

EASTAMPTON SCHOOL DISTRICT



**Eastampton Township Board of Education
1 Student Drive
Eastampton, NJ 08060**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Table of Contents

| INTRODUCTORY SECTION | <u>Page</u> |
|--|--------------------|
| Letter of Transmittal | 2 |
| Organizational Chart | 7 |
| Roster of Officials | 8 |
| Consultants and Advisors | 9 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 11 |
| Required Supplementary Information - Part I Management's Discussion and Analysis | 17 |
| Basic Financial Statements | |
| A. Government-Wide Financial Statements: | |
| A-1 Statement of Net Position | 26 |
| A-2 Statement of Activities | 27 |
| B. Fund Financial Statements: | |
| Governmental Funds: | |
| B-1 Balance Sheet | 29 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balances | 30 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 31 |
| Proprietary Funds: | |
| B-4 Statement of Net Position | 32 |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Position | 33 |
| B-6 Statement of Cash Flows | 34 |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 35 |
| B-8 Statement of Changes in Fiduciary Net Position | N/A |
| Notes to the Financial Statements | 36 |
| Required Supplementary Information - Part II | |
| C. Budgetary Comparison Schedules | |
| C-1 Budgetary Comparison Schedule - General Fund | 65 |
| C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable) | N/A |
| C-1b Community Development Block Grant - Budget and Actual (if applicable) | N/A |
| C-2 Budgetary Comparison Schedule - Special Revenue Fund | 73 |
| C-3 Notes to Required Supplementary Information - Part II Budget-to-GAAP Reconciliation | 74 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Table of Contents (Cont'd)

| | Page |
|---|-------------|
| Required Supplementary Information - Part III | |
| L. Schedules Related to Accounting and Reporting for Pensions | |
| L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability - PERS | 76 |
| L-2 Schedule of the School District's Contributions - PERS | 77 |
| L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability - TPAF | 78 |
| L-4 Schedule of the School District's Contributions - TPAF | 79 |
| L-5 Notes to the Required Supplementary Information - Part III | 80 |
| Required Supplementary Information - Part IV (if applicable) | |
| L-6 Schedule of Funding Progress for Health Benefits Plan | N/A |
| L-7 Notes to the Required Supplementary Information - Part IV | N/A |
| Other Supplementary Information | |
| D. School Based Budget Schedules: | |
| 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 and Expenditures - Budgetary Basis | 83 |
| 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 Balances | N/A |
| F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status | N/A |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Table of Contents (Cont'd)

| | Page |
|---|-------------|
| Other Supplementary Information (Cont'd) | |
| G. Proprietary Funds: | |
| Enterprise Fund: | |
| G-1 Statement of Net Position | 86 |
| G-2 Statement of Revenues, Expenses and Changes in Fund Net Position | 87 |
| G-3 Statement of Cash Flows | 88 |
| Internal Service Fund: | |
| G-4 Combining Statement of Net Position | |
| G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | N/A |
| G-6 Combining Statement of Cash Flows | N/A |
| H. Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Position | 90 |
| H-2 Combining Statement of Changes in Fiduciary Net Position | N/A |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements | 91 |
| H-4 Payroll Agency Fund Schedule of Receipts and Disbursements | 92 |
| I. Long-Term Debt: | |
| I-1 Schedule of Serial Bonds | 94 |
| I-2 Schedule of Obligations under Capital Leases | N/A |
| I-3 Debt Service Fund Budgetary Comparison Schedule | 95 |

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

| | |
|---|-----|
| J-1 Net Position by Component | 98 |
| J-2 Changes in Net Position | 99 |
| J-3 Fund Balances - Governmental Funds | 101 |
| J-4 Changes in Fund Balances - Governmental Funds | 102 |
| J-5 General Fund Other Local Revenue by Source | 103 |

Revenue Capacity

| | |
|---|-----|
| J-6 Assessed Value and Estimated Actual Value of Taxable Property | 105 |
| J-7 Direct and Overlapping Property Tax Rates | 106 |
| J-8 Principal Property Taxpayers | 107 |
| J-9 Property Tax Levies and Collections | 108 |

Debt Capacity

| | |
|--|-----|
| J-10 Ratios of Outstanding Debt by Type | 110 |
| J-11 Ratios of General Bonded Debt Outstanding | 111 |
| J-12 Direct and Overlapping Governmental Activities Debt | 112 |
| J-13 Legal Debt Margin Information | 113 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Table of Contents (Cont'd)

| | Page |
|--|-------------|
| STATISTICAL SECTION (Unaudited) (Cont'd) | |
| Demographic and Economic Information | |
| J-14 Demographic and Economic Statistics | 115 |
| J-15 Principal Non-Governmental Employers | 116 |
| Operating Information | |
| J-16 Full-time Equivalent District Employees by Function/Program | 118 |
| J-17 Operating Statistics | 119 |
| J-18 School Building Information | 120 |
| J-19 Schedule of Required Maintenance | 121 |
| J-20 Insurance Schedule | 122 |
| SINGLE AUDIT SECTION | |
| K-1 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 | 14 |
| K-2 Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08-OMB | 124 |
| K-3 Schedule of Expenditures of Federal Awards, Schedule A | 126 |
| K-4 Schedule of Expenditures of State Financial Assistance, Schedule B | 128 |
| K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance | 130 |
| Schedule of Findings and Questioned Costs: | |
| K-6 Summary of Auditor's Results | 132 |
| K-7 Schedule of Current Year Findings | 134 |
| K-8 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management | 137 |

INTRODUCTORY SECTION

Eastampton Township School District

Ambrose F. Duckett, III
Superintendent/Principal

Marian F. Smith
Business Admin/Board Secretary

October 26, 2017

Honorable President and Members
Eastampton Township Board of Education
Burlington County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Eastampton Township School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 and results of the operations of the various funds of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School District's organizational chart and a list of principal officials. The financial section includes management's discussion and analysis, the basic financial statements and schedules, as well as the independent auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The School District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Treasury Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Eastampton School District is an independent entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the School District are included in this report. The Eastampton Board of Education and all its schools constitute the School District's reporting entity.

The School District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The School District completed the 2016-2017 fiscal year with an enrollment of 586 students, which represents 10 students less than the previous end of the year's enrollment. The following illustration details the changes in the student enrollment over the last ten years:

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Increase/(Decrease)</u> |
|--------------------|---------------------------|------------------------------------|
| 2007-08 | 743 | (1.06%) |
| 2008-09 | 733 | (1.35%) |
| 2009-10 | 695 | (5.18%) |
| 2010-11 | 668 | (3.88%) |
| 2011-12 | 651 | (2.54%) |
| 2012-13 | 632 | (2.92%) |
| 2013-14 | 611 | (3.32%) |
| 2014-15 | 584 | (4.42%) |
| 2015-16 | 596 | 2.05% |
| 2016-17 | 586 | (1.68%) |

2. ECONOMIC CONDITION AND OUTLOOK:

Geography:

The Township of Eastampton's population is contained within 5.63 square miles. The Township is located in Central Burlington County, New Jersey, as part of the greater Mount Holly area. Characterized as a rural-suburban community, the Township gradually changed over a period of twenty years from an agrarian community of farms owned by families for generations to a bedroom community of people; some of whom travel as far away as New York City or Philadelphia to their vocational responsibilities. Several excellent county roads (537, 630 and 626) and three major highways (Route 38, Route 295 and the New Jersey Turnpike), make major cities, shopping malls, and general travel arteries and airports easy to reach for the residents of the Township. The Township population was listed in 2010 as 5,974 with the potential for reaching 8,000 people.

The School District has completed its construction/consolidation project and now houses Kindergarten through 8th grade under one roof. The School District's focus continues to be excellence in education while maintaining a manageable budget for taxpayers.

3. FORM OF LOCAL GOVERNMENT:

The Township is governed by the Council-Manager form of government under the Optional Municipal Charter Law. Township Council consists of five members who select a mayor from one of its members. A full time chief executive officer (township manager) is appointed by a majority vote of the Council. The Council-Manager form of governance distinguishes the legislative and executive functions of local government, which enables the Council to delegate the day-to-day operations to the manager and reserves to the governing body the legislative function. The town is in the process of reassessing property values and it is expected that this will have a negative impact on ratable.

4. MAJOR INITIATIVES:

The Board of Education has articulated the focus and direction of the School District in formally adopting vision and mission statements that are refined in goals and objectives that define the curriculum, the use of technology, appropriate staff development, community involvement, funding, facilities improvement and core values. The school district continued to revise and implement its Five Year Facility Plan and the Five Year Curriculum Plan. During the 2016-2017 school year, the Board of Education introduced a new Superintendent. The hiring of new administration and the restructuring of teaching, secretarial, and custodial staff, allowed the district to realize efficiencies which had a positive effect on all areas of the school. The district focused on building relationships, entering into shared services and expansion of programs for all students. Response to Intervention and Launch (Elementary STEM program) were introduced, both producing positive results. The District was also was recertified as a “No Place for Hate” school for the 2017-2018 year. The school district is leading the effort to assist the Regional High School earn this designation as well.

Facilities initiatives included the installation of a sidewalk for student safety, HVAC upgrades, indoor/outdoor painting, roof repair, and the addition of two restrooms in the middle school gym. The District also conducted the required Lead Testing with negative results.

5. INTERNAL ACCOUNTING CONTROLS:

The School District's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School 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 accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived; and (b) the valuation of costs and benefits requires estimates and judgments by management.

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

5. INTERNAL ACCOUNTING CONTROLS (CONT'D):

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

6. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

9. OTHER INFORMATION:

- A. Independent Audit: - State statutes require an annual audit by independent certified public accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the New Jersey State Treasury Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

- B. Community Involvement - Parents and community continue to be encouraged to be involved with the school program. The PTA, extra-curricular activities and parent/grandparent classroom visitation days are illustrative. Additionally, parents are encouraged to serve as resource people to the classroom teacher (career day, etc.) and also as volunteers in the library. Parents and community members also serve on the School District's Security Task Force and our District Safety Team. Community members and parents have served as liaisons to project building such as our pre-engineering program which hosts an annual Robotics competition. Volunteers from Lockheed Martin serve as judges and also provide professional development for our staff. Our school has entered into a partnership with local senior centers so they can provide reading buddies and support for our student base. Overall, the name Eastampton Community School embodies who we are, and our focus is to create students who achieve the New Jersey Learning Standards and are productive citizens in the 21st Century.

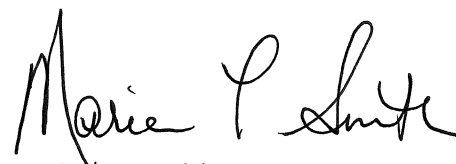
10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

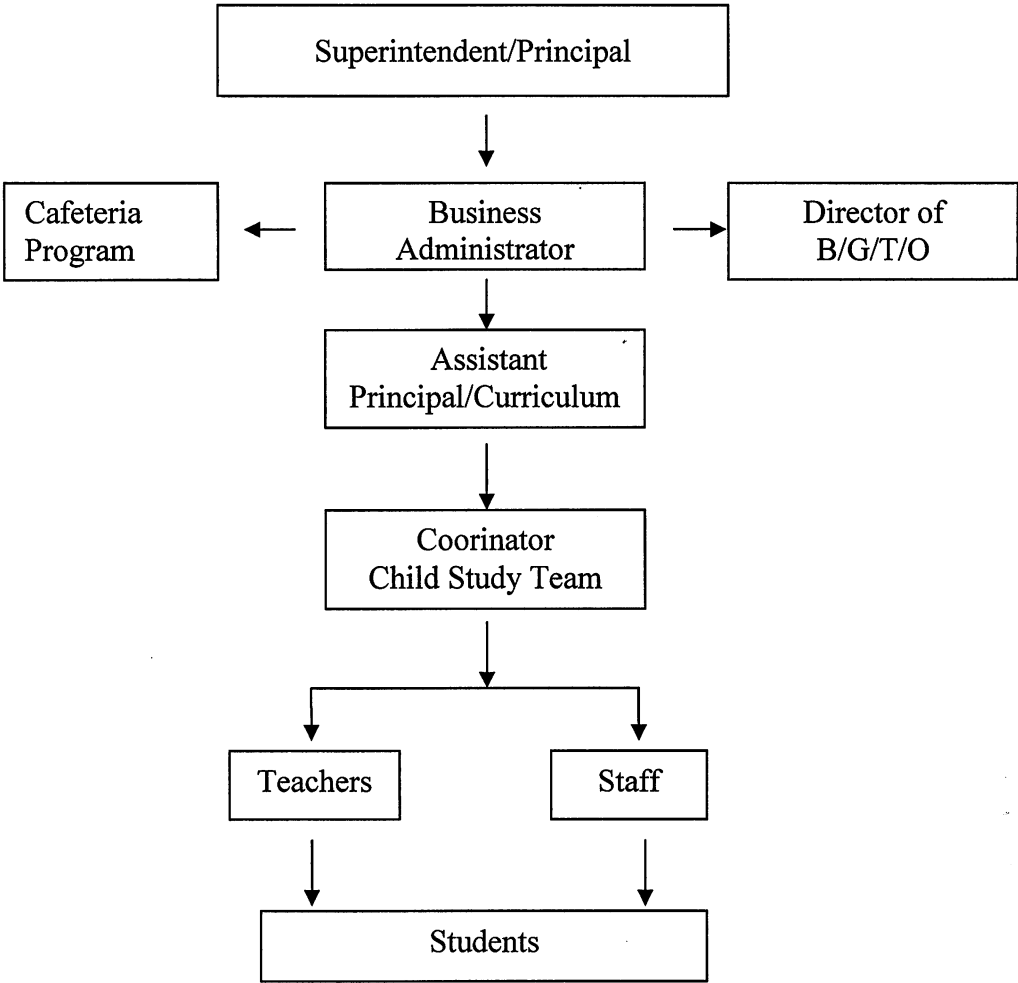


Ambrose F. Duckett, III
Superintendent/Principal



Marian F. Smith
Business Administrator/Board Secretary

ECS
Organizational Chart
2016-2017



**EASTAMPTON TOWNSHIP BOARD OF EDUCATION
EASTAMPTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Term Expires

| | |
|------------------------------|------|
| Glenn Forney, President | 2018 |
| Brian Curtis, Vice President | 2019 |
| Len DiGiacomo | 2017 |
| Deanna McGinnis | 2018 |
| James Southard | 2019 |
| Susan Taylor | 2018 |
| Samantha Zazzo | 2017 |

Other Officials

Ambrose F. Duckett, III, Superintendent/Principal
Marian F. Smith, Business Administrator/Board Secretary
Kelly Cox, Treasurer

EASTAMPTON TOWNSHIP SCHOOL DISTRICT
Consultant and Advisors

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

Attorney

Frank Cavallo
Parker McCay, P.A.
9000 Midlantic Drive
Suite 300
Mount Laurel, NJ 08054

Architect

Regan Young England Butera
456 High Street
Mt. Holly, NJ 08060

Official Depository

Investors Bank
52 Main Street
Vincentown, NJ 08088

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Eastampton School District
Eastampton, New Jersey 08060

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 Township of Eastampton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Township of Eastampton School District, in the County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

20800

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, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's contributions 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 Township of Eastampton School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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.

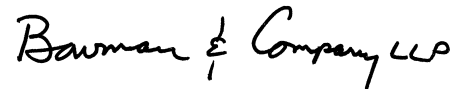
The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

20800

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 on our consideration of the Township of Eastampton 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 Township of Eastampton School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert P. Nehila Jr.
Certified Public Accountant
Public School Accountant No. CS 002065

Voorhees, New Jersey
October 26, 2017

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Eastampton School District
Eastampton, New Jersey 08060

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Township of Eastampton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Eastampton 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 Township of Eastampton 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 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.

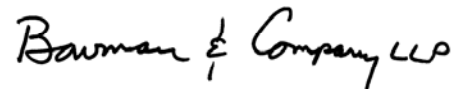
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Eastampton 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 Division of Administration and Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, 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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert P. Nehila Jr.
Certified Public Accountant
Public School Accountant No. CS 002065

Voorhees, New Jersey
October 26, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

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

The management's discussion and analysis of the Township of Eastampton School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017 and 2016. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2017:

- The total assets and deferred outflows of resources of the School District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,640,472.60 (net position).
- The School District's total net position increased by \$55,157.57, from the prior fiscal year.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$305,883.63, an increase of \$347,452.33 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as food services.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the School District's financial health or position.

- Increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds – not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletic and scholarship funds are maintained in this fund. The School District is responsible for insuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2017 and 2016.

| TABLE 1 | | | | |
|---|------------------------|------------------------|---------------------|-----------------|
| Net Position | | | | |
| | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>Change</u> | <u>% Change</u> |
| Current and Other Assets | \$ 369,411.82 | \$ 154,318.31 | \$ 215,093.51 | 139.38% |
| Capital Assets | 20,841,166.29 | 21,470,488.82 | (629,322.53) | -2.93% |
| Total Assets | <u>21,210,578.11</u> | <u>21,624,807.13</u> | <u>(414,229.02)</u> | <u>-1.92%</u> |
| Deferred Outflow of Resources - Related to Pensions | 1,319,891.00 | 707,512.00 | 612,379.00 | 100.00% |
| Long-Term Liabilities | 12,233,915.20 | 12,123,428.30 | 110,486.90 | 0.91% |
| Other Liabilities | 230,303.31 | 387,221.80 | (156,918.49) | -40.52% |
| Total Liabilities | <u>12,464,218.51</u> | <u>12,510,650.10</u> | <u>(46,431.59)</u> | <u>-0.37%</u> |
| Deferred Inflow of Resources - Related to Pensions | 425,778.00 | 236,354.00 | 189,424.00 | 100.00% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 12,971,166.29 | 13,135,488.82 | (164,322.53) | -1.25% |
| Restricted | 436,659.42 | 154,364.90 | 282,294.52 | 182.87% |
| Unrestricted (Deficit) | (3,767,353.11) | (3,704,538.69) | (62,814.42) | 1.70% |
| | <u>9,640,472.60</u> | <u>9,585,315.03</u> | <u>55,157.57</u> | <u>0.58%</u> |
| Total Net Position | <u>\$ 9,640,472.60</u> | <u>\$ 9,585,315.03</u> | <u>\$ 55,157.57</u> | <u>0.58%</u> |

This is the third year of implementation for Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68. Table 2 provides an illustration of the impact that GASBS 68 and 71 had to the School District's Unrestricted Net Position.

| TABLE 2 | | | | |
|---|--------------------------|--------------------------|------------------------|-----------------|
| Statement of Net Position - Effect of Pension Related Items | | | | |
| | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>Change</u> | <u>% Change</u> |
| Deferred Outflows Related to Pensions | \$ 1,319,891.00 | \$ 707,512.00 | \$ 612,379.00 | 100.00% |
| Less: Net Pension Liability | (4,236,978.00) | (3,604,184.00) | (632,794.00) | 17.56% |
| Less: Deferred Inflows Related to Pensions | (425,778.00) | (236,354.00) | (189,424.00) | -100.00% |
| | <u>\$ (3,342,865.00)</u> | <u>\$ (3,133,026.00)</u> | <u>\$ (209,839.00)</u> | <u>6.70%</u> |

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2017 and 2016.

