteration	100,000.00	1,000.00
ENVIRONMENTAL LIABILITY (1):	1,000,000.00	100,000.00

(1) NJ School Boards Insurance Group

*Boiler and Machinery policy is pooled

Source: District Records

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SINGLE AUDIT SECTION

Fourth Section

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HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Eatontown Public School District
County of Monmouth
Eatontown, NJ 07724

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Eatontown Public School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Eatontown Public 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 Eatontown Public 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 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.

Matthew Holman
Certified Public Accountant
Public School Accountant, #20CS00260100

Freehold, New Jersey
February 7, 2019

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Eatontown Public School District
County of Monmouth
Eatontown, NJ 07724

Report on Compliance for Each Major Federal and State Program

We have audited the Eatontown Public School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The Eatontown Public School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Eatontown Public School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); 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, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about 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 federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Eatontown Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Eatontown Public 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 federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, #20CS00260100

Freehold, New Jersey
February 7, 2019

EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE JUNE 30, 2018				
													UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR		
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEM)	93.778	1805NSMAP	100-054-7540-211	70,620.94	7/1/17-6/30/18	-	-	70,620.94	(70,620.94)	-	-	-	-	-			
						-	-	70,620.94	(70,620.94)	-	-	-	-				
						-	-	70,620.94	(70,620.94)	-	-	-	-				
Total U.S. Department of Health and Human Services																	
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: School Breakfast Program	10.553	1818NIR04N1099	1004010-3350-028	53,894.50	7/1/17-6/30/18	-	-	53,894.50	(53,894.50)	-	-	-	-	-			
						-	-	53,894.50	(53,894.50)	-	-	-	-				
						-	-	53,894.50	(53,894.50)	-	-	-	-				
National School Lunch Program Healthy Hunger-Free Kids Act Food Distribution Program (Noncash Assistance)	10.555	1818N304N1099	1004010-3350-028	189,176.76	7/1/17-6/30/18	-	-	189,176.76	(189,176.76)	-	-	-	-	-			
	10.555	1818N304N1099	1004010-3350-026	5,040.72	7/1/17-6/30/18	-	-	5,040.72	(5,040.72)	-	-	-	-	-			
	10.555	1818N304N1099	Unavailable	39,432.47	7/1/17-6/30/18	-	-	39,432.47	(39,432.47)	-	-	-	-	-			
				233,649.95		-	-	233,649.95	(233,649.95)	-	-	-	-	-			
				287,544.45		-	-	287,544.45	(287,544.45)	-	-	-	-	-			
				287,544.45		-	-	287,544.45	(287,544.45)	-	-	-	-	-			
Total U.S. Department of Agriculture																	
U.S. Department of Education Passed Through New Jersey Department of Education: No Child Left Behind (N.C.L.B.): Title I - Part A Title I - Part A	84.010	S010A160030 S010A160030	100-034-5064-194 100-034-5064-194	400,538.00 374,607.00	7/1/17-6/30/18 7/1/16-6/30/17	-	-	291,650.64	(344,960.31)	-	-	-	-	(53,309.67)			
						-	-	13,722.36	(344,960.31)	-	-	-	-				
						-	-	305,373.00	(344,960.31)	-	-	-	-				
Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5065-290	55,407.00	7/1/17-6/30/18	-	-	34,211.96	(39,105.83)	-	-	-	-	(4,893.87)			
	84.367	S367A160029	100-034-5065-290	40,563.00	7/1/16-6/30/17	-	-	3,956.04	(39,105.83)	-	-	-	-	(4,893.87)			
						-	-	38,168.00	(39,105.83)	-	-	-	-	-			
Title III - English Language Acquisition Title III - English Language Acquisition	84.365	S365A160030	100-034-5064-187	59,481.00	7/1/17-6/30/18	-	-	36,015.55	(37,648.66)	-	-	-	-	(1,633.11)			
	84.365	S365A160030	100-034-5064-187	44,955.00	7/1/16-6/30/17	-	-	3,072.45	-	-	-	-	-	-			
						-	-	39,088.00	(37,648.66)	-	-	-	-	(1,633.11)			
				3,955.00	7/1/17-6/30/18	-	-	-	(8,360.25)	-	-	-	-	(8,360.25)			
				-	-	-	-	-	(8,360.25)	-	-	-	-	(8,360.25)			
				-	-	-	-	-	(8,360.25)	-	-	-	-	(8,360.25)			
Total U.S. Department of Education																	
Special Education Cluster: L.D.E.A. Part B L.D.E.A. Part B	84.027	H027A160100	100-034-5065-016	392,386.00	7/1/17-6/30/18	-	-	277,283.33	(394,577.22)	-	-	-	-	(117,293.89)			
	84.027	H027A160100	100-034-5065-016	-	7/1/16-6/30/17	(69,256.67)	-	69,256.67	-	-	-	-	-	-			
						(69,256.67)	-	346,030.00	(394,577.22)	-	-	-	-	(117,293.89)			
L.D.E.A. Preschool L.D.E.A. Preschool	84.173	H173A160114	100-034-5065-020	13,051.00	7/1/17-6/30/18	-	-	662.27	(10,831.09)	-	-	-	-	(10,168.82)			
	84.173	H173A160114	100-034-5065-020	-	7/1/16-6/30/17	(7,511.73)	-	7,511.73	-	-	-	-	-	-			
						(7,511.73)	-	8,174.00	(10,831.09)	-	-	-	-	(10,168.82)			
				354,984.00		-	-	354,984.00	(405,408.31)	-	-	-	-	(127,462.71)			
				-		-	-	737,613.00	(835,483.56)	-	-	-	-	(195,659.61)			
Total U.S. Department of Education																	
Total Expenditures of Federal Awards																	
								\$ 1,095,778.39	\$ (1,193,648.75)	\$	\$	\$	\$	\$ (195,659.61)	\$	\$	\$

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

EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

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 Eatontown Public 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.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

EATONTOWN PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 \$8,649.00 for the general fund and \$0.00 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	\$ 70,620.94	\$ 6,603,629.04	\$ 6,674,249.98
Special Revenue Fund	835,483.36	205,416.00	1,040,899.36
Debt Service Fund	-	665,023.00	665,023.00
Food Service Fund	287,544.45	4,481.77	292,026.22
Total Awards & Financial Assistance	<u>\$ 1,193,648.75</u>	<u>\$ 7,478,549.81</u>	<u>\$ 8,672,198.56</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 Eatontown Public School District had no loan balances outstanding at June 30, 2018.

**EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

1) 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

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	Special Education Cluster:
84.027	H027A160100	I.D.E.A. Part B
84.173	H173A160114	I.D.E.A. Preschool
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$ _____ 750,000.00 _____

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	750,000.00
Auditee qualified as low-risk auditee?	<u> X </u>	yes no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u>	yes <u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u>	yes <u> X </u> none reported
Type of auditor's report issued on compliance for major programs		Unmodified

Identification of major programs:

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

**EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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.

**EATONTOWN PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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 Principals, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**EATONTOWN PUBLIC SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2018**

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 Principals, 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.