TABLE 3
Change in Net Position

| Revenues: | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>Change</u> | <u>% Change</u> |
|-------------------------------------|------------------------|------------------------|---------------------|-----------------|
| Program Revenues: | | | | |
| Charges for Services | \$ 260,208.01 | \$ 218,569.73 | \$ 41,638.28 | 19.05% |
| Federal & State Categorical Grants | 3,811,571.15 | 2,996,108.96 | 815,462.19 | 27.22% |
| General Revenues: | | | | |
| Property Taxes | 5,249,440.00 | 5,048,261.00 | 201,179.00 | 3.99% |
| Federal & State Grants | 4,655,436.05 | 4,572,471.08 | 82,964.97 | 1.81% |
| Miscellaneous | 43,798.33 | 46,970.93 | (3,172.60) | -6.75% |
| Total Revenues | <u>14,020,453.54</u> | <u>12,882,381.70</u> | <u>1,138,071.84</u> | <u>8.83%</u> |
| Expenses: | | | | |
| Instruction: | | | | |
| Regular | 3,102,012.12 | 3,234,255.64 | (132,243.52) | -4.09% |
| Special Education | 1,508,163.24 | 1,431,597.63 | 76,565.61 | 5.35% |
| Other Special Instruction | 54,786.36 | 45,125.68 | 9,660.68 | 21.41% |
| Student Services: | | | | |
| Tuition | 438,963.52 | 448,946.70 | (9,983.18) | -2.22% |
| Student and Instruction Related | 974,613.93 | 912,092.40 | 62,521.53 | 6.85% |
| School Administrative Services | 241,940.33 | 251,809.61 | (9,869.28) | -3.92% |
| General Administrative Services | 698,965.43 | 698,566.97 | 398.46 | 0.06% |
| Plant Operations and Maintenance | 804,230.58 | 797,345.35 | 6,885.23 | 0.86% |
| Pupil Transportation | 296,080.03 | 315,282.26 | (19,202.23) | -6.09% |
| Unallocated Benefits | 5,180,785.51 | 4,238,088.47 | 942,697.04 | 22.24% |
| Interest on Long-Term Debt | 413,560.50 | 426,518.83 | (12,958.33) | -3.04% |
| Food Service | 251,194.42 | 251,579.77 | (385.35) | -0.15% |
| Total Expenses | <u>13,965,295.97</u> | <u>13,051,209.31</u> | <u>914,086.66</u> | <u>7.00%</u> |
| Increase (Decrease) in Net Position | 55,157.57 | (168,827.61) | 223,985.18 | (1.33) |
| Beginning Net Position | <u>9,585,315.03</u> | <u>9,754,142.64</u> | <u>(168,827.61)</u> | <u>-1.73%</u> |
| Ending Net Position | <u>\$ 9,640,472.60</u> | <u>\$ 9,585,315.03</u> | <u>\$ 55,157.57</u> | <u>0.58%</u> |

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2016-2017, Governmental Activities Revenues were \$13,765,392.62 or 98.18% of total revenues.

In 2015-2016, Governmental Activities Revenues were \$12,622,393.52 or 97.98% of total revenues.

In 2016-2017, General Revenues - Property Taxes of \$5,249,440.00 made up 38.14%, and General Revenues - Federal and State Grants of \$4,655,436.05 made up 33.82% of Governmental Activities Revenues.

In 2015-2016, General Revenues - Property Taxes of \$5,048,261.00 made up 39.99%, and General Revenues - Federal and State Grants of \$4,572,471.08 made up 36.23% of Governmental Activities Revenues.

In 2016-2017, the School District's Governmental Activities expenditures increased by \$914,472.01 or 7.14%. \$993,706.04 of this increase was attributable to an increase in GASB 68 expense items in fiscal year 2016-2017.

Business-Type Activities

In 2016-2017 Business-Type Activities Revenues were \$254,808.17 or 1.82% of total revenues.

In 2015-2016 Business-Type Activities Revenues were \$259,909.07 or 2.02% of total revenues.

Charges for Services for Business-Type Activities were \$141,608.82 in 2016-2017 compared to \$138,998.72 in 2015-2016, a decrease of \$5,100.90 or 1.96%.

Operating Grants and Contributions for Business-Type Activities were \$113,199.35 in 2016-2017 compared to \$120,910.35 in 2015-2016, a decrease of \$7,711.00 or 6.38%.

Expenses for Business-Type Activities were \$251,194.42 in 2016-2017 compared to \$251,579.77 in 2015-2016, an increase of \$2,610.10 or 1.88%.

General Fund Budgeting Highlights

During the fiscal 2017 school year, the Board of Education amended its general fund budget as needed. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances of \$4,200.00.

The final budgetary basis revenue estimate was \$9,148,967.00, which was equal to the original budget.

The 2016-2017 General Fund and Debt Service Fund Tax Levy was \$5,249,440.00, an increase of \$201,179.00 or 3.99% from the 2015-2016 General Fund and Debt Service Fund Tax Levy of \$5,048,261.00.

The School District reported revenues and expenses of \$296,835.43, \$428,627.00, \$15,530.00, \$370,083.00 and \$408.00 in reimbursed T.P.A.F. Social Security Aid, T.P.A.F. Normal Pension Contributions, T.P.A.F. Non-contributory Insurance, T.P.A.F. Post-Retirement Medical Contributions and T.P.A.F. Long-Term Disability Insurance, respectively.

The final budgetary basis expenditure appropriation estimate was \$9,153,167.00, which was equal to the original budget.

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

CAPITAL ASSETS

At the end of fiscal year 2017 and 2016, the School District had \$20,841,166.29 and \$21,470,488.82, respectively, in capital assets less accumulated depreciation. Table 4 reflects the balances of capital assets, net of accumulated depreciation.

TABLE 4
Capital Assets

| Capital Assets (Net of Depreciation): | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Land | \$ 624,780.00 | \$ 624,780.00 |
| Furniture, Fixtures and Equipment | 25,116.72 | 39,369.12 |
| Building and Improvements | 20,167,827.59 | 20,781,285.53 |
| Land Improvements | <u>23,441.98</u> | <u>25,054.17</u> |
| Total Capital Assets | <u>\$ 20,841,166.29</u> | <u>\$ 21,470,488.82</u> |

Depreciation expense was \$629,322.53 for both fiscal year ended 2017 and 2016.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the School District had bonded debt outstanding of \$7,870,000.00, maturing on March 1, 2030.

FUND BALANCES – FUND LEVEL STATEMENTS

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$305,883.63, an increase of \$347,452.33 in comparison with the prior year.

Of the combined ending fund balances of \$305,883.63, (\$162,294.00) constitutes unassigned fund balance deficits. The remainder of fund balance is made up of restricted for capital reserves of \$274,000.00, restricted for maintenance reserves of \$162,658.34 and assigned for various purposes of \$31,518.21.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had \$57,015.21 in unrestricted net position.

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

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

There are several building projects in town which will be completed within the next two years. With a total of 443 housing units, the District has already made preparations for the anticipated increase in enrollment. An additional Kindergarten section was created and our special education program was expanded.

Curriculum additions include a total restructuring of the schedule to better meet the needs of our students: the creation of an Audio Visual studio; expansion of the STEM program; expansion of the Response to Intervention program to all elementary grade levels; and the continuation of the PBIS (Positive Behavior Intervention System) program which highlights our students' character development.

Technology has been upgraded to include new Wi-Fi access points, and new desktop computers for classrooms and computer labs (which were purchased with the assistance of a government grant). These enhancements will ensure the District's ability to provide superior capabilities for learning for all students.

The School District continues to focus on shared services and partnerships in order to offset increasing costs but retain the high quality of services and programs.

The School District's system for financial planning, budgeting and internal controls is well regarded. The School District is committed to continuing its sound fiscal management to meet the challenges of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at:

Eastampton Township Board of Education, 1 Student Drive, Eastampton, New Jersey 08060.

BASIC FINANCIAL STATEMENTS

GOVERNEMNT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Statement of Net Position

June 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|------------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 250,037.63 | \$ 46,101.96 | \$ 296,139.59 |
| Receivables, net | 55,844.92 | 6,166.95 | 62,011.87 |
| Inventory | | 7,431.65 | 7,431.65 |
| Restricted Cash and Cash Equivalents | 3,828.71 | | 3,828.71 |
| Capital Assets, net (Note 6) | <u>20,826,082.97</u> | <u>15,083.32</u> | <u>20,841,166.29</u> |
| Total Assets | <u>21,135,794.23</u> | <u>74,783.88</u> | <u>21,210,578.11</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 9) | <u>1,319,891.00</u> | | <u>1,319,891.00</u> |
| LIABILITIES: | | | |
| Accounts Payable: | | | |
| Related to Pensions | 118,667.00 | | 118,667.00 |
| Payable to State Government | 3,827.63 | | 3,827.63 |
| Accrued Interest | 105,123.33 | | 105,123.33 |
| Unearned Revenue | | 2,685.35 | 2,685.35 |
| Noncurrent Liabilities (Note 7): | | | |
| Due within One Year | 462,906.55 | | 462,906.55 |
| Due beyond One Year | <u>11,771,008.65</u> | | <u>11,771,008.65</u> |
| Total Liabilities | <u>12,461,533.16</u> | <u>2,685.35</u> | <u>12,464,218.51</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Related to Pensions (Note 9) | <u>425,778.00</u> | | <u>425,778.00</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 12,956,082.97 | 15,083.32 | 12,971,166.29 |
| Restricted for: | | | |
| Debt Service | 1.08 | | 1.08 |
| Other Purposes | 436,658.34 | | 436,658.34 |
| Unrestricted (Deficit) | <u>(3,824,368.32)</u> | <u>57,015.21</u> | <u>(3,767,353.11)</u> |
| Total Net Position | <u>\$ 9,568,374.07</u> | <u>\$ 72,098.53</u> | <u>\$ 9,640,472.60</u> |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

| Functions / Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 3,102,012.12 | \$ 118,599.19 | \$ - | \$ - | \$ (2,983,412.93) | \$ - | \$ (2,983,412.93) |
| Special Education | 1,508,163.24 | | 276,860.00 | | (1,231,303.24) | | (1,231,303.24) |
| Other Special Instruction | 54,786.36 | | | | (54,786.36) | | (54,786.36) |
| Support Services: | | | | | | | |
| Tuition | 438,963.52 | | | | (438,963.52) | | (438,963.52) |
| Student and Instruction Related Services | 974,613.93 | | 87,575.37 | | (887,038.56) | | (887,038.56) |
| School Administrative Services | 241,940.33 | | | | (241,940.33) | | (241,940.33) |
| General and Business Administrative Services | 698,965.43 | | | | (698,965.43) | | (698,965.43) |
| Plant Operations and Maintenance | 804,230.58 | | | | (804,230.58) | | (804,230.58) |
| Pupil Transportation | 296,080.03 | | | | (296,080.03) | | (296,080.03) |
| Unallocated Benefits | 5,180,785.51 | | 3,333,936.43 | | (1,846,849.08) | | (1,846,849.08) |
| Interest on Long-Term Debt | 413,560.50 | | | | (413,560.50) | | (413,560.50) |
| Total Governmental Activities | 13,714,101.55 | 118,599.19 | 3,698,371.80 | - | (9,897,130.56) | - | (9,897,130.56) |
| Business-Type Activities: | | | | | | | |
| Food Service | 251,194.42 | 141,608.82 | 113,199.35 | | | 3,613.75 | 3,613.75 |
| Total Business-Type Activities | 251,194.42 | 141,608.82 | 113,199.35 | - | - | 3,613.75 | 3,613.75 |
| Total Government | \$ 13,965,295.97 | \$ 260,208.01 | \$ 3,811,571.15 | \$ - | (9,897,130.56) | 3,613.75 | (9,893,516.81) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes, net | | | | | 4,460,290.00 | | 4,460,290.00 |
| Property Taxes Levied for Debt Service | | | | | 789,150.00 | | 789,150.00 |
| Federal and State Aid not Restricted | | | | | 4,655,436.05 | | 4,655,436.05 |
| Miscellaneous Income | | | | | 43,545.58 | 252.75 | 43,798.33 |
| Total General Revenues | | | | | 9,948,421.63 | 252.75 | 9,948,674.38 |
| Change in Net Position | | | | | 51,291.07 | 3,866.50 | 55,157.57 |
| Net Position -- July 1 | | | | | 9,517,083.00 | 68,232.03 | 9,585,315.03 |
| Net Position -- June 30 | | | | | \$ 9,568,374.07 | \$ 72,098.53 | \$ 9,640,472.60 |

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|----------------------------------|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 250,037.63 | \$ 3,827.63 | \$ 1.08 | \$ 253,866.34 |
| Receivables, net: | | | | |
| Interfunds Receivable: | | | | |
| Fiduciary Fund - Payroll | 14,269.44 | | | 14,269.44 |
| Receivables from Other Governments: | | | | |
| State of NJ -- FICA | 14,504.84 | | | 14,504.84 |
| State of NJ -- Transportation Aid | 2,436.00 | | | 2,436.00 |
| State of NJ -- Extraordinary Aid | 15,842.00 | | | 15,842.00 |
| Other Receivables | 8,792.64 | | | 8,792.64 |
| Total Assets | \$ 305,882.55 | \$ 3,827.63 | \$ 1.08 | \$ 309,711.26 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Payable to Federal and State Government | \$ - | \$ 3,827.63 | \$ - | \$ 3,827.63 |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Capital Reserve | 274,000.00 | | | 274,000.00 |
| Maintenance Reserve | 162,658.34 | | | 162,658.34 |
| Debt Service | | | 1.08 | 1.08 |
| Assigned: | | | | |
| Other Purposes | 31,518.21 | | | 31,518.21 |
| Unassigned: | | | | |
| General Fund (Deficit) | (162,294.00) | | | (162,294.00) |
| Total Fund Balances | 305,882.55 | - | 1.08 | 305,883.63 |
| Total Liabilities and Fund Balances | \$ 305,882.55 | \$ 3,827.63 | \$ 1.08 | |
| 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 \$31,685,582.72, and the accumulated depreciation is \$10,859,499.75. | | | | 20,826,082.97 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | | | (7,996,937.20) |
| Interest on long term debt is accrued on the Statement of Net Position regardless when due. | | | | (105,123.33) |
| Net Pension Liability | | | | (4,236,978.00) |
| Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources. | | | | (118,667.00) |
| Deferred Outflows of Resources - Related to Pensions | | | | 1,319,891.00 |
| Deferred Inflows of Resources - Related to Pensions | | | | (425,778.00) |
| Net Position of Governmental Activities | | | | \$ 9,568,374.07 |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2017

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|---|----------------------|----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | |
| Local Tax Levy | \$ 4,460,290.00 | \$ - | \$ 789,150.00 | \$ 5,249,440.00 |
| Miscellaneous | 162,144.77 | | | 162,144.77 |
| State Sources | 5,763,628.43 | 50,079.37 | | 5,813,707.80 |
| Federal Sources | 3,291.05 | 314,356.00 | | 317,647.05 |
| | <u>10,389,354.25</u> | <u>364,435.37</u> | <u>789,150.00</u> | <u>11,542,939.62</u> |
| Total Revenues | | | | |
| EXPENDITURES: | | | | |
| Regular Instruction | 2,542,318.00 | | | 2,542,318.00 |
| Special Education Instruction | 1,231,303.24 | 276,860.00 | | 1,508,163.24 |
| Other Special Instruction | 54,786.36 | | | 54,786.36 |
| Support Services and Undistributed Costs: | | | | |
| Tuition | 438,963.52 | | | 438,963.52 |
| Student and Instruction Related Services | 887,038.56 | 87,575.37 | | 974,613.93 |
| School Administrative Services | 211,267.43 | | | 211,267.43 |
| Other Administrative Services | 698,965.43 | | | 698,965.43 |
| Plant Operations and Maintenance | 772,816.74 | | | 772,816.74 |
| Pupil Transportation | 296,080.03 | | | 296,080.03 |
| Unallocated Benefits | 1,702,741.18 | | | 1,702,741.18 |
| Reimbursed TPAF Pension and Social Security | 1,111,483.43 | | | 1,111,483.43 |
| Debt Service: | | | | |
| Principal | | | 465,000.00 | 465,000.00 |
| Interest and Other Charges | 94,138.00 | | 324,150.00 | 418,288.00 |
| | <u>10,041,901.92</u> | <u>364,435.37</u> | <u>789,150.00</u> | <u>11,195,487.29</u> |
| Total Expenditures | | | | |
| Net Change in Fund Balances | 347,452.33 | | | 347,452.33 |
| Fund Balance (Deficit) -- July 1 | <u>(41,569.78)</u> | <u>-</u> | <u>1.08</u> | <u>(41,568.70)</u> |
| Fund Balance -- June 30 | <u>\$ 305,882.55</u> | <u>\$ -</u> | <u>\$ 1.08</u> | <u>\$ 305,883.63</u> |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

| | | |
|---|----|--------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 347,452.33 |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p> | | |
| Depreciation Expense | \$ | (621,780.86) |
| Capital Outlays | | - |
| | | (621,780.86) |
| Repayment of bond principal is 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. | | 465,000.00 |
| 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 decrease in accrued interest is an addition in the reconciliation. (+) | | 4,727.50 |
| 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 (+). | | 57,307.10 |
| 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. | | (201,415.00) |
| Change in Net Position of Governmental Activities | \$ | 51,291.07 |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2017

| | <u>Food Service</u> |
|-----------------------------------|-------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 46,101.96 |
| Accounts Receivable: | |
| State | 145.42 |
| Federal | 6,021.53 |
| Inventories | 7,431.65 |
| Total Current Assets | 59,700.56 |
| Noncurrent Assets: | |
| Furniture, Fixtures and Equipment | 96,106.00 |
| Less Accumulated Depreciation | (81,022.68) |
| Total Noncurrent Assets | 15,083.32 |
| Total Assets | 74,783.88 |
| LIABILITIES: | |
| Current Liabilities: | |
| Unearned Revenue | 2,685.35 |
| NET POSITION: | |
| Net Investment in Capital Assets | 15,083.32 |
| Unrestricted | 57,015.21 |
| Total Net Position | \$ 72,098.53 |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

| | <u>Food Service</u> |
|---|----------------------------|
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales: | |
| Non-reimbursable Programs | \$ 64,314.07 |
| Reimbursable Program -- School Lunch | <u>77,294.75</u> |
| Total Operating Revenues | <u>141,608.82</u> |
| OPERATING EXPENSES: | |
| Salaries | 87,102.46 |
| Employee Benefits | 25,748.75 |
| Management Fee | 14,687.14 |
| General Supplies | 6,366.47 |
| Miscellaneous Expenses | 7,838.77 |
| Depreciation | 7,541.67 |
| Other Professional and Technical Services | 16,059.37 |
| Cost of Sales - Reimbursable Programs | 62,250.79 |
| Cost of Sales - Non-reimbursable Programs | <u>23,599.00</u> |
| Total Operating Expenses | <u>251,194.42</u> |
| Operating Income / (Loss) | <u>(109,585.60)</u> |
| NONOPERATING REVENUES (EXPENSES): | |
| State Sources: | |
| State School Lunch Program | 2,213.35 |
| Federal Sources: | |
| National School Lunch Program | 72,417.52 |
| National School Breakfast Program | 18,708.12 |
| Food Distribution Program | 19,860.36 |
| Interest Revenue | <u>252.75</u> |
| Total Nonoperating Revenues (Expenses) | <u>113,452.10</u> |
| Change in Net Position | 3,866.50 |
| Net Position -- July 1 | <u>68,232.03</u> |
| Net Position -- June 30 | <u><u>\$ 72,098.53</u></u> |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

| | <u>Food Service</u> |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from Customers | \$ 141,608.82 |
| Payments to Management Company | (112,851.21) |
| Payments to Employees | (131,671.39) |
| | (102,913.78) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| State Sources | 2,205.48 |
| Federal Sources | 110,753.92 |
| | 112,959.40 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest Revenue | 252.75 |
| | 10,298.37 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 10,298.37 |
| Cash and Cash Equivalents -- July 1 | 35,803.59 |
| | \$ 46,101.96 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (109,585.60) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | |
| Depreciation and Net Amortization | 7,541.67 |
| (Increase) Decrease in Inventories | (824.73) |
| Increase (Decrease) in Unearned Revenue | (88.14) |
| (Increase) Decrease in Accounts Receivable | 43.02 |
| | 6,671.82 |
| Total Adjustments | 6,671.82 |
| Net Cash Provided by (used for) Operating Activities | \$ (102,913.78) |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

| | Agency Funds | |
|-------------------------------------|---------------------|--------------|
| | Student Activity | Payroll |
| ASSETS: | | |
| Cash and Cash Equivalents | \$ 13,884.81 | \$ 23,905.82 |
| LIABILITIES: | | |
| Interfund Accounts Payable: | | |
| Due General Fund | \$ - | \$ 14,269.44 |
| Payable to Student Groups | 13,884.81 | |
| Payroll Deductions and Withholdings | | 9,636.38 |
| Total Liabilities | \$ 13,884.81 | \$ 23,905.82 |

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Eastampton School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its one school. The School District has an approximate enrollment at June 30, 2017 of 586.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Burlington County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary fund:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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:23A-16.2(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:23A-13.3.

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 payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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 accounting, as presented in the general fund budgetary comparison schedule 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 balances - 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 the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets (Cont'd)**

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Furniture, Fixtures and Equipment | 5 - 15 Years |
| Buildings and Improvements | 50 Years |
| Land Improvements | 20 Years |

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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 measurable and the School District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences (Cont'd)**

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

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, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

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 fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS'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.

Net Position

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

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, 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) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 77, *Tax Abatement Disclosures*. This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement did not have a significant impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, the School District's bank balances of \$535,521.46 were all insured by FDIC and GUDPA.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$150,000.00 in fiscal year 1999 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the 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 fiscal 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 by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

| | | |
|---------------------------------|------------|----------------------|
| Beginning Balance, July 1, 2016 | | \$ 154,363.82 |
| Increased by: | | |
| Interest Earnings | \$ 269.06 | |
| Deposits: | | |
| Board Resolution 2017-6-2 | 119,367.12 | |
| | | <u>119,636.18</u> |
| Ending Balance, June 30, 2017 | | <u>\$ 274,000.00</u> |

The June 30, 2017 LRFP balance of local support costs of uncompleted projects at June 30, 2017 is \$211,000.00. The reserve balance prior to July 18, 2000 was \$163,157.00 of which \$100,000.00 was utilized in fiscal year 2005. Therefore, the maximum capital reserve balance is \$274,157.00.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| <u>Description</u> | <u>Governmental Funds</u> | | <u>Proprietary Funds</u> | | <u>Total</u> |
|--------------------|---------------------------|--------------------------------------|--------------------------|---------------------------------------|---------------------|
| | <u>General Fund</u> | <u>Total Governmental Activities</u> | <u>Food Service Fund</u> | <u>Total Business-Type Activities</u> | |
| Federal Awards | | | \$ 6,021.53 | \$ 6,021.53 | \$ 6,021.53 |
| State Awards | \$ 32,782.84 | \$ 32,782.84 | 145.42 | 145.42 | 32,928.26 |
| Other Receivables | 8,792.64 | 8,792.64 | | | 8,792.64 |
| Fiduciary Fund | 14,269.44 | 14,269.44 | | | 14,269.44 |
| | <u>\$ 55,844.92</u> | <u>\$ 55,844.92</u> | <u>\$ 6,166.95</u> | <u>\$ 6,166.95</u> | <u>\$ 62,011.87</u> |

Note 5: INVENTORY

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

| | | |
|----------|----|------------------------|
| Food | \$ | 6,343.10 |
| Supplies | | <u>1,088.55</u> |
| | \$ | <u><u>7,431.65</u></u> |

Note 6: CAPITAL ASSETS

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

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2017</u> |
|--|--|------------------------|------------------|--|
| Governmental Activities: | | | | |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 624,780.00 | \$ - | \$ - | \$ 624,780.00 |
| Total Capital Assets, not being Depreciated | <u>624,780.00</u> | <u>-</u> | <u>-</u> | <u>624,780.00</u> |
| Capital Assets, being Depreciated: | | | | |
| Furniture, Fixtures and Equipment | 97,244.80 | | | 97,244.80 |
| Buildings and Improvements | 30,672,897.05 | | | 30,672,897.05 |
| Land Improvements | 290,660.87 | | | 290,660.87 |
| Total Capital Assets, being Depreciated | <u>31,060,802.72</u> | <u>-</u> | <u>-</u> | <u>31,060,802.72</u> |
| Total Capital Assets, Cost | <u>31,685,582.72</u> | <u>-</u> | <u>-</u> | <u>31,685,582.72</u> |
| Less Accumulated Depreciation for: | | | | |
| Furniture, Fixtures and Equipment | (80,500.67) | (6,710.73) | | (87,211.40) |
| Buildings and Improvements | (9,891,611.52) | (613,457.94) | | (10,505,069.46) |
| Land Improvements | (265,606.70) | (1,612.19) | | (267,218.89) |
| Total Accumulated Depreciation | <u>(10,237,718.89)</u> | <u>(621,780.86)</u> | <u>-</u> | <u>(10,859,499.75)</u> |
| Total Capital Assets, being Depreciated, Net | <u>20,823,083.83</u> | <u>(621,780.86)</u> | <u>-</u> | <u>20,201,302.97</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 21,447,863.83</u> | <u>\$ (621,780.86)</u> | <u>-</u> | <u>\$ 20,826,082.97</u> |
| | <u><u>Balance</u></u> <u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2017</u> |
| Business-Type Activities: | | | | |
| Capital Assets, being Depreciated: | | | | |
| Furniture, Fixtures and Equipment | 96,106.00 | \$ - | \$ - | 96,106.00 |
| Less Accumulated Depreciation for: | | | | |
| Furniture, Fixtures and Equipment | (73,481.01) | (7,541.67) | | (81,022.68) |
| Business-Type Activities Capital Assets, Net | <u>\$ 22,624.99</u> | <u>\$ (7,541.67)</u> | <u>\$ -</u> | <u>\$ 15,083.32</u> |

Note 6: CAPITAL ASSETS (CONT'D)

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

| | |
|---|----------------------|
| Governmental Activities: | |
| Regular Instruction | \$ 559,694.12 |
| Other Administrative Services | 30,672.90 |
| Plant Operations and Maintenance | <u>31,413.84</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 621,780.86</u> |
| Business-Type Activities: | |
| Food Service | <u>\$ 7,541.67</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 7,541.67</u> |

Note 7: LONG-TERM LIABILITIES

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

| | <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2017</u> | <u>Due within One Year</u> |
|---|---------------------------------|------------------------|--------------------------|----------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 8,335,000.00 | \$ - | \$ (465,000.00) | \$ 7,870,000.00 | \$ 460,000.00 |
| Total Bonds Payable | <u>8,335,000.00</u> | <u>-</u> | <u>(465,000.00)</u> | <u>7,870,000.00</u> | <u>460,000.00</u> |
| Other Liabilities: | | | | | |
| Compensated Absences | 184,244.30 | 101,533.83 | (158,840.93) | 126,937.20 | 2,906.55 |
| Net Pension Liability (note 9) | 3,604,184.00 | 1,766,084.00 | (1,133,290.00) | 4,236,978.00 | |
| Total Other Liabilities | <u>3,788,428.30</u> | <u>1,867,617.83</u> | <u>(1,292,130.93)</u> | <u>4,363,915.20</u> | <u>2,906.55</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 12,123,428.30</u> | <u>\$ 1,867,617.83</u> | <u>\$ (1,757,130.93)</u> | <u>\$ 12,233,915.20</u> | <u>\$ 462,906.55</u> |

The bonds payable are generally liquidated by the debt service fund, while the, compensated absences and net pension liability are liquidated by the general fund.

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

On March 3, 2015, the School District issued \$11,130,000.00 general obligation bonds at interest rates varying from 4.25% to 4.50% for various construction and renovation projects. However, these bonds were refunded on June 20, 2012 at interest rates varying from 2.00% to 4.00%. The final maturity of these bonds is March 1, 2030. The bonds will be paid from property taxes.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Bonds Payable (Cont'd) - Principal and interest due on bonds outstanding is as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------------|------------------------|-------------------------|
| 2018 | \$ 460,000.00 | \$ 310,200.00 | \$ 770,200.00 |
| 2019 | 500,000.00 | 296,400.00 | 796,400.00 |
| 2020 | 500,000.00 | 276,400.00 | 776,400.00 |
| 2021 | 525,000.00 | 256,400.00 | 781,400.00 |
| 2022 | 550,000.00 | 235,400.00 | 785,400.00 |
| 2023-2027 | 3,095,000.00 | 833,800.00 | 3,928,800.00 |
| 2028-2030 | 2,240,000.00 | 180,400.00 | 2,420,400.00 |
| Total | <u>\$ 7,870,000.00</u> | <u>\$ 2,389,000.00</u> | <u>\$ 10,259,000.00</u> |

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2017, the School District had operating lease agreements in effect for copy machines, mail machines, and the phone system. The present value of the future minimum rental payments under the operating lease agreements are as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Amount</u> |
|--|----------------------|
| 2018 | \$ 62,292.55 |
| 2019 | 62,292.55 |
| 2020 | 25,662.63 |
| 2021 | 432.00 |
| | <u>\$ 150,679.73</u> |

Rental payments under operating leases for the fiscal year ended June 30, 2017 were \$64,811.83.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Teachers' Pension and Annuity Fund - 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:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The 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 the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy 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 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 8.67% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$359,296.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$302,118.88.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. 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 seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 14.21% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$127,091.00 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$61,437.50.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2017, employee contributions totaled \$1,164.15, and the School District recognized pension expense, which equaled the required contributions, of \$1,566.35. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

| | |
|--|-------------------------|
| School District's Proportionate Share of Net Pension Liability | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District | 35,490,408.00 |
| | <u>\$ 35,490,408.00</u> |

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0451150973%, which was an increase of .001039850% from its proportion measured as of June 30, 2015.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2017, the School District recognized \$2,666,610.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Public Employees' Retirement System - At June 30, 2017, the School District reported a liability of \$4,236,978.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the School District's proportion was .0143058356%, which was a decrease of .0017498691% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$328,498.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between Expected and Actual Experience | \$ 78,795.00 | \$ - |
| Changes of Assumptions | 877,676.00 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 161,560.00 | - |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | 83,193.00 | 425,778.00 |
| School District Contributions Subsequent to the Measurement Date | <u>118,667.00</u> | <u>-</u> |
| | <u>\$ 1,319,891.00</u> | <u>\$ 425,778.00</u> |

\$118,667.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

| Year Ending June 30, | | |
|---------------------------------|----|-------------------|
| 2018 | \$ | 175,700 |
| 2019 | | 175,700 |
| 2020 | | 215,606 |
| 2021 | | 166,030 |
| 2022 | | 42,410 |
| | | <u>775,446.00</u> |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>TPAF</u> | <u>PERS</u> |
|--------------------------------|------------------------------|------------------------------|
| Inflation | 2.50% | 3.08% |
| Salary Increases: | | |
| 2012-2021 | Varies Based on Experience | |
| Through 2026 | | 1.65% - 4.15% Based on Age |
| Thereafter | Varies Based on Experience | 2.65% - 5.15% Based on Age |
| Investment Rate of Return | 7.65% | 7.65% |
| Mortality Rate Table | RP-2000 | RP-2000 |
| Period of Actuarial Experience | | |
| Study upon which Actuarial | | |
| Assumptions were Based | July 1, 2012 - June 30, 2015 | July 1, 2011 - June 30, 2014 |

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

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

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

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

| <u>Asset Class</u> | <u>TPAF</u> | | <u>Asset Class</u> | <u>PERS</u> | |
|------------------------------|--------------------------|---|-------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Cash | 5.00% | 0.39% | Cash | 5.00% | 0.87% |
| U.S. Government Bonds | 1.50% | 1.28% | U.S. Treasuries | 1.50% | 1.74% |
| U.S. Credit Bonds | 13.00% | 2.76% | Investment Grade Credit | 8.00% | 1.79% |
| U.S. Mortgages | 2.00% | 2.38% | Mortgages | 2.00% | 1.67% |
| U.S. Inflation-Indexed Bonds | 1.50% | 1.41% | High Yield Bonds | 2.00% | 4.56% |
| U.S. High Yield Bonds | 2.00% | 4.70% | Inflation-Indexed Bonds | 1.50% | 3.44% |
| U.S. Equity Market | 26.00% | 5.14% | Broad U.S. Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 5.91% | Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Markets Equity | 6.50% | 8.16% | Emerging Market Equities | 6.50% | 9.95% |
| Private Real Estate Property | 5.25% | 3.64% | Private Equity | 9.00% | 12.40% |
| Timber | 1.00% | 3.86% | Hedge Funds / Absolute Return | 12.50% | 4.68% |
| Farmland | 1.00% | 4.39% | Real Estate (Property) | 2.00% | 6.91% |
| Private Equity | 9.00% | 8.97% | Commodities | 0.50% | 5.45% |
| Commodities | 0.50% | 2.87% | Global Debt ex U.S. | 5.00% | -0.25% |
| Hedge Funds - MultiStrategy | 5.00% | 3.70% | REIT | 5.25% | 5.63% |
| Hedge Funds - Equity Hedge | 3.75% | 4.72% | | | |
| Hedge Funds - Distressed | 3.75% | 3.49% | | | |
| | <u>100.00%</u> | | | <u>100.00%</u> | |

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS 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. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | TPAF | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (2.22%) | Current Discount Rate (3.22%) | 1% Increase (4.22%) |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District | 42,383,478.00 | 35,490,408.00 | 29,861,326.00 |
| | <u>\$ 42,383,478.00</u> | <u>\$ 35,490,408.00</u> | <u>\$ 29,861,326.00</u> |

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | PERS | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
| School District's Proportionate Share of the Net Pension Liability | \$ 5,191,922.00 | \$ 4,236,978.00 | \$ 3,448,589.00 |

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 respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, non-contributory insurance and long term disability insurance were \$428,627.00, \$370,083.00, \$15,530.00 and \$408.00, respectively.

Note 12: 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.

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Property (Including Crime and Auto Physical Damage)
 General and Automobile Liability
 Workers' Compensation
 Comprehensive Crime
 Educator's Legal Liability
 Boiler and Machinery
 Pollution Legal Liability
 Cyber Liability

Note 12: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund its obligations for that year.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Burlington County Insurance Pool Joint Insurance Fund
P.O. Box 449
Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of four deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit 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:

ABCO – ING
AXA Equitable
Lincoln Investments Planning, Inc.
AIG/Valic

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 amounts of vacation and sick leave in accordance with the School District's personnel policies and bargaining agreements. Upon termination, employees are paid for accrued vacation. The School District's 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 the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$126,937.20.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|-------------|----------------------------------|-------------------------------|
| General | \$ 14,269.44 | |
| Fiduciary | | \$ 14,269.44 |
| | <u>\$ 14,269.44</u> | <u>\$ 14,269.44</u> |

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - Correspondence from the School District's Solicitor indicated that there is no pending or threatened litigation claims, contingent liabilities, unasserted claims or assessments or statutory violations involving the School District which might materially affect the School Districts financial position or results of operations.

Note 17: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$162,294.00 in the general fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Note 18: DEFICIT FUND BALANCES (CONT'D)

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$162,294.00 is less than the June state aid payments.

Note 19: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Capital Reserve Account - As of June 30, 2017, the balance in the capital reserve account is \$274,000.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2017, the balance in the maintenance reserve account is \$162,658.34. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has not appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 because the debt service balance at June 30, 2017 is only \$1.08.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

Other Purposes - As of June 30, 2017, the School District had \$31,518.21 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2017, \$(162,294.00) of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|-------------------------|---------------------|----------------------|--|
| REVENUES: | | | | | |
| General Fund: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 4,460,290.00 | - | \$ 4,460,290.00 | \$ 4,460,290.00 | - |
| Tuition | 11,000.00 | - | 11,000.00 | 118,599.19 | 107,599.19 |
| Rents and Royalties | 29,900.00 | - | 29,900.00 | 30,500.00 | 600.00 |
| Interest Earned on Investments | - | - | - | 4,824.08 | 4,824.08 |
| Other Restricted Miscellaneous Revenues | 100.00 | - | 100.00 | 8,221.50 | 8,121.50 |
| Total - Local Sources | 4,501,290.00 | - | 4,501,290.00 | 4,622,434.77 | 121,144.77 |
| State Sources: | | | | | |
| Extraordinary Special Education Cost Aid | - | - | - | 15,842.00 | 15,842.00 |
| Categorical Special Education Aid | 389,996.00 | - | 389,996.00 | 389,996.00 | - |
| Equalization Aid | 4,148,569.00 | - | 4,148,569.00 | 4,148,569.00 | - |
| Categorical Security Aid | 17,257.00 | - | 17,257.00 | 17,257.00 | - |
| Adjustment Aid | 56,982.00 | - | 56,982.00 | 56,982.00 | - |
| Categorical Transportation Aid | 16,953.00 | - | 16,953.00 | 16,953.00 | - |
| Nonpublic School Transportation Aid | - | - | - | 2,436.00 | 2,436.00 |
| PARCC Readiness Aid | 6,010.00 | - | 6,010.00 | 6,010.00 | - |
| Per Pupil Growth Aid | 6,010.00 | - | 6,010.00 | 6,010.00 | - |
| Professional Learning Community Aid | 5,900.00 | - | 5,900.00 | 5,900.00 | - |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | - | - | - | 296,835.43 | 296,835.43 |
| On-behalf TPAF Pension Contributions - Normal (non-budgeted) | - | - | - | 428,627.00 | 428,627.00 |
| On-behalf TPAF Pension Contributions - Insurance (non-budgeted) | - | - | - | 15,530.00 | 15,530.00 |
| On-behalf TPAF Medical Contributions - Normal (non-budgeted) | - | - | - | 370,083.00 | 370,083.00 |
| On-behalf TPAF Long-Term Disability Insurance (non-budgeted) | - | - | - | 408.00 | 408.00 |
| Total - State Sources | 4,647,677.00 | - | 4,647,677.00 | 5,777,438.43 | 1,129,761.43 |
| Federal Sources: | | | | | |
| FEMA - Public Assistance - Winter Snow Storm 01/22/16 | - | - | - | 3,291.05 | 3,291.05 |
| Total Revenues | 9,148,967.00 | - | 9,148,967.00 | 10,403,164.25 | 1,254,197.25 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|----------------------|---------------------|---------------------|--|
| EXPENDITURES: | | | | | |
| GENERAL CURRENT EXPENSE: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Preschool/Kindergarten | \$ 212,870.00 | \$ (5,095.98) | \$ 207,774.02 | \$ 207,774.02 | \$ - |
| Grades 1 - 5 | 1,436,890.00 | (54,682.70) | 1,382,207.30 | 1,357,044.94 | 25,162.36 |
| Grades 6 - 8 | 982,592.00 | (139,324.55) | 843,267.45 | 833,876.54 | 9,390.91 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 10,000.00 | (8,127.99) | 1,872.01 | 1,872.01 | - |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional/Educational Services | 4,450.00 | 4,818.47 | 9,268.47 | 9,268.29 | 0.18 |
| Other Purchased Services | 5,000.00 | 23,960.44 | 28,960.44 | 28,960.44 | - |
| General Supplies | 49,795.00 | 57,775.86 | 107,570.86 | 103,521.76 | 4,049.10 |
| Total Regular Programs | 2,701,597.00 | (120,676.45) | 2,580,920.55 | 2,542,318.00 | 38,602.55 |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 212,480.00 | (75,551.00) | 136,929.00 | 136,929.00 | - |
| Total - Multiple Disabilities | 212,480.00 | (75,551.00) | 136,929.00 | 136,929.00 | - |
| Resource Room/Center: | | | | | |
| Salaries of Teachers | 547,960.00 | 115,917.29 | 663,877.29 | 663,877.29 | - |
| Other Salaries for Instruction | 202,796.00 | (165,482.00) | 37,314.00 | 37,314.00 | - |
| Purchased Professional/Educational Services | 50,000.00 | 215,569.99 | 265,569.99 | 265,569.99 | - |
| Total - Resource Room/Center | 800,756.00 | 166,005.28 | 966,761.28 | 966,761.28 | - |
| Total - Special Education | 1,013,236.00 | 90,454.28 | 1,103,690.28 | 1,103,690.28 | - |
| Basic Skills/Remedial: | | | | | |
| Salaries of Teachers | 162,606.00 | (34,993.04) | 127,612.96 | 127,612.96 | - |
| Total - Basic Skills/Remedial | 162,606.00 | (34,993.04) | 127,612.96 | 127,612.96 | - |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|-------------------------|---------------------|---------------------|--|
| EXPENDITURES (CONTD): | | | | | |
| GENERAL CURRENT EXPENSE (CONTD): | | | | | |
| School Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | \$ 25,789.00 | \$ 1,994.56 | \$ 27,783.56 | \$ 27,548.56 | \$ 235.00 |
| Purchased Services | 2,500.00 | 1,500.00 | 4,000.00 | 4,000.00 | - |
| Other Objects | - | 1,499.90 | 1,499.90 | 1,499.90 | - |
| Total - School Sponsored Cocurricular Activities - Instruction | 28,289.00 | 4,994.46 | 33,283.46 | 33,048.46 | 235.00 |
| School Sponsored Cocurricular Athletics - Instruction: | | | | | |
| Salaries | 19,361.00 | (3,291.70) | 16,069.30 | 16,069.30 | - |
| Purchased Services | 2,000.00 | 2,778.34 | 4,778.34 | 4,700.00 | 78.34 |
| Supplies and Materials | - | 1,890.39 | 1,890.39 | 968.60 | 921.79 |
| Total - School Sponsored Cocurricular Athletics - Instruction | 21,361.00 | 1,377.03 | 22,738.03 | 21,737.90 | 1,000.13 |
| Total - Instruction | 3,927,089.00 | (58,843.72) | 3,868,245.28 | 3,828,407.60 | 39,837.68 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs within State-Regular | - | 11,277.00 | 11,277.00 | 11,277.00 | - |
| Tuition to Other LEAs within State-Special | 26,416.00 | 35,253.94 | 61,669.94 | 61,669.94 | - |
| Tuition to CSSD & Reg. Day Schools | 187,040.00 | 156,863.50 | 343,903.50 | 343,903.50 | - |
| Tuition to Private School for the Disabled within State | 67,643.00 | (45,529.92) | 22,113.08 | 22,113.08 | - |
| Total Undistributed Expenditures - Instruction | 281,099.00 | 157,864.52 | 438,963.52 | 438,963.52 | - |
| Health Services: | | | | | |
| Salaries | 116,810.00 | 4,008.40 | 120,818.40 | 120,818.40 | - |
| Purchased Professional and Technical Services | 2,100.00 | (100.00) | 2,000.00 | 2,000.00 | - |
| Supplies and Materials | 3,000.00 | (657.19) | 2,342.81 | 2,342.81 | - |
| Total Health Services | 121,910.00 | 3,251.21 | 125,161.21 | 125,161.21 | - |
| Other Support Services - Students - Related Services: | | | | | |
| Salaries | 157,920.00 | (20,410.82) | 137,509.18 | 137,509.18 | - |
| Purchased Professional/Educational Services | 85,000.00 | 75,411.15 | 160,411.15 | 160,411.15 | - |
| Supplies and Materials | 2,000.00 | (2,000.00) | - | - | - |
| Total - Other Support Services - Students - Related Services | 244,920.00 | 53,000.33 | 297,920.33 | 297,920.33 | - |

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|-------------------|----------------------|-------------------|-------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| GENERAL CURRENT EXPENSE (CONT'D): | | | | | |
| Other Support Services - Students - Extraordinary Services: | | | | | |
| Purchased Professional/Educational Services | \$ 70,000.00 | \$ (33,874.28) | \$ 36,125.72 | \$ 36,125.72 | \$ - |
| Total - Other Support Services - Students - Extraordinary Services | 70,000.00 | (33,874.28) | 36,125.72 | 36,125.72 | - |
| Undistributed Expenditures: | | | | | |
| Other Support Services - Students - Regular: | | | | | |
| Salaries of Other Professional Staff | 110,880.00 | - | 110,880.00 | 110,880.00 | - |
| Salaries of Secretarial and Clerical Assistants | 17,578.00 | 1,628.28 | 19,206.28 | 19,206.28 | - |
| Total Other Support Services - Students - Special Services | 128,458.00 | 1,628.28 | 130,086.28 | 130,086.28 | - |
| Other Support Services - Students - Special Education: | | | | | |
| Salaries of Other Professional Staff | 147,204.00 | - | 147,204.00 | 143,455.25 | 3,748.75 |
| Salaries of Secretarial and Clerical Assistants | 17,578.00 | 2,007.59 | 19,585.59 | 19,585.59 | - |
| Other Purchased Professional and Technical Services | 5,000.00 | - | 5,000.00 | 4,957.83 | 42.17 |
| Total - Other Support Services - Students - Regular Services | 169,782.00 | 2,007.59 | 171,789.59 | 167,998.67 | 3,790.92 |
| Improvement of Instruction Services/Other Support Services - Instructional Staff: | | | | | |
| Salaries of Supervisors of Instruction | 62,222.00 | 1,000.00 | 63,222.00 | 36,375.00 | 26,847.00 |
| Salaries of Secretarial and Clerical Assistants | 48,588.00 | (11,080.12) | 37,507.88 | 35,337.88 | 2,170.00 |
| Total Improvement of Instruction Services/Other Support Services - Instructional Staff | 110,810.00 | (10,080.12) | 100,729.88 | 71,712.88 | 29,017.00 |
| Educational Media Services/School Library: | | | | | |
| Salaries | 54,830.00 | (468.00) | 54,362.00 | 54,362.00 | - |
| Other Purchased Services | 2,000.00 | (173.00) | 1,827.00 | 1,827.00 | - |
| Supplies and Materials | 1,750.00 | 281.12 | 2,031.12 | 1,844.47 | 186.65 |
| Total Educational Media Services/School Library | 58,580.00 | (359.88) | 58,220.12 | 58,033.47 | 186.65 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|-------------------|----------------------|-------------------|-------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| GENERAL CURRENT EXPENSE (CONT'D): | | | | | |
| Undistributed Expenditures (Cont'd): | | | | | |
| Support Services General Administration: | | | | | |
| Salaries | \$ 141,060.00 | \$ (7,390.04) | \$ 133,669.96 | \$ 133,669.96 | \$ - |
| Legal Services | 10,000.00 | 2,126.25 | 12,126.25 | 10,492.43 | 1,633.82 |
| Audit Fees | 17,500.00 | 2,000.00 | 19,500.00 | 19,500.00 | - |
| Communications/Telephone | 32,000.00 | 3,331.46 | 35,331.46 | 35,331.46 | - |
| Other Purchased Services | 4,050.00 | 392.00 | 4,442.00 | 4,442.00 | - |
| Miscellaneous Expenditures | 15,000.00 | 3,700.94 | 18,700.94 | 18,513.98 | 186.96 |
| BOE Membership Dues and Fees | 5,419.00 | - | 5,419.00 | 5,418.80 | 0.20 |
| Total Support Services General Administration | 225,029.00 | 4,160.61 | 229,189.61 | 227,368.63 | 1,820.98 |
| Support Services School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | 54,000.00 | (4,000.02) | 49,999.98 | 49,999.92 | 0.06 |
| Salaries of Other Professional Staff | 102,731.00 | (5,296.44) | 97,434.56 | 85,229.25 | 12,205.31 |
| Salaries of Secretarial and Clerical Assistants | 54,847.00 | 11,436.83 | 66,283.83 | 66,283.83 | - |
| Supplies and Materials | 3,000.00 | 5,076.43 | 8,076.43 | 8,076.43 | - |
| Other Objects | 1,200.00 | 478.00 | 1,678.00 | 1,678.00 | - |
| Total Support Services School Administration | 215,778.00 | 7,694.80 | 223,472.80 | 211,267.43 | 12,205.37 |
| Central Services: | | | | | |
| Salaries | 236,323.00 | - | 236,323.00 | 236,322.72 | 0.28 |
| Purchased Technical Services | 17,000.00 | 1,002.00 | 18,002.00 | 18,002.00 | - |
| Supplies and Materials | 500.00 | 1,893.00 | 2,393.00 | 2,393.00 | - |
| Miscellaneous Expenditures | 990.00 | 125.00 | 1,115.00 | 1,115.00 | - |
| Total Central Services | 254,813.00 | 3,020.00 | 257,833.00 | 257,832.72 | 0.28 |
| Administrative Information Technology: | | | | | |
| Salaries | 103,455.00 | 1,999.40 | 105,454.40 | 105,454.40 | - |
| Purchased Technical Services | 5,000.00 | 3,580.52 | 8,580.52 | 8,580.52 | - |
| Supplies and Materials | 5,000.00 | 1,738.01 | 6,738.01 | 4,993.04 | 1,744.97 |
| Total - Administrative Information Technology | 113,455.00 | 7,317.93 | 120,772.93 | 119,027.96 | 1,744.97 |

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|-------------------|----------------------|-------------------|-------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| GENERAL CURRENT EXPENSE (CONT'D): | | | | | |
| Undistributed Expenditures (Cont'd): | | | | | |
| Allowable Maintenance for School Facilities: | | | | | |
| Salaries | \$ 45,225.00 | \$ 3,999.88 | \$ 49,224.88 | \$ 49,224.88 | \$ - |
| Cleaning, Repair and Maintenance Services | 13,000.00 | 1,331.50 | 14,331.50 | 14,331.50 | - |
| General Supplies | 31,000.00 | (8,792.85) | 22,207.15 | 21,721.65 | 485.50 |
| Total - Allowable Maintenance for School Facilities | 89,225.00 | (3,461.47) | 85,763.53 | 85,278.03 | 485.50 |
| Other Operation and Maintenance of Plant Services: | | | | | |
| Salaries | 344,250.00 | (15,360.13) | 328,889.87 | 328,889.87 | - |
| Salaries of Non- Instructional Aides | 11,000.00 | 3,173.50 | 14,173.50 | 14,173.50 | - |
| Purchased Professional and Technical Services | 36,000.00 | (29,779.27) | 6,220.73 | 6,220.73 | - |
| Cleaning, Repair and Maintenance Services | 13,000.00 | 11,579.07 | 24,579.07 | 24,148.12 | 430.95 |
| Other Purchased Property Services | 20,000.00 | (2,035.83) | 17,964.17 | 17,964.17 | - |
| Insurance | 35,900.00 | (811.00) | 35,089.00 | 35,089.00 | - |
| General Supplies | 33,800.00 | 8,328.98 | 42,128.98 | 41,172.34 | 956.64 |
| Other Objects | 6,000.00 | (2,432.66) | 3,567.34 | 3,567.34 | - |
| Energy (Natural Gas) | 200,000.00 | 16,313.64 | 216,313.64 | 216,313.64 | - |
| Total - Other Operation and Maintenance of Plant Services | 699,950.00 | (11,023.70) | 688,926.30 | 687,538.71 | 1,387.59 |
| Security: | | | | | |
| Salaries | 48,370.00 | 26,366.12 | 74,736.12 | 74,736.12 | - |
| Other Objects | 20,000.00 | - | 20,000.00 | 20,000.00 | - |
| Total - Security | 68,370.00 | 26,366.12 | 94,736.12 | 94,736.12 | - |
| Total - Operation and Maintenance of Plant Services | 857,545.00 | 11,880.95 | 869,425.95 | 867,552.86 | 1,873.09 |
| Student Transportation Services: | | | | | |
| Contracted Services - Aid in Lieu of Payments | 15,000.00 | (46.78) | 14,953.22 | 14,953.22 | - |
| Contracted Services (Between Home & School) - Vendors | 151,335.00 | (7,845.56) | 143,489.44 | 143,489.44 | - |
| Contracted Services (Special Education Students) - Joint Agreements | 99,500.00 | 36,527.37 | 136,027.37 | 136,027.37 | - |
| Misc. Purchased Services - Transportation | 1,610.00 | - | 1,610.00 | 1,610.00 | - |
| Total Student Transportation Services | 267,445.00 | 28,635.03 | 296,080.03 | 296,080.03 | - |

(Continued)

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|----------------------|---------------------|----------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| GENERAL CURRENT EXPENSE (CONT'D): | | | | | |
| Undistributed Expenditures (Cont'd): | | | | | |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contribution | \$ 140,000.00 | \$ (10,641.95) | \$ 129,358.05 | \$ 111,016.28 | \$ 18,341.77 |
| PERS State Contribution | 147,000.00 | (17,024.92) | 129,975.08 | 129,975.08 | - |
| Other Retirement Contributions- Regular | 5,000.00 | (4,145.25) | 854.75 | 854.46 | 0.29 |
| Unemployment Contribution | 25,000.00 | (3,685.17) | 21,314.83 | 21,314.83 | - |
| Workmen's Compensation | 40,730.00 | (6,290.00) | 34,440.00 | 34,440.00 | - |
| Health Benefits | 1,644,986.00 | (217,908.45) | 1,427,077.55 | 1,314,548.04 | 112,529.51 |
| Tuition Reimbursements | 9,600.00 | (4,000.00) | 5,600.00 | 4,200.00 | 1,400.00 |
| Other Employee Benefits | - | 51,860.04 | 51,860.04 | 51,860.04 | - |
| Unused Sick Payment to Terminated/Retired Staff | - | 51,860.04 | 34,532.45 | 34,532.45 | - |
| Total Unallocated Benefits - Employee Benefits | 2,012,316.00 | (211,835.70) | 1,835,012.75 | 1,702,741.18 | 132,271.57 |
| On-behalf TPAF Pension Contributions - Normal (non-budgeted) | - | - | - | 428,627.00 | (428,627.00) |
| On-behalf TPAF Pension Contributions - Insurance (non-budgeted) | - | - | - | 15,530.00 | (15,530.00) |
| On-behalf TPAF Medical Contributions - Normal (non-budgeted) | - | - | - | 370,083.00 | (370,083.00) |
| On-behalf TPAF Long-Term Disability Insurance (non-budgeted) | - | - | - | 408.00 | (408.00) |
| Reimbursed TPAF Social Security Contributions | - | - | - | 296,835.43 | (296,835.43) |
| Total TPAF Contributions | - | - | - | 1,111,483.43 | (1,111,483.43) |
| Total Undistributed Expenses | 5,131,940.00 | 24,311.27 | 5,190,783.72 | 6,119,356.32 | (928,572.60) |
| Total Expenditures - Current Expense | 9,059,029.00 | (34,532.45) | 9,059,029.00 | 9,947,763.92 | (888,734.92) |
| CAPITAL OUTLAY: | | | | | |
| Facilities Acquisition and Construction Services: | | | | | |
| Assessment for Debt Service on SDA Funding | 94,138.00 | - | 94,138.00 | 94,138.00 | - |
| Total Capital Outlay | 94,138.00 | - | 94,138.00 | 94,138.00 | - |
| Total Expenditures | 9,153,167.00 | (34,532.45) | 9,153,167.00 | 10,041,901.92 | (888,734.92) |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| Calculation of Deficiency of Revenues Under Expenditures: | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (4,200.00) | \$ 34,532.45 | \$ (4,200.00) | \$ 361,262.33 | \$ 365,462.33 |
| Fund Balances, July 1 | 375,192.22 | - | 375,192.22 | 375,192.22 | - |
| Fund Balances, June 30 | \$ 370,992.22 | \$ 34,532.45 | \$ 370,992.22 | \$ 736,454.55 | \$ 365,462.33 |

Recapitulation:

Restricted Fund Balance:
 Capital Reserve \$ 274,000.00
 Maintenance Reserve 162,658.34
 Assigned Fund Balance:
 Year-End Encumbrances 31,518.21
 Unassigned Fund Balance 268,278.00

Reconciliation to Governmental Funds Statements (GAAP):
 Last State Aid Payment Not Recognized on GAAP Basis (430,572.00)

Fund Balance per Governmental Funds (GAAP) \$ 305,882.55

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2017

| REVENUES: | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|----------------------|-----------------------|----------------------|----------------------|--|
| State Sources: | | | | | |
| Nonpublic Aid | \$ 9,800.00 | \$ 44,107.00 | \$ 53,907.00 | \$ 50,079.37 | \$ (3,827.63) |
| Total - State Sources | 9,800.00 | 44,107.00 | 53,907.00 | 50,079.37 | (3,827.63) |
| Federal Sources: | | | | | |
| Title I, Part A | 66,420.00 | 17,405.00 | 83,825.00 | 83,825.00 | - |
| Title II, Part A | - | 28,976.00 | 28,976.00 | 28,976.00 | - |
| I.D.E.A., Part B Basic | 185,000.00 | 8,151.00 | 193,151.00 | 193,151.00 | - |
| I.D.E.A., Part B, Preschool Incentive | - | 8,404.00 | 8,404.00 | 8,404.00 | - |
| Total - Federal Sources | 251,420.00 | 62,936.00 | 314,356.00 | 314,356.00 | - |
| Total Revenues | \$ 261,220.00 | \$ 107,043.00 | \$ 368,263.00 | \$ 364,435.37 | \$ (3,827.63) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | \$ 66,420.00 | \$ 108.00 | \$ 66,528.00 | \$ 66,528.00 | \$ - |
| Other Purchased Services | 185,000.00 | 15,175.00 | 200,175.00 | 200,175.00 | - |
| General Supplies | - | 5,776.00 | 5,776.00 | 5,776.00 | - |
| Textbooks | 3,200.00 | 1,181.00 | 4,381.00 | 4,381.00 | - |
| Total Instruction | 254,620.00 | 22,240.00 | 276,860.00 | 276,860.00 | - |
| Support Services: | | | | | |
| Personal Services - Employee Benefits | - | 17,297.00 | 17,297.00 | 17,297.00 | - |
| Purchased Professional and Technical Services | - | 20,192.00 | 20,192.00 | 18,041.88 | 2,150.12 |
| Purchased Professional and Educational Services | - | 18,098.00 | 18,098.00 | 16,420.49 | 1,677.51 |
| Other Purchased Services | 6,600.00 | 22,376.00 | 28,976.00 | 28,976.00 | - |
| Miscellaneous Expenditure | - | 6,840.00 | 6,840.00 | 6,840.00 | - |
| Total Support Services | 6,600.00 | 84,803.00 | 91,403.00 | 87,575.37 | 3,827.63 |
| Total Expenditures | \$ 261,220.00 | \$ 107,043.00 | \$ 368,263.00 | \$ 364,435.37 | \$ 3,827.63 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|--------------------------------|-------------------------------------|
| Sources / Inflows of Resources: | | |
| Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules | \$ 10,403,164.25 | \$ 364,435.37 |
| Differences - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Current Year | - | - |
| Prior Year | - | - |
| The last State aid payment is 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) received July, 2016. | 416,762.00 | - |
| The last State aid payment is 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) received July, 2017. | <u>(430,572.00)</u> | <u>-</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 10,389,354.25</u></u> | <u><u>\$ 364,435.37</u></u> |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 10,041,901.92 | \$ 364,435.37 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| Current Year | - | - |
| Prior Year | - | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u><u>\$ 10,041,901.92</u></u> | <u><u>\$ 364,435.37</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Four Plan Years

| | Measurement Date Ending June 30, | | | |
|---|---|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 |
| School District's Proportion of the Net Pension Liability | 0.0143058356% | 0.0160557047% | 0.0171788546% | 0.0163639472% |
| School District's Proportionate Share of the Net Pension Liability | \$ 4,236,978.00 | \$ 3,604,184.00 | \$ 3,216,351.00 | \$ 3,127,475.00 |
| School District's Covered Payroll (Plan Measurement Period) | \$ 1,006,888.00 | \$ 1,159,432.00 | \$ 1,230,636.00 | \$ 1,209,976.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 420.80% | 310.86% | 261.36% | 258.47% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 40.14% | 47.93% | 52.08% | 48.72% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Four Fiscal Years

| | Fiscal Year Ended June 30, | | | |
|--|-----------------------------------|---------------------|---------------------|---------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Contractually Required Contribution | \$ 118,667.00 | \$ 127,091.00 | \$ 138,036.00 | \$ 141,620.00 |
| Contributions in Relation to the Contractually Required Contribution | <u>(118,667.00)</u> | <u>(127,091.00)</u> | <u>(138,036.00)</u> | <u>(141,620.00)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's Covered Payroll (Fiscal Year) | \$ 835,263.00 | \$ 925,542.00 | \$ 980,960.00 | \$ 1,104,400.00 |
| Contributions as a Percentage of School District's Covered Payroll | 14.21% | 13.73% | 14.07% | 12.82% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Four Plan Years

| | Measurement Date Ending June 30, | | |
|---|---|-------------------------|-------------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| School District's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% |
| State's Proportion of the Net Pension Liability Associated with the School District | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the School District | <u>35,490,408.00</u> | <u>27,857,448.00</u> | <u>23,873,391.00</u> |
| | <u>\$ 35,490,408.00</u> | <u>\$ 27,857,448.00</u> | <u>\$ 23,873,391.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | \$ 4,765,392.00 | \$ 5,438,920.00 | \$ 5,172,756.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% |
| State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 744.75% | 512.19% | 461.52% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 22.33% | 28.71% | 33.64% |
| | | | 33.76% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

| | NCLB | | | I.D.E.A. Part B | | | Total Brought Forward |
|---|----------------------|---------------------|---------------------|----------------------|------------------------|--------------------|-----------------------|
| | Title I, Part A | Title II, Part A | Basic | Preschool | Nonpublic Security Aid | Total | |
| REVENUES: | | | | | | | |
| Federal Sources | \$ 314,356.00 | \$ 83,825.00 | \$ 28,976.00 | \$ 193,151.00 | \$ 8,404.00 | \$ - | \$ - |
| State Sources | 50,079.37 | | | | | 3,800.00 | 46,279.37 |
| Total Revenues | \$ 364,435.37 | \$ 83,825.00 | \$ 28,976.00 | \$ 193,151.00 | \$ 8,404.00 | \$ 3,800.00 | \$ 46,279.37 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries | \$ 66,528.00 | \$ 66,528.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Purchased Services | 200,175.00 | | | 191,771.00 | 8,404.00 | | 1,976.00 |
| General Supplies | 5,776.00 | | | | | 3,800.00 | 4,381.00 |
| Textbooks | 4,381.00 | | | | | | 4,381.00 |
| Total Instruction | 276,860.00 | 66,528.00 | - | 191,771.00 | 8,404.00 | 3,800.00 | 6,357.00 |
| Support Services: | | | | | | | |
| Personal Services - Employee Benefits | 17,297.00 | | | | | | - |
| Purchased Professional and Technical Services | 18,041.88 | | | 1,380.00 | | | 16,661.88 |
| Purchased Professional and Educational Services | 16,420.49 | | | | | | 16,420.49 |
| Other Purchased Services | 28,976.00 | | | | | | - |
| Miscellaneous Expenditure | 6,840.00 | | | | | | 6,840.00 |
| Total Support Services | 87,575.37 | 17,297.00 | 28,976.00 | 1,380.00 | - | - | 39,922.37 |
| Total Expenditures | \$ 364,435.37 | \$ 83,825.00 | \$ 28,976.00 | \$ 193,151.00 | \$ 8,404.00 | \$ 3,800.00 | \$ 46,279.37 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

| | Total Carried Forward | Nonpublic Technology Aid | Nonpublic Textbook Aid, Ch. 194, L. 1979 | Nonpublic Nursing Aid | N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education | N.J. Nonpublic Handicapped Services Ch. 193 | | | |
|---|-----------------------|--------------------------|--|-----------------------|--|---|--------------------------------|--------------------|----------|
| | | | | | | Supplemental Instruction | Examination and Classification | Corrective Speech | |
| REVENUES: | | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | 46,279.37 | 1,976.00 | 4,381.00 | 6,840.00 | 16,661.88 | 3,295.74 | 7,382.00 | 5,742.75 | |
| Total Revenues | \$ 46,279.37 | \$ 1,976.00 | \$ 4,381.00 | \$ 6,840.00 | \$ 16,661.88 | \$ 3,295.74 | \$ 7,382.00 | \$ 5,742.75 | |
| EXPENDITURES: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Purchased Services | - | - | - | - | - | - | - | - | - |
| General Supplies | 1,976.00 | 1,976.00 | | | | | | | |
| Textbooks | 4,381.00 | | 4,381.00 | | | | | | |
| Total Instruction | 6,357.00 | 1,976.00 | 4,381.00 | - | - | - | - | - | - |
| Support Services: | | | | | | | | | |
| Personal Services - Employee Benefits | - | - | - | - | - | - | - | - | - |
| Purchased Professional and Technical Services | 16,661.88 | | | | 16,661.88 | | | | |
| Purchased Professional and Educational Services | 16,420.49 | | | | | 3,295.74 | 7,382.00 | 5,742.75 | |
| Other Purchased Services | - | | | | | | | | |
| Miscellaneous Expenditure | 6,840.00 | | | 6,840.00 | | | | | |
| Total Support Services | 39,922.37 | - | - | 6,840.00 | 16,661.88 | 3,295.74 | 7,382.00 | 5,742.75 | |
| Total Expenditures | \$ 46,279.37 | \$ 1,976.00 | \$ 4,381.00 | \$ 6,840.00 | \$ 16,661.88 | \$ 3,295.74 | \$ 7,382.00 | \$ 5,742.75 | |

PROPRIETARY FUNDS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2017

| | <u>Food Service</u> |
|-----------------------------------|-------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 46,101.96 |
| Accounts Receivable: | |
| State | 145.42 |
| Federal | 6,021.53 |
| Inventories | 7,431.65 |
| Total Current Assets | 59,700.56 |
| Noncurrent Assets: | |
| Furniture, Fixtures and Equipment | 96,106.00 |
| Less Accumulated Depreciation | (81,022.68) |
| Total Noncurrent Assets | 15,083.32 |
| Total Assets | 74,783.88 |
| LIABILITIES: | |
| Current Liabilities: | |
| Unearned Revenue | 2,685.35 |
| NET POSITION: | |
| Net Investment in Capital Assets | 15,083.32 |
| Unrestricted | 57,015.21 |
| Total Net Position | \$ 72,098.53 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2017

| | <u>Food Service</u> |
|---|-------------------------|
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales: | |
| Non-reimbursable Programs | \$ 64,314.07 |
| Reimbursable Program -- School Lunch | 77,294.75 |
| | 141,608.82 |
| Total Operating Revenues | 141,608.82 |
| OPERATING EXPENSES: | |
| Salaries | 87,102.46 |
| Employee Benefits | 25,748.75 |
| Management Fee | 14,687.14 |
| General Supplies | 6,366.47 |
| Miscellaneous Expenses | 7,838.77 |
| Depreciation | 7,541.67 |
| Other Professional and Technical Services | 16,059.37 |
| Cost of Sales - Reimbursable Programs | 62,250.79 |
| Cost of Sales - Non-reimbursable Programs | 23,599.00 |
| | 251,194.42 |
| Total Operating Expenses | 251,194.42 |
| Operating Income / (Loss) | (109,585.60) |
| NONOPERATING REVENUES (EXPENSES): | |
| State Sources: | |
| State School Lunch Program | 2,213.35 |
| Federal Sources: | |
| National School Lunch Program | 72,417.52 |
| National School Breakfast Program | 18,708.12 |
| Food Distribution Program | 19,860.36 |
| Interest Revenue | 252.75 |
| | 113,452.10 |
| Total Nonoperating Revenues (Expenses) | 113,452.10 |
| Change in Net Position | 3,866.50 |
| Net Position -- July 1 | 68,232.03 |
| Net Position -- June 30 | \$ 72,098.53 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017

| | <u>Food Service</u> |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Receipts from Customers | \$ 141,608.82 |
| Payments for Salaries and Benefits | (112,851.21) |
| Payments to Suppliers | <u>(131,671.39)</u> |
| Net Cash Provided by (used for) Operating Activities | <u>(102,913.78)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| State Sources | 2,205.48 |
| Federal Sources | <u>110,753.92</u> |
| Net Cash Provided by (used for) Non-Capital Financing Activities | <u>112,959.40</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest Revenue | <u>252.75</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 10,298.37 |
| Cash and Cash Equivalents -- July 1 | <u>35,803.59</u> |
| Cash and Equivalents -- June 30 | <u>\$ 46,101.96</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) | |
| by Operating Activities: | |
| Operating Income (Loss) | \$ (109,585.60) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash | |
| Provided by (used for) Operating Activities: | |
| Depreciation and Net Amortization | 7,541.67 |
| (Increase) Decrease in Inventories | (824.73) |
| Increase (Decrease) in Unearned Revenue | (88.14) |
| (Increase) Decrease in Accounts Receivable | <u>43.02</u> |
| Total Adjustments | <u>6,671.82</u> |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (102,913.78)</u> |

FIDUCIARY FUNDS

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2017

| | Agency Funds | | |
|-------------------------------------|---------------------|--------------|--------------|
| | Student Activity | Payroll | Total |
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 13,884.81 | \$ 23,905.82 | \$ 37,790.63 |
| LIABILITIES: | | | |
| Interfund Accounts Payable: | | | |
| Due General Fund | \$ - | \$ 14,269.44 | \$ 14,269.44 |
| Payable to Student Groups | 13,884.81 | | 13,884.81 |
| Payroll Deductions and Withholdings | | 9,636.38 | 9,636.38 |
| Total Liabilities | \$ 13,884.81 | \$ 23,905.82 | \$ 37,790.63 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

| | <u>Balance June 30, 2016</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2017</u> |
|-------------------|----------------------------------|----------------------------|-------------------------------|----------------------------------|
| SCHOOLS: | | | | |
| Elementary | \$ 13.09 | \$ 6,515.25 | \$ 6,528.34 | \$ - |
| Middle | <u>10,938.80</u> | <u>46,026.59</u> | <u>43,080.58</u> | <u>13,884.81</u> |
| Total All Schools | <u><u>\$ 10,951.89</u></u> | <u><u>\$ 52,541.84</u></u> | <u><u>\$ 49,608.92</u></u> | <u><u>\$ 13,884.81</u></u> |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|-------------------------------------|--|------------------------|------------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | <u>\$ 19,911.91</u> | <u>\$ 5,876,417.26</u> | <u>\$ 5,872,423.35</u> | <u>\$ 23,905.82</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | \$ 5,642.47 | \$ 2,747,764.07 | \$ 2,743,770.16 | \$ 9,636.38 |
| Net Payroll | | 3,114,285.32 | 3,114,285.32 | |
| Contra | | 13,673.07 | 13,673.07 | |
| Interfund Accounts Payable: | | | | |
| Due General Fund | <u>14,269.44</u> | <u>694.80</u> | <u>694.80</u> | <u>14,269.44</u> |
| Total Liabilities | <u>\$ 19,911.91</u> | <u>\$ 5,876,417.26</u> | <u>\$ 5,872,423.35</u> | <u>\$ 23,905.82</u> |

LONG-TERM DEBT

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2017

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities Date</u> | <u>Annual Maturities Amount</u> | <u>Interest Rate</u> | <u>Balance June 30, 2016</u> | <u>Issued</u> | <u>Paid By Budget Appropriation</u> | <u>Balance June 30, 2017</u> |
|--|----------------------|------------------------|-------------------------------|---------------------------------|----------------------|------------------------------|---------------|-------------------------------------|------------------------------|
| School District Refunding Bonds-- Series 2012 | 06/20/12 | \$ 9,160,000.00 | 03/01/18 | \$ 460,000.00 | 3.00% | | | | |
| | | | 03/01/19 | 500,000.00 | 4.00% | | | | |
| | | | 03/01/20 | 500,000.00 | 4.00% | | | | |
| | | | 03/01/21 | 525,000.00 | 4.00% | | | | |
| | | | 03/01/22 | 550,000.00 | 4.00% | | | | |
| | | | 03/01/23 | 545,000.00 | 4.00% | | | | |
| | | | 03/01/24 | 595,000.00 | 4.00% | | | | |
| | | | 03/01/25 | 590,000.00 | 4.00% | | | | |
| | | | 03/01/26 | 685,000.00 | 4.00% | | | | |
| | | | 03/01/27 | 680,000.00 | 4.00% | | | | |
| | | | 03/01/28 | 730,000.00 | 4.00% | | | | |
| | | | 03/01/29 | 750,000.00 | 4.00% | | | | |
| | | | 03/01/30 | 760,000.00 | 4.00% | | | | |
| | | | | | | \$ 8,335,000.00 | \$ - | \$ 465,000.00 | \$ 7,870,000.00 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Debt Service Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 789,150.00 | \$ - | \$ 789,150.00 | \$ 789,150.00 | \$ - |
| Total Revenues | 789,150.00 | - | 789,150.00 | 789,150.00 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 324,150.00 | | 324,150.00 | 324,150.00 | |
| Redemption of Principal | 465,000.00 | | 465,000.00 | 465,000.00 | |
| Total Expenditures | 789,150.00 | - | 789,150.00 | 789,150.00 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance, July 1 | 1.08 | - | 1.08 | 1.08 | - |
| Fund Balance, June 30 | <u>1.08</u> | <u>\$ -</u> | <u>\$ 1.08</u> | <u>\$ 1.08</u> | <u>\$ -</u> |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: | | | | | |
| Restricted Fund Balance | | | | <u>\$ 1.08</u> | |

STATISTICAL SECTION

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.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 12,956,082.97 | \$ 13,112,863.83 | \$ 13,319,644.69 | \$ 14,165,637.20 | \$ 14,356,358.43 | \$ 14,527,553.41 | \$ 14,884,635.60 | \$ 15,198,836.93 | \$ 15,366,471.83 | \$ 15,083,489.29 |
| Restricted | 436,659.42 | 154,364.90 | 161,532.57 | 218,458.76 | 156,552.85 | 445,548.63 | 261,573.18 | 363,620.46 | 416,003.18 | 641,268.10 |
| Unrestricted | (3,824,368.32) | (3,750,145.73) | (3,786,858.24) | (525,216.80) | (326,560.96) | (381,462.81) | (270,744.47) | (564,843.82) | (384,711.83) | (42,903.03) |
| Total Governmental Activities Net Position | \$ 9,568,374.07 | \$ 9,517,083.00 | \$ 9,694,319.02 | \$ 13,858,879.16 | \$ 14,186,350.42 | \$ 14,591,639.23 | \$ 14,875,464.31 | \$ 14,997,613.57 | \$ 15,397,763.18 | \$ 15,681,854.36 |
| Business-type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 15,083.32 | \$ 22,624.99 | \$ 30,166.66 | \$ 52,888.19 | \$ 75,703.15 | \$ 98,518.11 | \$ 121,333.07 | \$ 146,752.03 | \$ 170,109.48 | \$ 193,466.95 |
| Unrestricted | 57,015.21 | 45,607.04 | 29,656.96 | 32,058.86 | 96,833.05 | 102,295.35 | 143,578.25 | 156,135.38 | 143,816.34 | 76,644.03 |
| Total Business-type Activities Net Position | \$ 72,098.53 | \$ 68,232.03 | \$ 59,823.62 | \$ 84,947.05 | \$ 172,536.20 | \$ 200,813.46 | \$ 264,911.32 | \$ 302,887.41 | \$ 313,925.82 | \$ 270,110.98 |
| District-wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 12,971,166.29 | \$ 13,135,488.82 | \$ 13,349,811.35 | \$ 14,218,525.39 | \$ 14,432,061.58 | \$ 14,626,071.52 | \$ 15,005,968.67 | \$ 15,345,588.96 | \$ 15,536,581.31 | \$ 15,276,956.24 |
| Restricted | 436,659.42 | 154,364.90 | 161,532.57 | 218,458.76 | 156,552.85 | 445,548.63 | 261,573.18 | 363,620.46 | 416,003.18 | 641,268.10 |
| Unrestricted | (3,767,353.11) | (3,704,538.69) | (3,757,201.28) | (493,157.94) | (229,727.81) | (279,167.46) | (127,166.22) | (408,708.44) | (240,895.49) | (33,741.00) |
| Total District-wide Net Position | \$ 9,640,472.60 | \$ 9,585,315.03 | \$ 9,754,142.64 | \$ 13,943,826.21 | \$ 14,358,886.62 | \$ 14,792,452.69 | \$ 15,140,375.63 | \$ 15,300,500.98 | \$ 15,711,689.00 | \$ 15,951,965.34 |

Source: Exhibit A-1

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 3,102,012.12 | \$ 3,234,255.64 | \$ 3,135,589.10 | \$ 3,547,464.54 | \$ 3,477,775.96 | \$ 3,478,283.95 | \$ 3,321,769.03 | \$ 3,612,195.97 | \$ 3,148,941.72 | \$ 3,191,974.02 |
| Special Education | 1,508,163.24 | 1,431,597.63 | 1,186,652.49 | 1,291,898.76 | 1,313,906.53 | 1,242,524.70 | 1,211,487.48 | 1,653,412.02 | 1,411,341.97 | 1,307,621.91 |
| Other Special Education | 54,786.36 | 45,125.68 | 145,516.92 | 200,529.72 | 157,565.50 | 150,750.11 | 184,946.88 | 260,844.00 | 348,982.04 | 320,326.99 |
| Support Services: | | | | | | | | | | |
| Tuition | 438,963.52 | 448,946.70 | 486,044.06 | 211,928.92 | 423,395.41 | 620,564.29 | 439,264.75 | 443,570.09 | 269,934.23 | 223,290.69 |
| Student and Instruction Related Services | 974,613.93 | 912,092.40 | 960,294.91 | 929,127.50 | 890,725.12 | 840,849.51 | 793,488.73 | 814,470.21 | 842,381.52 | 781,780.48 |
| School Administrative Services | 241,940.33 | 251,809.61 | 226,039.38 | 249,957.38 | 257,489.04 | 285,858.64 | 315,160.92 | 399,199.52 | 396,342.52 | 391,227.85 |
| General and Business Administrative Services | 698,965.43 | 698,566.97 | 595,432.40 | 551,394.04 | 544,006.85 | 601,759.50 | 528,853.62 | 602,331.13 | 601,532.84 | 591,257.91 |
| Plant Operations and Maintenance | 804,230.58 | 797,345.35 | 893,653.65 | 942,955.54 | 840,570.89 | 776,759.08 | 749,152.90 | 886,062.41 | 943,840.36 | 780,816.46 |
| Pupil Transportation | 296,080.03 | 315,282.26 | 289,779.08 | 246,095.49 | 253,751.52 | 330,532.82 | 286,408.41 | 281,487.52 | 333,849.93 | 226,530.08 |
| Unallocated Benefits | 5,180,785.51 | 4,238,088.47 | 3,900,588.04 | 2,649,711.18 | 2,835,375.09 | 2,420,058.25 | 2,389,727.95 | 2,430,214.12 | 2,204,861.22 | 2,216,062.88 |
| Interest on Long-term Debt | 413,560.50 | 426,518.83 | 440,307.58 | 455,246.36 | 437,946.21 | 430,786.46 | 577,715.53 | 472,279.44 | 487,855.40 | 508,830.81 |
| Amortization of Bond Issuance Costs | | | | | 106,418.80 | 84,382.16 | 10,221.48 | 10,221.48 | 12,096.48 | 12,096.48 |
| Total Governmental Activities Expenses | 13,714,101.55 | 12,799,629.54 | 12,259,897.61 | 11,275,649.43 | 11,538,926.92 | 11,263,099.47 | 10,808,197.68 | 11,866,287.91 | 11,001,960.23 | 10,551,816.56 |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 251,194.42 | 251,579.77 | 273,453.22 | 300,175.24 | 275,825.61 | 258,531.26 | 244,576.17 | 234,896.51 | 219,286.13 | 260,949.04 |
| Childcare Program | | | 34,610.38 | 275,838.25 | 267,870.63 | 336,163.20 | 350,320.83 | 324,335.37 | 272,479.26 | 266,120.85 |
| Total Business-type Activities Expense | 251,194.42 | 251,579.77 | 308,063.60 | 576,013.49 | 543,696.24 | 594,694.46 | 594,897.00 | 559,231.88 | 491,745.39 | 527,069.89 |
| Total District Expenses | \$ 13,965,295.97 | \$ 13,051,209.31 | \$ 12,567,961.21 | \$ 11,851,662.92 | \$ 12,082,623.16 | \$ 11,857,793.93 | \$ 11,403,094.68 | \$ 12,425,519.79 | \$ 11,493,705.62 | \$ 11,078,886.45 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants and Contributions | \$ 3,698,371.80 | \$ 2,875,198.61 | \$ 2,390,593.37 | \$ 1,272,954.86 | \$ 1,408,133.33 | \$ 1,203,915.26 | \$ 1,136,796.01 | \$ 1,180,355.59 | \$ 1,092,515.02 | \$ 1,233,861.34 |
| Charges for Services | 118,599.19 | 79,571.01 | 1,157.40 | 14,752.00 | 25,752.00 | | | | | |
| Total Governmental Activities Program Revenues | 3,816,970.99 | 2,954,769.62 | 2,391,750.77 | 1,287,706.86 | 1,433,885.33 | 1,203,915.26 | 1,136,796.01 | 1,180,355.59 | 1,092,515.02 | 1,233,861.34 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 141,608.82 | 138,998.72 | 143,099.96 | 141,550.42 | 161,387.07 | 153,337.10 | 170,128.48 | 160,903.49 | 170,151.62 | 167,958.71 |
| Childcare Program | | | 25,820.00 | 240,675.00 | 235,608.99 | 278,546.00 | 290,399.30 | 288,422.00 | 298,159.99 | 249,779.00 |
| Operating Grants and Contributions | 113,199.35 | 120,910.35 | 113,997.57 | 106,196.91 | 118,357.87 | 97,999.00 | 94,323.24 | 95,995.18 | 64,439.96 | 54,645.91 |
| Total Business-type Activities Program Revenues | 254,808.17 | 259,909.07 | 282,917.53 | 488,422.33 | 515,353.93 | 529,882.10 | 554,851.02 | 545,320.67 | 532,751.57 | 472,383.62 |
| Total District Program Revenues | \$ 4,071,779.16 | \$ 3,214,678.69 | \$ 2,674,668.30 | \$ 1,776,129.19 | \$ 1,949,239.26 | \$ 1,733,797.36 | \$ 1,691,647.03 | \$ 1,725,676.26 | \$ 1,625,266.59 | \$ 1,706,244.96 |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|--------------------------|--------------------------|---------------------------|---------------------------|---------------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (9,897,130.56) | \$ (9,844,859.92) | \$ (9,868,146.84) | \$ (9,987,942.57) | \$ (10,105,041.59) | \$ (10,059,184.21) | \$ (9,671,401.67) | \$ (10,685,932.32) | \$ (9,909,445.21) | \$ (9,317,955.22) |
| Business-type Activities | 3,613.75 | 8,329.30 | (25,146.07) | (87,591.16) | (28,342.31) | (64,812.36) | (40,045.98) | (13,911.21) | 41,006.18 | (54,686.27) |
| Total District-wide Net Expense | \$ (9,893,516.81) | \$ (9,836,530.62) | \$ (9,893,292.91) | \$ (10,075,533.73) | \$ (10,133,383.90) | \$ (10,123,996.57) | \$ (9,711,447.65) | \$ (10,699,843.53) | \$ (9,868,439.03) | \$ (9,372,641.49) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes; Net | \$ 4,460,290.00 | \$ 4,296,661.00 | \$ 4,138,341.00 | \$ 4,057,198.00 | \$ 3,977,645.00 | \$ 3,949,645.00 | \$ 4,022,835.00 | \$ 4,060,728.00 | \$ 3,990,437.00 | \$ 4,401,180.00 |
| Taxes Levied for Debt Service | 789,150.00 | 751,600.00 | 766,036.00 | 697,945.00 | 785,979.00 | 772,991.00 | 755,044.00 | 727,150.00 | 740,519.00 | 575,290.00 |
| Unrestricted Grants and Contributions | 4,655,436.05 | 4,572,471.08 | 4,587,697.00 | 4,571,220.33 | 4,593,864.00 | 4,689,426.49 | 4,395,097.45 | 5,020,875.00 | 4,595,122.00 | 4,309,113.00 |
| Restricted Grants and Contributions | | | | | | | 2,746.38 | 117,253.62 | 72,340.06 | 71,555.13 |
| Miscellaneous Income | 43,545.58 | 46,891.82 | 1,947.70 | 334,107.98 | 342,264.78 | 363,296.64 | 373,529.58 | 359,776.09 | 226,935.97 | 306,276.27 |
| Loss on Disposal of Capital Assets | | | (662,960.00) | | | | | | | (93,457.00) |
| Transfers | | | | | | | | | | |
| Total Governmental Activities | 9,948,421.63 | 9,667,623.90 | 8,831,061.70 | 9,660,471.31 | 9,699,752.78 | 9,775,359.13 | 9,549,252.41 | 10,285,782.71 | 9,625,354.03 | 9,569,957.40 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | 252.75 | 79.11 | 22.64 | 2.01 | 65.05 | 714.50 | 2,069.89 | 2,872.80 | 2,808.66 | 4,025.66 |
| Transfers | | | | | | | | | | 93,457.00 |
| Total Business-type Activities | 252.75 | 79.11 | 22.64 | 2.01 | 65.05 | 714.50 | 2,069.89 | 2,872.80 | 2,808.66 | 97,482.66 |
| Total District-wide | \$ 9,948,674.38 | \$ 9,667,703.01 | \$ 8,831,084.34 | \$ 9,660,473.32 | \$ 9,699,817.83 | \$ 9,776,073.63 | \$ 9,551,322.30 | \$ 10,288,655.51 | \$ 9,628,162.69 | \$ 9,667,440.06 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 51,291.07 | \$ (177,236.02) | \$ (1,037,085.14) | \$ (327,471.26) | \$ (405,288.81) | \$ (283,825.08) | \$ (122,149.26) | \$ (400,149.61) | \$ (284,091.18) | \$ 252,002.18 |
| Business-type Activities | 3,866.50 | 8,408.41 | (25,123.43) | (87,589.15) | (28,277.26) | (64,097.86) | (37,976.09) | (11,038.41) | 43,814.84 | 42,796.39 |
| Total District | \$ 55,157.57 | \$ (168,827.61) | \$ (1,062,208.57) | \$ (415,060.41) | \$ (433,566.07) | \$ (347,922.94) | \$ (160,125.35) | \$ (411,188.02) | \$ (240,276.34) | \$ 294,798.57 |

Source: Exhibit A-2

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 173,703.71 | \$ 302,388.34 | \$ 336,453.76 |
| Unreserved | 436,658.34 | 154,363.82 | 161,531.49 | 195,038.54 | 187,589.45 | 187,682.88 | 177,319.99 | (205,909.82) | (185,431.67) | 315,116.53 |
| Restricted | | | | | | | | | | |
| Committed | 31,518.21 | 4,200.00 | 1,400.00 | 2,800.00 | 1,400.00 | 204,429.33 | 1,972.82 | | | |
| Assigned | (162,294.00) | (200,133.60) | (246,613.44) | (178,102.00) | (107,469.00) | (146,713.57) | (69,438.69) | | | |
| Unassigned | | | | | | | | | | |
| Total General Fund | \$ 305,882.55 | \$ (41,569.78) | \$ (83,681.95) | \$ 19,736.54 | \$ 81,520.45 | \$ 245,398.64 | \$ 144,441.94 | \$ (32,206.11) | \$ 116,956.67 | \$ 651,570.29 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,842.32 | \$ 120,804.13 | \$ 114,704.13 |
| Unreserved, Reported in: | | | | | | | | | | |
| Capital Projects Fund | | | | | | | | 87,921.27 | 99,703.18 | 152,366.48 |
| Debt Service Fund | | | | | | | | 12,314.96 | 58,655.36 | 92,200.52 |
| Restricted, Reported in: | | | | | | | | | | |
| Capital Projects Fund | 1.08 | 1.08 | 1.08 | 18,380.74 | 49,736.61 | 64,756.25 | 84,731.25 | | | |
| Debt Service Fund | | | | 5,039.48 | 43,443.85 | 5,836.19 | 4,817.70 | | | |
| Total All Other Governmental Funds | \$ 1.08 | \$ 1.08 | \$ 1.08 | \$ 23,420.22 | \$ 93,180.46 | \$ 70,592.44 | \$ 89,548.95 | \$ 122,078.55 | \$ 279,162.67 | \$ 359,271.13 |

Source: Exhibit B-1

In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|----------------------|------------------------|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|--------------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| REVENUES: | | | | | | | | | | |
| Tax Levy | \$ 5,249,440.00 | \$ 5,048,261.00 | \$ 4,904,377.00 | \$ 4,755,143.00 | \$ 4,763,624.00 | \$ 4,722,636.00 | \$ 4,777,879.00 | \$ 4,787,878.00 | \$ 4,730,956.00 | \$ 4,976,470.00 |
| Other Local Revenue | 162,144.77 | 126,462.83 | 3,105.10 | 348,859.98 | 368,016.78 | 363,296.64 | 373,529.58 | 359,776.09 | 226,935.97 | 306,357.73 |
| State Sources | 5,813,707.80 | 5,810,707.14 | 5,630,615.88 | 5,536,420.19 | 5,681,718.80 | 5,412,379.73 | 5,201,893.26 | 4,945,537.83 | 5,465,557.41 | 5,329,714.38 |
| Federal Sources | 317,647.05 | 297,223.55 | 301,348.49 | 307,755.00 | 320,278.53 | 480,962.02 | 332,746.58 | 1,372,946.38 | 294,419.67 | 284,815.09 |
| Total Revenue | 11,542,939.62 | 11,282,654.52 | 10,839,446.47 | 10,948,178.17 | 11,133,638.11 | 10,979,274.39 | 10,686,048.42 | 11,466,138.30 | 10,717,869.05 | 10,897,357.20 |
| EXPENDITURES: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 2,542,318.00 | 2,674,561.52 | 2,554,918.41 | 3,001,235.11 | 2,917,803.47 | 2,886,838.55 | 2,799,651.84 | 3,057,439.61 | 3,006,340.91 | 3,100,425.04 |
| Special Education Instruction | 1,508,163.24 | 1,431,597.63 | 1,186,652.49 | 1,291,898.76 | 1,313,906.53 | 1,242,524.70 | 1,211,487.48 | 1,653,412.02 | 1,411,341.97 | 1,307,621.91 |
| Other Special Instruction | 54,786.36 | 45,125.68 | 145,516.92 | 200,529.72 | 157,565.50 | 150,750.11 | 184,946.88 | 260,844.00 | 348,982.04 | 320,326.99 |
| Support Services: | | | | | | | | | | |
| Tuition | 438,963.52 | 448,946.70 | 486,044.06 | 211,928.92 | 423,395.41 | 620,554.29 | 439,264.75 | 443,570.09 | 269,934.23 | 223,290.69 |
| Student and Instruction Related Services | 974,613.93 | 912,092.40 | 960,294.91 | 929,127.50 | 890,725.12 | 840,849.51 | 790,742.35 | 814,470.21 | 842,381.52 | 781,780.48 |
| School Administrative Services | 211,267.43 | 221,136.71 | 226,039.38 | 249,957.38 | 257,489.04 | 285,858.64 | 315,160.92 | 399,199.52 | 396,342.52 | 382,684.75 |
| Other Administrative Services | 698,965.43 | 698,566.97 | 564,777.88 | 520,770.88 | 513,420.53 | 501,174.98 | 505,337.29 | 571,976.41 | 592,989.74 | 591,257.91 |
| Plant Operations and Maintenance | 772,816.74 | 765,931.51 | 862,258.19 | 910,931.44 | 808,873.94 | 743,950.29 | 709,423.38 | 854,974.36 | 934,563.93 | 771,388.79 |
| Pupil Transportation | 296,080.03 | 315,282.26 | 289,779.08 | 246,095.49 | 253,751.52 | 330,532.82 | 286,408.41 | 281,487.52 | 333,849.93 | 226,530.08 |
| Unallocated Benefits | 2,814,224.61 | 2,881,562.97 | 2,806,409.04 | 2,649,711.18 | 2,835,375.09 | 2,420,058.25 | 2,389,727.95 | 2,430,214.12 | 2,204,861.22 | 2,216,062.88 |
| Debt Service: | | | | | | | | | | |
| Principal | 465,000.00 | 415,000.00 | 420,000.00 | 370,000.00 | 470,000.00 | 325,000.00 | 300,000.00 | 300,000.00 | 446,852.78 | 425,997.35 |
| Interest and Other Charges | 418,288.00 | 430,738.00 | 351,075.00 | 366,350.00 | 278,409.72 | 451,300.00 | 464,050.00 | 476,800.00 | 497,587.04 | 517,827.23 |
| Capital Outlay | | | 112,518.74 | 131,185.94 | 154,212.41 | 163,677.85 | 145,728.72 | 227,997.34 | 67,805.66 | 3,463,625.23 |
| Total Expenditures | 11,195,487.29 | 11,240,542.35 | 10,966,284.10 | 11,079,722.32 | 11,274,928.28 | 10,963,069.99 | 10,541,929.97 | 11,772,385.20 | 11,353,833.49 | 14,328,819.33 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 347,452.33 | 42,112.17 | (126,837.63) | (131,544.15) | (141,290.17) | 16,204.40 | 144,118.45 | (306,246.90) | (635,964.44) | (3,431,462.13) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Capital Leases (Non-budgeted) | | | 0.60 | 0.63 | 38.38 | 65,795.79 | 1,508.74 | 3,309.60 | 21,242.36 | 50,667.00 |
| Transfers In | | | (0.60) | (0.63) | (38.38) | (417.75) | (1,508.74) | (3,309.60) | 9,004.66 | 49,729.83 |
| Transfers Out | | | | | | | | | (9,004.66) | (52,686.83) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | 65,795.79 | - | - | 21,242.36 | 47,710.00 |
| Net Change in Fund Balances | \$ 347,452.33 | \$ 42,112.17 | \$ (126,837.63) | \$ (131,544.15) | \$ (141,290.17) | \$ 82,000.19 | \$ 144,118.45 | \$ (306,246.90) | \$ (614,722.08) | \$ (3,383,752.13) |
| Debt Service as a Percentage of Noncapital Expenditures | 7.9% | 7.5% | 7.1% | 6.7% | 6.7% | 7.2% | 7.3% | 6.7% | 8.4% | 8.7% |

Source: Exhibit B-2

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------|----------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <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> | <u>2008</u> |
| Interest Earned on Deposits | \$ 4,824.08 | \$ 1,088.18 | \$ 405.52 | \$ 30.38 | \$ 463.20 | \$ 5,379.98 | \$ 14,073.72 | \$ 16,449.49 | \$ 21,066.47 | \$ 19,908.98 |
| Tuition | 118,599.19 | 79,571.01 | 1,157.40 | 14,752.00 | 25,572.00 | 7,500.00 | 8,912.76 | | | |
| Smart Start Rebate | | | | | | | | | | 86,317.92 |
| Rental/Lease of Facilities | 30,500.00 | 30,000.00 | | 333,000.00 | 333,000.00 | 333,000.00 | 333,000.00 | 333,000.00 | 185,000.00 | 150,000.00 |
| Sale of Assets | | | | | | | | 3,900.00 | 9,000.00 | |
| Prior Year Refunds | | 14,421.77 | 1,541.58 | 458.30 | 6,127.02 | 10,689.46 | 13,996.61 | 3,117.00 | 1,282.20 | 401.00 |
| Book Fines | | | | | | | | | 582.64 | |
| Cancelled Outstanding Checks | | 8,221.50 | | 20.00 | 2,816.18 | 1.20 | 844.20 | | | |
| Miscellaneous | | | | | | | | | | |
| Total Miscellaneous Revenues | \$ 162,144.77 | \$ 126,462.83 | \$ 3,104.50 | \$ 348,260.68 | \$ 367,978.40 | \$ 356,570.64 | \$ 370,827.29 | \$ 356,466.49 | \$ 216,931.31 | \$ 256,627.90 |

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.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

| Year Ended Dec. 31 | Vacant Land | Residential | Farm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities (2) | Net Valuation Taxable | Tax-Exempt Property | Estimated Actual County Value | Total Direct School Tax Rate (3) |
|--------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------------|----------------------|-----------------------|---------------------|-------------------------------|----------------------------------|
| 2017 | \$ 8,248,200.00 | \$361,696,500.00 | \$ 2,374,400.00 | \$19,572,500.00 | \$ 3,624,400.00 | \$34,282,700.00 | \$429,798,700.00 | \$ 472,204.00 | \$430,270,904.00 | \$50,568,400.00 | \$452,392,918.00 | \$ 1.244 |
| 2016 | 4,752,400.00 | 363,860,200.00 | 1,280,100.00 | 20,523,900.00 | 3,624,400.00 | 34,282,700.00 | 428,323,700.00 | 471,514.00 | 428,795,214.00 | 49,845,200.00 | 454,087,910.00 | 1.224 |
| 2015 | 4,996,800.00 | 362,032,700.00 | 2,432,800.00 | 20,501,150.00 | 3,324,400.00 | 34,282,700.00 | 427,570,550.00 | 472,151.00 | 428,042,701.00 | 49,580,700.00 | 465,364,972.00 | 1.180 |
| 2014 (1) | 5,070,500.00 | 362,322,100.00 | 2,679,800.00 | 20,195,800.00 | 3,324,400.00 | 34,282,700.00 | 427,875,300.00 | 548,286.00 | 428,423,586.00 | 49,400,500.00 | 473,286,436.00 | 1.145 |
| 2013 | 8,611,760.00 | 440,467,880.00 | 3,541,900.00 | 25,116,200.00 | 4,450,000.00 | 36,350,000.00 | 518,537,740.00 | 575,757.00 | 519,113,497.00 | 75,079,000.00 | 478,534,776.00 | 0.916 |
| 2012 | 8,970,300.00 | 439,853,860.00 | 3,773,400.00 | 25,622,300.00 | 4,450,000.00 | 36,900,000.00 | 519,569,860.00 | 614,257.00 | 520,184,177.00 | 74,867,300.00 | 495,242,695.00 | 0.916 |
| 2011 | 8,052,300.00 | 437,550,860.00 | 4,554,000.00 | 25,752,300.00 | 4,405,000.00 | 36,900,000.00 | 517,214,460.00 | 625,015.00 | 517,839,475.00 | 74,597,300.00 | 505,421,482.00 | 0.912 |
| 2010 | 8,230,300.00 | 438,491,560.00 | 4,558,600.00 | 28,423,300.00 | 4,405,000.00 | 36,900,000.00 | 521,008,760.00 | 778,297.00 | 521,787,057.00 | 73,813,200.00 | 514,695,006.00 | 0.916 |
| 2009 | 8,193,100.00 | 439,228,360.00 | 4,708,600.00 | 28,706,000.00 | 4,405,000.00 | 36,900,000.00 | 522,141,060.00 | 769,323.00 | 522,910,383.00 | 72,797,100.00 | 533,255,540.00 | 0.916 |
| 2008 | 8,672,100.00 | 437,682,600.00 | 5,103,600.00 | 30,941,000.00 | 2,655,000.00 | 36,900,000.00 | 521,954,300.00 | 678,643.00 | 522,632,943.00 | 49,922,600.00 | 526,264,166.00 | 0.905 |

(1) Revaluation
 (2) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (3) Tax Rates are per \$100.00 of Assessed Valuation

Source: Burlington County Board of Taxation

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

| Year Ended Dec. 31 | District Direct Rate | | Total Direct School Tax Rate | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|--------------------|----------------------|---------------------------------|------------------------------|-------------------------------|------------------------|--------------------------------------|---------------------------------------|
| | Basic Rate | General Obligation Debt Service | | Regional High School District | Township of Eastampton | Township of Eastampton Fire District | |
| 2017 | \$ 1.060 | \$ 0.184 | \$ 1.244 | \$ 0.453 | \$ 0.903 | \$ 0.065 | \$ 3.093 |
| 2016 | 1.049 | 0.175 | 1.224 | 0.439 | 0.851 | 0.118 | 3.065 |
| 2015 | 1.001 | 0.179 | 1.180 | 0.473 | 0.902 | 0.066 | 3.071 |
| 2014 (1) | 0.982 | 0.163 | 1.145 | 0.457 | 0.903 | 0.070 | 2.996 |
| 2013 | 0.765 | 0.151 | 0.916 | 0.379 | 0.746 | 0.058 | 2.447 |
| 2012 | 0.767 | 0.149 | 0.916 | 0.379 | 0.729 | 0.059 | 2.445 |
| 2011 | 0.766 | 0.146 | 0.912 | 0.376 | 0.712 | 0.059 | 2.430 |
| 2010 | 0.777 | 0.139 | 0.916 | 0.373 | 0.676 | 0.059 | 2.396 |
| 2009 | 0.773 | 0.143 | 0.916 | 0.350 | 0.631 | 0.058 | 2.343 |
| 2008 | 0.800 | 0.105 | 0.905 | 0.364 | 0.583 | 0.057 | 2.302 |
| 2007 | 0.831 | 0.125 | 0.956 | 0.377 | 0.568 | 0.057 | 2.354 |

(1) Revaluation

Source: Municipal Tax Collector

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

| | 2017 | | | | 2008 | | | |
|---|-------------------------|------|--|-------------------------|------|--|--|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | | |
| East Coast Sherwood Village, LLC | \$ 19,282,600.00 | 1 | 4.50% | | | | | |
| East Coast Eastampton Apts, LLC | 14,189,500.00 | 2 | 3.31% | | | | | |
| Sharbell Eastampton Village, LLC | 3,285,200.00 | 3 | 0.77% | \$ 1,800,000.00 | 6 | 0.34% | | |
| Sussex Real Estate Services LLC (Gregory's) | 1,500,000.00 | 4 | 0.35% | | | | | |
| Infosino Inc. | 1,460,800.00 | 5 | 0.34% | 1,726,000.00 | 7 | 0.33% | | |
| Pharmacy Dev-East LLC (CVS) | 1,435,900.00 | 6 | 0.33% | | | | | |
| Inter Bro of Boilermaker Local 28, LLC | 1,319,500.00 | 7 | 0.31% | | | | | |
| Compass Road, LLC | 1,315,600.00 | 8 | 0.31% | | | | | |
| Waste Management of NJ, Inc and DeLorenzo Paper Stock | 1,287,200.00 | 9 | 0.30% | 4,800,000.00 | 3 | 0.92% | | |
| Eastampton Place Urban Renewal LLC | 1,256,300.00 | 10 | 0.29% | | | | | |
| Sherwood Realty Associates, LLC | | | | 21,500,000.00 | 1 | 4.11% | | |
| Eastampton Bentley Road Assoc. LP | | | | 14,400,000.00 | 2 | 2.76% | | |
| Charler's Other Brother | | | | 3,570,000.00 | 4 | 0.68% | | |
| E.D.J., LLC | | | | 2,300,000.00 | 5 | 0.44% | | |
| Lina Lane LLP | | | | 1,700,000.00 | 8 | 0.33% | | |
| Casano, Frank & Joseph Jr. | | | | 1,355,000.00 | 9 | 0.26% | | |
| Rancocas Investments LLC | | | | 1,300,000.00 | 10 | 0.25% | | |
| Total | \$ 46,332,600.00 | | 10.81% | \$ 54,451,000.00 | | 10.42% | | |

Source: Municipal Tax Assessor

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

| <u>Fiscal Year Ended June 30,</u> | School District Taxes Levied for the <u>Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy</u> | | <u>Collections in Subsequent Years</u> |
|---------------------------------------|--|---|-------------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2017 | \$ 5,249,440.00 | \$ 5,249,440.00 | 100.00% | - |
| 2016 | 5,048,261.00 | 5,048,261.00 | 100.00% | - |
| 2015 | 4,904,377.00 | 4,904,377.00 | 100.00% | - |
| 2014 | 4,755,143.00 | 4,755,143.00 | 100.00% | - |
| 2013 | 4,763,624.00 | 4,763,624.00 | 100.00% | - |
| 2012 | 4,722,636.00 | 4,722,636.00 | 100.00% | - |
| 2011 | 4,777,879.00 | 4,777,879.00 | 100.00% | - |
| 2010 | 4,787,878.00 | 4,787,878.00 | 100.00% | - |
| 2009 | 4,730,956.00 | 4,730,956.00 | 100.00% | - |
| 2008 | 4,976,470.00 | 4,976,470.00 | 100.00% | - |

(1) 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.

Source: District Records

Debt Capacity Information

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

| Fiscal Year Ended <u>June 30,</u> | Governmental Activities | | Business-Type Activities | Total District | Percentage of Personal Income (2) | Per Capita (3) |
|---|------------------------------------|-------------------|-----------------------------|-----------------|---|----------------|
| | General Obligation Bonds (1) | Capital Leases | Capital Leases | | | |
| 2017 | \$ 7,870,000.00 | \$ - | \$ - | \$ 7,870,000.00 | Unavailable | Unavailable |
| 2016 | 8,335,000.00 | - | - | 8,335,000.00 | Unavailable | \$ 1,395.21 |
| 2015 | 8,750,000.00 | - | - | 8,750,000.00 | 2.64% | 1,455.66 |
| 2014 | 9,170,000.00 | - | - | 9,170,000.00 | 2.83% | 1,519.47 |
| 2013 | 9,540,000.00 | 21,878.55 | - | 9,561,878.55 | 3.06% | 1,582.57 |
| 2012 | 10,010,000.00 | 41,963.69 | - | 10,051,963.69 | 3.23% | 1,661.76 |
| 2011 | 10,265,000.00 | - | - | 10,265,000.00 | 3.40% | 1,698.94 |
| 2010 | 10,565,000.00 | 7,066.39 | - | 10,572,066.39 | 3.64% | 1,750.34 |
| 2009 | 10,865,000.00 | 30,472.17 | - | 10,895,472.17 | 3.50% | 1,669.04 |
| 2008 | 11,311,852.78 | 40,687.03 | - | 11,352,539.81 | 3.63% | 1,733.74 |

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita.
- (3) Per Capita personal income by county-estimated based upon the 2000 Census published.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Net Assessed Valuation Taxable (2) | Per Capita (3) |
|-------------------------------|---------------------------------|------------|---|---|----------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding (1) | | |
| 2017 | \$ 7,870,000.00 | - | \$ 7,870,000.00 | 1.83% | Unavailable |
| 2016 | 8,335,000.00 | - | 8,335,000.00 | 1.94% | \$ 1,395.21 |
| 2015 | 8,750,000.00 | - | 8,750,000.00 | 2.04% | 1,455.66 |
| 2014 | 9,170,000.00 | - | 9,170,000.00 | 2.14% | (4) 1,515.95 |
| 2013 | 9,540,000.00 | - | 9,540,000.00 | 1.84% | 1,570.37 |
| 2012 | 10,010,000.00 | - | 10,010,000.00 | 1.92% | 1,644.49 |
| 2011 | 10,265,000.00 | - | 10,265,000.00 | 1.98% | 1,688.60 |
| 2010 | 10,565,000.00 | - | 10,565,000.00 | 2.02% | 1,739.38 |
| 2009 | 10,865,000.00 | - | 10,865,000.00 | 2.08% | 1,664.37 |
| 2008 | 11,311,852.78 | - | 11,311,852.78 | 2.16% | 1,727.53 |

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation.
- (3) Per Capita calculation based upon population information provided by the NJ Dept. of Labor and Workforce Development.
- (4) Revaluation of Assessments

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2016
Unaudited

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to Eastampton Township</u> |
|--|--------------------------|--------------------------|---------------------------------------|--|
| Municipal Debt: (1) | | | | |
| Eastampton Township Local and Regional School Districts | \$ 9,792,776.67 | \$ 9,792,776.67 | \$ - | \$ - |
| Eastampton Township | <u>7,003,308.00</u> | | <u>7,003,308.00</u> | <u>7,003,308.00</u> |
| | <u>16,796,084.67</u> | <u>9,792,776.67</u> | <u>7,003,308.00</u> | <u>7,003,308.00</u> |
| Overlapping Debt Apportioned to the Municipality: | | | | |
| County of Burlington: (2) | | | | |
| General: | | | | |
| Bonds | 267,578,645.00 | 31,063,639.00 | 236,515,006.00 | 2,315,996.00 (3) |
| Bonds Issued by Other Public Bodies Guaranteed by the County | 329,726,000.00 | 329,726,000.00 | | |
| Solid Waste Utility | <u>68,116,000.00</u> | <u>68,116,000.00</u> | | |
| | <u>665,420,645.00</u> | <u>428,905,639.00</u> | <u>236,515,006.00</u> | <u>2,315,996.00</u> |
| | <u>\$ 682,216,729.67</u> | <u>\$ 438,698,415.67</u> | <u>\$ 243,518,314.00</u> | <u>\$ 9,319,304.00</u> |

Sources:

- (1) 2017 Annual Debt Statement
 - (2) County's 2016 Audit Report
 - (3) Such debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is .98%.
- The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|---|-----------------------|
| Equalized Valuation Basis (1): | |
| 2016 | \$ 450,345,600 |
| 2015 | 452,791,009 |
| 2014 | 465,182,975 |
| | [A] \$ 1,368,319,584 |
| Average Equalized Valuation of Taxable Property | |
| | [A/3] \$ 456,106,528 |
| Debt Limit (3% of Average Equalization Value) (2) | |
| | [B] \$ 13,683,195.84 |
| Total Net Debt Applicable to Limit | |
| | [C] 7,870,000.00 |
| Legal Debt Margin | |
| | [B-C] \$ 5,813,195.84 |

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Debt Limit | \$ 13,683,195.84 | \$ 13,855,041.80 | \$ 14,116,235.41 | \$ 14,390,257.66 | \$ 14,799,952.38 | \$ 15,161,184.64 | \$ 15,588,138.07 | \$ 15,713,440.45 | \$ 15,475,427.72 | \$ 14,413,718.06 |
| Total Net Debt Applicable to Limit (3) | 7,870,000.00 | 8,335,000.00 | 8,750,000.00 | 9,170,000.00 | 9,540,000.00 | 10,010,000.00 | 10,285,000.00 | 10,565,000.00 | 10,865,000.00 | 11,311,852.78 |
| Legal Debt Margin | \$ 5,813,195.84 | \$ 5,520,041.80 | \$ 5,366,235.41 | \$ 5,220,257.66 | \$ 5,259,952.38 | \$ 5,151,184.64 | \$ 5,293,138.07 | \$ 5,148,440.45 | \$ 4,610,427.72 | \$ 3,101,865.28 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 57.52% | 60.16% | 61.99% | 63.72% | 64.46% | 66.02% | 65.98% | 67.24% | 70.21% | 78.48% |

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Demographic and Economic Information

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Unemployment Rate (4)</u> |
|-------------|-----------------------|----------------------------|---------------------------------------|------------------------------|
| 2016 | 5,974 | Unavailable | Unavailable | 4.1% |
| 2015 | 6,011 | \$ 331,969,497.00 | \$ 55,227.00 | 5.1% |
| 2014 | 6,035 | 324,363,145.00 | 53,747.00 | 6.3% |
| 2013 | 6,042 | 312,884,970.00 | 51,785.00 | 9.5% |
| 2012 | 6,049 | 310,858,110.00 | 51,390.00 | 6.7% |
| 2011 | 6,042 | 301,828,110.00 | 49,955.00 | 6.4% |
| 2010 | 6,040 | 290,203,880.00 | 48,047.00 | 6.6% |
| 2009 | 6,528 | 311,052,672.00 | 47,649.00 | 6.2% |
| 2008 | 6,548 | 313,099,168.00 | 47,816.00 | 3.5% |
| 2007 | 6,528 | 301,515,264.00 | 46,188.00 | 2.6% |

Sources:

- (1) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (2) Personal income has been estimated based upon the municipal population and per capita.
- (3) Per capita personal income by county-estimated based upon the 2010 Census published.
- (4) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Previous Year and Nine Years Ago
Unaudited

| | 2012 (1) | | 2007 (2) | | | |
|-------------------------------|------------------|-------------|---|------------------|-------------|---|
| <u>Employer</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> |
| Charley's Other Brother | 71 | 1 | 1.81% | | | |
| John & Molly's Tavern | 25 | 2 | 0.64% | | | |
| CVS | 23 | 3 | 0.59% | | | |
| Olde World Bakery | 20 | 4 | 0.51% | | | |
| Growmark | 17 | 5 | 0.43% | | | |
| Russo's | 15 | 6 | 0.38% | | | |
| Michael Risoldi's Auto Repair | 10 | 7 | 0.26% | | | |
| Epicore | 8 | 8 | 0.20% | | | |
| Boil Makers Local #28 | 7 | 9 | 0.18% | | | |
| Flynn's Towing | 7 | 9 | 0.18% | | | |
| | <u>203</u> | | <u>5.18%</u> | <u>-</u> | | <u>-</u> |

(1) The current year is unavailable so the most recent year available was utilized.

(2) Unavailable

Source: Individual Employers

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.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

| Function/Program | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Instruction: | | | | | | | | | | |
| Regular | 36 | 41 | 38 | 44 | 42 | 44 | 44 | 48 | 49 | 58 |
| Special Education | 16 | 30 | 26 | 28 | 26 | 28 | 24 | 36 | 35 | 35 |
| Other Special Education | - | - | - | - | - | - | - | - | - | - |
| Vocational | - | - | - | - | - | - | - | - | - | - |
| Other Instruction | - | - | - | - | - | - | - | - | - | - |
| Nonpublic School Programs | - | - | - | - | - | - | - | - | - | - |
| Adult/Continuing Education Programs | - | - | - | - | - | - | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Tuition | - | - | - | - | - | - | - | - | - | - |
| Student & Instruction Related Services | 16 | 10 | 10 | 10 | 9 | 9 | 9 | 11 | 12 | 10 |
| General Administrative Services | 7 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| School Administrative Services | 7 | 4 | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 4 |
| Business Administrative Services | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 3 |
| Plant Operations and Maintenance | 6 | 9 | 11 | 7 | 7 | 6 | 6 | 8 | 8 | 8 |
| Pupil Transportation | - | - | - | - | - | - | - | - | - | - |
| Food Service | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | 21 | 23 | 23 | 24 | 25 | 27 | 20 |
| Total | 94 | 100 | 95 | 119 | 117 | 120 | 117 | 141 | 144 | 141 |

Source: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|-------------------|----------------|---------------------|-------------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary School | Middle/Community School | | | | |
| 2017 | 586 | \$ 10,312,199.29 | \$ 17,597.61 | 0.90% | 63 | | 10.1 | 595 | 570 | 0.42% | 95.80% |
| 2016 | 596 | 10,394,804.35 | 17,440.95 | 1.02% | 65 | - | 9.2 | 593 | 570 | -0.45% | 96.16% |
| 2015 | 584 | 10,082,690.36 | 17,264.88 | 3.30% | 64 | - | 9.1 | 595 | 571 | -2.48% | 95.85% |
| 2014 | 611 | 10,212,186.38 | 16,713.89 | 1.84% | 64 | - | 9.6 | 610 | 586 | -3.73% | 96.06% |
| 2013 | 632 | 10,372,306.15 | 16,411.88 | 6.60% | 65 | - | 9.7 | 634 | 610 | -2.16% | 96.21% |
| 2012 | 651 | 10,023,092.14 | 15,396.45 | 6.78% | 63 | - | 10.3 | 648 | 624 | -5.12% | 96.30% |
| 2011 | 668 | 9,632,151.25 | 14,419.39 | -6.93% | 63 | - | 11.0 | 683 | 657 | -1.63% | 96.22% |
| 2010 | 695 | 10,767,587.86 | 15,492.93 | 9.81% | 74 | - | 9.4 | 694 | 644 | -2.21% | 92.80% |
| 2009 | 733 | 10,341,588.01 | 14,108.58 | 5.66% | 73 | - | 10.1 | 710 | 683 | -4.44% | 96.20% |
| 2008 | 743 | 9,921,369.52 | 13,353.12 | 3.96% | 78 | - | 11.1 | 743 | 721 | -1.07% | 97.10% |

Source: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <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> | <u>2008</u> |
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary:</u> | | | | | | | | | | |
| Eastampton Elementary (1957) | | (1) | (1) | 31,950 | 31,950 | 31,950 | 31,950 | 31,950 | 31,950 | 31,950 |
| Square Feet | (1) | (1) | (1) | 246 | 246 | 246 | 246 | 246 | 246 | 246 |
| Capacity (students) | (1) | (1) | (1) | - | - | - | - | - | - | - |
| Enrollment | (1) | (1) | (1) | - | - | - | - | - | - | - |
| Middle/Community School: | | | | | | | | | | |
| Eastampton Community School (1974) | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 | 117,800 |
| Square Feet | 771 | 771 | 771 | 771 | 771 | 771 | 771 | 771 | 771 | 771 |
| Capacity (students) | 586 | 584 | 584 | 611 | 632 | 651 | 668 | 695 | 733 | 743 |
| Enrollment | | | | | | | | | | |

Number of Schools at June 30, 2017:
 Elementary School = 0
 Middle/Community School = 1
 High School = 0
 Other = 0

Source: District Records
 (1) Disposed of in FY 2015

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

| School Facilities * | Project # (s) | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------|---------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Middle/Community School | N/A | \$ 85,278.03 | \$ 61,123.70 | \$ 57,157.47 | \$ 59,945.52 | \$ 68,824.31 | \$ 60,644.50 | \$ 48,781.88 | \$ 45,121.94 | \$ 91,275.23 | \$ 52,282.29 |
| Total School Facilities | | 85,278.03 | 61,123.70 | 57,157.47 | 59,945.52 | 68,824.31 | 60,644.50 | 48,781.88 | 45,121.94 | 91,275.23 | 52,282.29 |
| Other Facilities | | - | - | - | - | - | - | - | - | - | - |
| Grand Total | | \$ 85,278.03 | \$ 61,123.70 | \$ 57,157.47 | \$ 59,945.52 | \$ 68,824.31 | \$ 60,644.50 | \$ 48,781.88 | \$ 45,121.94 | \$ 91,275.23 | \$ 52,282.29 |

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

Source: District Records

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2017

Unaudited

| | <u>Coverage</u> | Burlington County Joint Insurance Pool <u>Self-Insured</u> | (A) | <u>Deductible</u> |
|---|-------------------|--|-----|-------------------|
| Burlington County Insurance Pool Joint Insurance Fund: | | | | |
| Property, Inland Marine and Automobile Physical Damages | \$ 175,000,000.00 | \$ 250,000.00 | \$ | 500.00 |
| Boiler and Machinery | 125,000,000.00 | | | 1,000.00 |
| Comprehensive General Liability | 20,000,000.00 | 250,000.00 | | |
| Comprehensive Crime | 500,000.00 | 250,000.00 | | 500.00 |
| Automobile Liability | 20,000,000.00 | 250,000.00 | | |
| Workers Compensation | Statutory | 250,000.00 | | |
| Educator's Legal Liability | 20,000,000.00 | 175,000.00 | | |
| Pollution Legal Liability | 3,000,000.00 | | | 25,000.00 |
| Cyber Liability | 1,000,000.00 | | | 25,000.00 |
| Violent Malicious Acts | 1,000,000.00 | | | 15,000.00 |
| Disaster Management Services | 2,000,000.00 | | | 15,000.00 |
| Zurich American Insurance Company: | | | | |
| Student Accident Policy | 1,000,000.00 | | | |
| Selective Insurance Company Bonds: | | | | |
| Business Administrator/Board Secretary | 10,000.00 | | | |
| Treasurer of School Funds | 200,000.00 | | | |

(A) The District is covered for these limits through the Joint insurance Pool Excess Liability Pool.

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Eastampton School District
Eastampton, New Jersey 08060

Report on Compliance for Each Major State Program

We have audited the Township of Eastampton School District's, in the County of Burlington, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Eastampton School District's, in the County of Burlington, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Township of Eastampton School District, in the County of Burlington, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

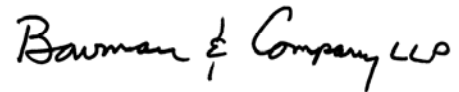
Management of the Township of Eastampton School District, in the County of Burlington, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert P. Nehila, Jr.
Certified Public Accountant
Public School Accountant No. CS 002065

Voorhees, New Jersey
October 26, 2017

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2017

| <u>Pass-through</u> <u>Grantor/Program Title</u> | Federal CFDA <u>Number</u> | Federal FAIN <u>Number</u> | Pass Through Entity Identifying <u>Number</u> | Program or Award <u>Amount</u> | <u>Grant Period</u> | | Balance <u>June 30, 2016</u> |
|--|----------------------------------|----------------------------------|---|--------------------------------------|---------------------|-----------|---------------------------------|
| | | | | | <u>From</u> | <u>To</u> | |
| General Fund: | | | | | | | |
| U.S. Department of Homeland Security: | | | | | | | |
| Passed-through the N.J. Department of Law and Public Safety: | | | | | | | |
| FEMA - Public Assistance - Winter Snow Storm 01/22/16 | 96.036 | Unavailable | 100-066-1200-A92 | \$ 3,291.05 | 07/01/16 | 06/30/17 | \$ - |
| Total General Fund | | | | | | | - |
| Special Revenue Fund: | | | | | | | |
| U.S. Department of Education: | | | | | | | |
| Passed-through State Department of Education: | | | | | | | |
| N.C.L.B. | | | | | | | |
| Title I, Part A | 84.010 | S010A160030 | NCLB-1250-17 | \$ 83,825.00 | 07/01/16 | 06/30/17 | |
| Title II, Part A Improving Teacher Quality | 84.367A | S367A150029 | NCLB-1250-16 | 17,927.00 | 07/01/15 | 06/30/16 | (819.04) |
| Title II, Part A Improving Teacher Quality | 84.367A | S367A160029 | NCLB-1250-17 | 17,045.00 | 07/01/16 | 06/30/17 | |
| Total Title II, Part A Improving Teacher Quality | | | | | | | (819.04) |
| I.D.E.A. Part B: | | | | | | | |
| Basic | | | | | | | |
| Pre-School | 84.027 | H027A160100 | IDEA-1250-17 | 193,151.00 | 07/01/16 | 06/30/17 | |
| | 84.173 | H173A160114 | IDEA-1250-17 | 8,404.00 | 07/01/16 | 06/30/17 | |
| Total I.D.E.A. Part B Special Education Cluster | | | | | | | - |
| Total Special Revenue Fund | | | | | | | (819.04) |
| Enterprise Fund: | | | | | | | |
| U.S. Department of Agriculture: | | | | | | | |
| Passed-through State Department of Education: | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| Non-Cash Assistance (Food Distribution Program): | | | | | | | |
| Food Distribution Program | 10.555 | 16161NJ304N1099 | Unavailable | 21,777.73 | 07/01/15 | 06/30/16 | 1,214.87 |
| Food Distribution Program | 10.555 | 171NJ304N1099 | Unavailable | 19,860.36 | 07/01/16 | 06/30/17 | |
| Cash Assistance: | | | | | | | |
| National School Breakfast Program | 10.553 | 16161NJ304N1099 | Unavailable | 19,782.94 | 07/01/15 | 06/30/16 | (1,225.81) |
| National School Breakfast Program | 10.553 | 171NJ304N1099 | Unavailable | 18,708.12 | 07/01/16 | 06/30/17 | |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | Unavailable | 76,924.48 | 07/01/15 | 06/30/16 | (4,563.64) |
| National School Lunch Program | 10.555 | 171NJ304N1099 | Unavailable | 72,417.52 | 07/01/16 | 06/30/17 | |
| Total Child Nutrition Cluster | | | | | | | (4,574.58) |
| Total Federal Financial Assistance | | | | | | | \$ (5,393.62) |

This Schedule of Expenditures of Federal Awards is included as other supplementary information only. A federal single audit 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) was not required as total federal expenditures did not equal or exceed \$750,000.00.

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

| Carryover / (Walkover) Amount | Cash Received | Budgetary Expenditures | | | Passed- Through to Subrecipients | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2017 | | |
|-------------------------------------|------------------|------------------------|-----------------|------------------------------------|--|-------------|--|--------------------------|---------------------|-------------------|
| | | Pass-Through Funds | Direct Funds | Total Budgetary Expenditures | | | | Accounts Receivable | Unearned Revenue | Due to Grantor |
| \$ - | \$ 3,291.05 | \$ (3,291.05) | \$ - | \$ (3,291.05) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 3,291.05 | (3,291.05) | - | (3,291.05) | - | - | - | - | - | - |
| | 83,825.00 | (83,825.00) | | (83,825.00) | | | | | | |
| (11,931.00) | 12,750.00 | | | | | 0.04 | | | | - |
| 11,931.00 | 17,045.00 | (28,976.00) | | (28,976.00) | | | | | | |
| | 29,795.00 | (28,976.00) | | (28,976.00) | | 0.04 | | | | |
| | 193,151.00 | (193,151.00) | | (193,151.00) | | | | | | |
| | 8,404.00 | (8,404.00) | | (8,404.00) | | | | | | |
| - | 201,555.00 | (201,555.00) | - | (201,555.00) | - | - | - | - | - | - |
| - | 315,175.00 | (314,356.00) | - | (314,356.00) | - | 0.04 | - | - | - | - |
| | | (1,214.87) | | (1,214.87) | | | | | | |
| | 19,860.36 | (15,902.09) | | (15,902.09) | | | | | 3,958.27 | |
| | 1,225.81 | | | | | | | | | |
| | 17,556.65 | (18,708.12) | | (18,708.12) | | | | (1,151.47) | | |
| | 4,563.64 | | | | | | | | | |
| | 67,547.46 | (72,417.52) | | (72,417.52) | | | | (4,870.06) | | |
| - | 110,753.92 | (108,242.60) | - | (108,242.60) | - | - | - | (6,021.53) | 3,958.27 | - |
| \$ - | \$ 429,219.97 | \$ (425,889.65) | \$ - | \$ (425,889.65) | \$ - | \$ 0.04 | \$ - | \$ (6,021.53) | \$ 3,958.27 | \$ - |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2017

| State Grantor/ Program Title | State Project Number | Award Amount | Grant Period | | Balance at June 30, 2016 | | Carryover/ Walkover Amount |
|---|-------------------------|-----------------|--------------|----------|--|-------------------|----------------------------------|
| | | | From | To | Unearned Revenue/ Accounts Receivable | Due to Grantor | |
| General Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| Current Expense: | | | | | | | |
| State Aid - Public Cluster: | | | | | | | |
| Equalization Aid | 16-495-034-5120-078 | \$ 4,148,569.00 | 07/01/15 | 06/30/16 | \$ (372,479.31) | \$ - | \$ - |
| Equalization Aid | 17-495-034-5120-078 | 4,148,569.00 | 07/01/16 | 06/30/17 | | | |
| Special Education Categorical Aid | 16-495-034-5120-089 | 389,996.00 | 07/01/15 | 06/30/16 | (35,015.79) | | |
| Special Education Categorical Aid | 17-495-034-5120-089 | 389,996.00 | 07/01/16 | 06/30/17 | | | |
| Security Aid | 16-495-034-5120-084 | 17,257.00 | 07/01/15 | 06/30/16 | (1,549.42) | | |
| Security Aid | 17-495-034-5120-084 | 17,257.00 | 07/01/16 | 06/30/17 | | | |
| Adjustment Aid | 16-495-034-5120-085 | 56,982.00 | 07/01/15 | 06/30/16 | (5,116.13) | | |
| Adjustment Aid | 17-495-034-5120-085 | 56,982.00 | 07/01/16 | 06/30/17 | | | |
| PARCC Readiness Aid | 16-495-034-5120-098 | 6,010.00 | 07/01/15 | 06/30/16 | (539.61) | | |
| PARCC Readiness Aid | 17-495-034-5120-098 | 6,010.00 | 07/01/16 | 06/30/17 | | | |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 6,010.00 | 07/01/15 | 06/30/16 | (539.61) | | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 6,010.00 | 07/01/16 | 06/30/17 | | | |
| Professional Learning Community Aid | 17-495-034-5120-101 | 5,900.00 | 07/01/16 | 06/30/17 | | | |
| Total State Aid - Public Cluster | | | | | (415,239.87) | - | - |
| Transportation Aid: | | | | | | | |
| Categorical Transportation Aid | 16-495-034-5120-014 | 16,953.00 | 07/01/15 | 06/30/16 | (1,522.13) | | |
| Categorical Transportation Aid | 17-495-034-5120-014 | 16,953.00 | 07/01/16 | 06/30/17 | | | |
| Additional Nonpublic School Transportation Aid | 16-495-034-5120-015 | 2,436.00 | 07/01/15 | 06/30/16 | (2,436.00) | | |
| Additional Nonpublic School Transportation Aid | 17-495-034-5120-015 | 2,436.00 | 07/01/16 | 06/30/17 | | | |
| Total Transportation Aid | | | | | (3,958.13) | - | - |
| Extraordinary Aid | | | | | | | |
| Extraordinary Aid | 16-100-034-5120-044 | 19,578.00 | 07/01/15 | 06/30/16 | (19,578.00) | | |
| Extraordinary Aid | 17-100-034-5120-044 | 15,842.00 | 07/01/16 | 06/30/17 | | | |
| Total Extraordinary Aid | | | | | (19,578.00) | - | - |
| Reimbursed TPAF Social Security Contributions | 17-495-034-5094-003 | 296,835.43 | 07/01/16 | 06/30/17 | | | |
| Total General Fund | | | | | (438,776.00) | - | - |
| Special Revenue Fund: | | | | | | | |
| State Department of Education: | | | | | | | |
| Nonpublic Aid: | | | | | | | |
| Nursing Services | 17-100-034-5120-070 | 6,840.00 | 07/01/16 | 06/30/17 | | | |
| Textbook Aid (Ch. 194, L. 1977) | 17-100-034-5120-064 | 4,381.00 | 07/01/16 | 06/30/17 | | | |
| Technology Initiative Aid | 17-100-034-5120-373 | 1,976.00 | 07/01/16 | 06/30/17 | | | |
| Security Aid | 17-100-034-5120-509 | 3,800.00 | 07/01/16 | 06/30/17 | | | |
| Auxiliary Services (Ch. 192, L. 1977) | | | | | | | |
| Compensatory Education | 16-100-034-5120-067 | 14,382.00 | 07/01/15 | 06/30/16 | | 1,776.60 | |
| Auxiliary Services (Ch. 192, L. 1977) | 17-100-034-5120-067 | 18,812.00 | 07/01/16 | 06/30/17 | | | |
| Total Auxiliary Services (Ch. 192, L. 1977) | | | | | - | 1,776.60 | - |
| Handicapped Services (Ch. 193, L. 1977) | | | | | | | |
| Corrective Speech | 16-100-034-5120-066 | 4,180.00 | 07/01/15 | 06/30/16 | | 501.16 | |
| Examination and Classification | 16-100-034-5120-066 | 7,326.00 | 07/01/15 | 06/30/16 | | 1,023.23 | |
| Supplementary Instruction | 16-100-034-5120-066 | 3,713.00 | 07/01/15 | 06/30/16 | | 2,376.32 | |
| Handicapped Services (Ch. 193, L. 1977) | 17-100-034-5120-066 | 6,008.00 | 07/01/16 | 06/30/17 | | | |
| Corrective Speech | 17-100-034-5120-066 | 7,382.00 | 07/01/16 | 06/30/17 | | | |
| Examination and Classification | 17-100-034-5120-066 | 4,708.00 | 07/01/16 | 06/30/17 | | | |
| Supplementary Instruction | 17-100-034-5120-066 | | | | | | |
| Total Handicapped Services (Ch. 193, L. 1977) | | | | | - | 3,900.71 | - |
| Total Special Revenue Fund | | | | | - | 5,677.31 | - |
| Enterprise Fund: | | | | | | | |
| New Jersey Department of Agricultural: | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| State School Lunch Aid | 16-100-010-3350-023 | 2,425.20 | 07/01/15 | 06/30/16 | (137.55) | | |
| State School Lunch Aid | 17-100-010-3350-023 | 2,213.35 | 07/01/16 | 06/30/17 | | | |
| Total Enterprise Fund | | | | | (137.55) | - | - |
| Total State Financial Assistance subject to Major Program Determination for State Single Audit | | | | | (438,913.55) | 5,677.31 | - |
| State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: | | | | | | | |
| General Fund (Non-Cash Assistance): | | | | | | | |
| New Jersey Department of the Treasury: | | | | | | | |
| On-behalf TPAF Pension Contributions - Normal Cost | | | | | | | |
| On-behalf TPAF Pension Contributions - Insurance | 495-034-5094-002 | 428,627.00 | 07/01/16 | 06/30/17 | | | |
| On-behalf TPAF Pension Contributions - Post-Retirement Medical | 495-034-5094-001 | 15,530.00 | 07/01/16 | 06/30/17 | | | |
| On-behalf TPAF Pension Contributions - Long Term Disability Insurance | 495-034-5094-004 | 370,083.00 | 07/01/16 | 06/30/17 | | | |
| On-behalf TPAF Pension Contributions - Long Term Disability Insurance | 495-034-5094-004 | 408.00 | 07/01/16 | 06/30/17 | | | |
| Total General Fund (Non-Cash Assistance) | | | | | - | - | - |
| Total State Financial Assistance | | | | | \$ (438,913.55) | \$ 5,677.31 | \$ - |

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

| Cash Received | Total Budgetary Expenditures | Passed-Through to Subrecipients | Adjustments (A) | Repayment of Prior Years' Balances | Balance at June 30, 2017 | | | Memo | |
|-----------------|------------------------------|---------------------------------|-----------------|------------------------------------|--------------------------|--------------------------------------|----------------|------------------------------------|-------------------------------|
| | | | | | Accounts Receivable | Unearned Revenue/ Interfunds Payable | Due to Grantor | Budgetary Receivable June 30, 2017 | Cumulative Total Expenditures |
| \$ 372,479.31 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3,764,235.57 | (4,148,569.00) | | | | (384,333.43) | | | (384,333.43) | (4,148,569.00) |
| 35,015.79 | | | | | | | | | |
| 353,865.83 | (389,996.00) | | | | (36,130.17) | | | (36,130.17) | (389,996.00) |
| 1,549.42 | | | | | | | | | |
| 15,658.27 | (17,257.00) | | | | (1,598.73) | | | (1,598.73) | (17,257.00) |
| 5,116.13 | | | | | | | | | |
| 51,703.05 | (56,982.00) | | | | (5,278.95) | | | (5,278.95) | (56,982.00) |
| 539.61 | | | | | | | | | |
| 5,453.22 | (6,010.00) | | | | (556.78) | | | (556.78) | (6,010.00) |
| 539.61 | | | | | | | | | |
| 5,453.22 | (6,010.00) | | | | (556.78) | | | (556.78) | (6,010.00) |
| 5,353.41 | (5,900.00) | | | | (546.59) | | | (546.59) | (5,900.00) |
| 4,616,962.44 | (4,630,724.00) | - | - | - | (429,001.43) | - | - | (429,001.43) | (4,630,724.00) |
| 1,522.13 | | | | | | | | | |
| 15,382.43 | (16,953.00) | | | | (1,570.57) | | | (1,570.57) | (16,953.00) |
| 2,436.00 | | | | | | | | | |
| | (2,436.00) | | | | (2,436.00) | | | | (2,436.00) |
| 19,340.56 | (19,389.00) | - | - | - | (4,006.57) | - | - | (1,570.57) | (19,389.00) |
| 19,578.00 | | | | | | | | | |
| | (15,842.00) | | | | (15,842.00) | | | | (15,842.00) |
| 19,578.00 | (15,842.00) | - | - | - | (15,842.00) | - | - | - | (15,842.00) |
| 282,330.59 | (296,835.43) | | | | (14,504.84) | | | | (296,835.43) |
| 4,938,211.59 | (4,962,790.43) | - | - | - | (463,354.84) | - | - | (430,572.00) | (4,962,790.43) |
| 6,840.00 | (6,840.00) | | | | | | | | (6,840.00) |
| 4,381.00 | (4,381.00) | | | | | | | | (4,381.00) |
| 1,976.00 | (1,976.00) | | | | | | | | (1,976.00) |
| 3,800.00 | (3,800.00) | | | | | | | | (3,800.00) |
| | | | | | (1,776.60) | | | | |
| 18,812.00 | (16,661.88) | | | | | | 2,150.12 | | (16,661.88) |
| 18,812.00 | (16,661.88) | - | - | (1,776.60) | - | - | 2,150.12 | - | (16,661.88) |
| | | | | | (501.16) | | | | |
| | | | | | (1,023.23) | | | | |
| | | | | | (2,376.32) | | | | |
| 6,008.00 | (5,742.75) | | | | | | 265.25 | | (5,742.75) |
| 7,382.00 | (7,382.00) | | | | | | | | (7,382.00) |
| 4,708.00 | (3,295.74) | | | | | | 1,412.26 | | (3,295.74) |
| 18,098.00 | (16,420.49) | - | - | (3,900.71) | - | - | 1,677.51 | - | (16,420.49) |
| 53,907.00 | (50,079.37) | - | - | (5,677.31) | - | - | 3,827.63 | - | (50,079.37) |
| 137.55 | | | | | | | | | |
| 2,067.93 | (2,213.35) | | | | (145.42) | | | | (2,213.35) |
| 2,205.48 | (2,213.35) | - | - | - | (145.42) | - | - | - | (2,213.35) |
| 4,994,324.07 | (5,015,083.15) | - | - | (5,677.31) | (463,500.26) | - | 3,827.63 | (430,572.00) | (5,015,083.15) |
| 428,627.00 | (428,627.00) | | | | | | | | (428,627.00) |
| 15,530.00 | (15,530.00) | | | | | | | | (15,530.00) |
| 370,083.00 | (370,083.00) | | | | | | | | (370,083.00) |
| 408.00 | (408.00) | | | | | | | | (408.00) |
| 814,648.00 | (814,648.00) | - | - | - | - | - | - | - | (814,648.00) |
| \$ 5,808,972.07 | \$ (5,829,731.15) | \$ - | \$ - | \$ (5,677.31) | \$ (463,500.26) | \$ - | \$ 3,827.63 | \$ (430,572.00) | \$ (5,829,731.15) |

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Township of Eastampton School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s 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 State of New Jersey Circular 15-08-OMB, *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, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

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 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 June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

There is no net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general or special revenue funds. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

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 | \$ 3,291.05 | \$ 4,948,980.43 | \$ 4,952,271.48 |
| Special Revenue | 314,356.00 | 50,079.37 | 364,435.37 |
| Food Service | <u>108,242.60</u> | <u>2,213.35</u> | <u>110,455.95</u> |
| Total Awards and Financial Assistance | <u>\$ 425,889.65</u> | <u>\$ 5,001,273.15</u> | <u>\$ 5,427,162.80</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: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent minor rounding differences.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2017, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

EASTAMPTON BOE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? ___ yes X no
 Significant deficiency(ies) identified? ___ yes X none reported
 Noncompliance material to financial statements noted? ___ yes X no

Federal Awards - (This Section is Not Applicable - No Current Year Federal Single Audit)

Internal control over major programs:
 Material weakness(es) identified? ___ yes ___ no
 Significant deficiency(ies) identified? ___ yes ___ none reported
 Type of auditor's report issued on compliance for major programs _____
 Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ___ yes ___ no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Dollar threshold used to determine Type A programs \$ _____
 Auditee qualified as low-risk auditee? ___ yes ___ no

EASTAMPTON BOE
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2017

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

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 New Jersey Circular 15-08-OMB? ___ yes X no

Identification of major programs:

| <u>GMIS Number(s)</u> | <u>Name of State Program</u> |
|-------------------------|--|
| <u>495-034-5120-078</u> | <u>State Aid - Public Cluster: Equalization Aid</u> |
| <u>495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| <u>495-034-5120-084</u> | <u>Security Aid</u> |
| <u>495-034-5120-085</u> | <u>Adjustment Aid</u> |
| <u>495-034-5120-098</u> | <u>PARCC Readiness Aid</u> |
| <u>495-034-5120-097</u> | <u>Per Pupil Growth Aid</u> |
| <u>495-034-5120-101</u> | <u>Professional Learning Community Aid</u> |
| <u>495-034-5094-003</u> | <u>Reimbursed TPAF Social Security Contributions</u> |

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

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

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 2- Schedule of Financial Statement Findings

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

There are no current year findings.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

This section is not applicable as there is no federal single audit in the current year.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

There are no current year findings.

TOWNSHIP OF EASTAMPTON SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARDS

This section is not applicable as there was no federal single audit in the prior year.

STATE FINANCIAL ASSISTANCE PROGRAMS

There were no prior year findings.

