

**EAST AMWELL TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2018

**Responsibility of the Management of
East Amwell Township School District
Hunterdon County, New Jersey**



Certified Public Accountants, PC

**EAST AMWELL TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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**BOARD OF EDUCATION
EAST AMWELL SCHOOL DISTRICT**

February 4, 2019

Honorable President and Members
of the East Amwell School District
Hunterdon County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the East Amwell School District for the fiscal year ended June 30, 2018 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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 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 State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report of 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**

East Amwell School District is an independent reporting entity within the criteria adopted by the GASB (Governmental Account Standards Board) as established by Statement No. 14. All funds and accounting groups of the District are included in this report. The East Amwell Board of Education and its one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K-8, including both regular and special education. Enrollment in the integrated preschool program for the 2017-18 school year was 25. Resident enrollment as of June 30, 2018 totaled 353 students.

The following details the changes in student enrollment of the District over the last fifteen years.

FISCAL YEAR	STUDENT ENROLLMENT	% CHANGE
2017-18	353	-2.22%
2016-17	361	-2.69%
2015-16	371	-6.40%
2014-15	393	-6.40%
2013-14	418	-1.50%
2012-13	433	-3.70%
2011-12	450	-7.60%
2010-11	487	-2.80%
2009-10	501	2.70%
2008-09	488	-0.20%
2007-08	489	-1.00%
2006-07	494	1.60%
2005-06	486	1.00%
2004-05	481	2.10%
2003-04	471	-2.50%

2. ECONOMIC CONDITION AND OUTLOOK

East Amwell Township is located in southern Hunterdon County and encompasses 28.7 square miles with 47 miles of roads, including the Rt. 31-202 corridor. East Amwell is rural in character, with the Village of Ringoes as its primary population and business center.

The East Amwell Township Elementary School, located on a 32-acre site with outdoor playground equipment and ball fields, is the only school building. The school was constructed in 1938, with additions in 1950, 1963, 1978, 1988, and 1998. With the K-8 organizational structure, the present facility has a functional capacity of 558 students. Two soccer fields on the school property are shared with the Township Recreation Committee.

The School District is governed by a nine-member Board of Education elected by the District to serve alternating three-year terms. As of June 30, 2018, the District employed a Superintendent, Principal, Board Secretary/School Business Administrator, 46 full-time certificated, 7 part-time certificated, 17 full-time non-certificated, and 3 part-time non-certificated staff. Hunterdon Central Regional High School provides transportation for all students, with the exception of some out-of-district placements, which may be provided by the Hunterdon County Education Services Commission.

The future outlook for District financing continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education. The availability of tax revenues to the State and its distribution among all New Jersey School Districts, however, will have a profound impact on the education provided to East Amwell students and to the local property taxes.

3. MAJOR INITIATIVES

Test Results

The students in grades 3-8 took the PARCC assessment in the Spring 2017. East Amwell students scored higher than state and national averages in all categories.

Professional Development

Professional Development activities in the 2017-18 school year included PARCC, Dyslexia, LinkIt!, NGSS, Language Arts Literacy, DBQ's, Curriculum Writing, and Right-to-Know, These activities were conducted in response to staff surveys assessing professional development needs. In addition to the requested topics, staff participated in training through consultants and web-based offerings.

Synergistics

The Synergistics Learning system is a technology-assisted learning system divided into workstations where pairs of students explore a variety of content areas providing multi-sensory experiences through audio, video, software, text, and hands-on activities. Modules include Career Exploration, Podcasting, CSI (Crime Scene Investigation), Design Challenge, Mechanical Drawing, Film, Photography, Garage Band, Bridge Building, Solar Cars, Flight Technology, and Personal Finance. Synergistics, located in the Technology Lab, provides a well-balanced program for a broad range of student interests as well as an introduction to the applied technology program at Hunterdon Central High School.

21st Century Classroom

In order for students to be prepared for a more complex life and work environment, a 21st century classroom must promote creativity, critical thinking, communication, and collaboration that allow students to create with video, audio, text, and images provide an opportunity to build higher-order thinking skills.

Authoring multimedia content requires students to:

- Employ creativity and innovation as they develop, implement, and communicate ideas and demonstrate originality and inventiveness;
- Be critical thinkers and problem solvers as they frame, analyze, and synthesize information to solve problems and answer questions;
- Communicate and collaborate as they articulate thoughts and ideas clearly and effectively and share responsibility for collaborative work;
- Build information, media, and technology skills in context.

According to the Partnership for 21st Century Skills, students must have a “range of functional and critical thinking skills related to information, media and technology” to succeed in a 21st century marketplace.

Using a creative technology tool, students learn to manage information as they develop podcasts, online storybooks, videos, and Flash animations, becoming media producers, not just consumers.

To be successful in the 21st century, students must be able to work without supervision, in diverse groups, and be productive members of society. Project learning increases student's capacity for self-directed learning, collaboration, and social interaction.

Collaborating on technology projects encourages students to become self-directed learners and builds leadership, responsibility, as well as social and cultural-awareness.

East Amwell School's 21st Century Classrooms are built on a fiber backbone network delivering fast internet and data access to every student and staff member. Each classroom is uniformly equipped with Epson smart board technology embedded with a robust Aerohive Wireless network providing seamless connectivity for students and staff.

Each student has access to their own personal learning device for use in the classroom. iPads are used in Pre-K through 2nd grade while Chrome Books, supported by Google Classroom are used in 3rd grade through 8th grade.

Each staff member has been issued iPads and Dell Laptops for connectivity to classroom smart technology providing unique interaction with students in the delivery of Core Standard lesson. All teachers use Google Sites as a simple and clear format of communicating with school families. Homework, activities and a calendar are maintained by staff using Sites. Their personal homepage will enable better communicating, allowing for high achievement of students. PlanbookEDU is used by the teaching staff for the creation of lesson plans that can be shared with administrators. IEP Direct is used by the Child Study Team to create, sustain and monitor student IEPs for better success in the classroom.

The school website, which can be translated into many different languages, also provides tremendous communication between the school district, staff members and families. Blackboard Connect is used for daily blasts of information through email, text and phone as well as to provide emergency notices, such as school closings due to inclement weather, when needed.

The Library/Media Center is equipped with DESTINY, a complete library automation solution accessible from five networked student/teacher workstations. PC student work stations provide further access to the Internet and resources such as World Book Online, MS Office Suite, and search engines such as EPSCO Host. The regional high school uses the same solution increasing compatibility between resources.

The Computer Lab, located in the Media Center, consists of 25 windows-based desktop computers. Each computer is networked, internet ready and is imaged with MS Office Suite, Chrome and Google Docs.

A state-of-the-art TV studio has become part of the technology enrichment, where morning announcements are broadcasted by students every morning.

Student Information System

Genesis is the district's student information system providing much needed data to staff members and families. Progress Reports, report cards and daily assignments all can be viewed through the Family Portal creating well defined lines of communication between all invested parties.

Network Administration

Computer systems analysis/design, remote access support for data servers, and high-level technical support for both PC and Mac platforms were provided by an outside vendor. This support is supplemented and coordinated on-site by a part-time District Technology Coordinator. The Three-Year Technology Plan is reviewed and updated annually.

Long-Range Facilities Plan

The 2005 Long Range Facilities Plan included enrollment projections that verified the existing functional capacity of 558 and classified the facility “In Good Condition.” The plan is updated on an as-needed basis.

4. INTERNAL ACCOUNT CONTROLS

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

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

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

5. BUDGETARY CONTROLS

In addition to internal account controls, the District maintains budgetary control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS

The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Account Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

The District issued bank qualified (callable) 20-year bonds totaling \$3,315,000 aggregate principal in January 2019 at the per annum interest rate of 2.00%. Principal payment dates began January 15, 2019 and interest payment dates began in July. Principal payment dates continue each January 15 until maturity on January 15, 2038 or earlier redemption. Interest payment dates continue each January 15 and July 15 until maturity on January 15, 2038 or earlier redemption.

9. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the Notes to the Financial Statements, Notes 1 and 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. 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.

11. OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed 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 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 State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." The auditor's report on the general purpose 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 single audit are included in the single audit section of this report.

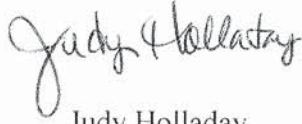
12. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the East Amwell 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 business office.

Respectfully submitted,



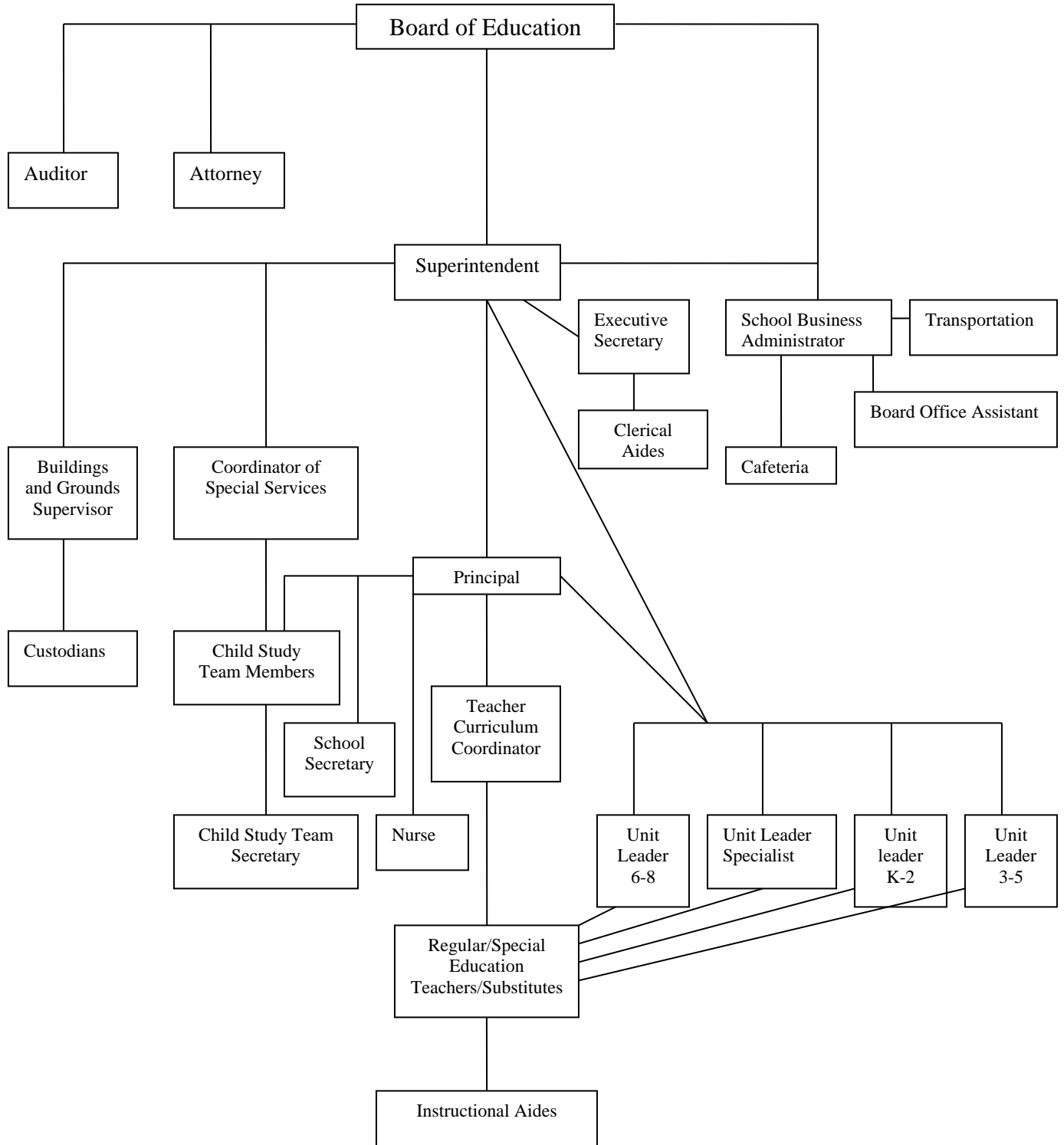
Edward F. Stoloski
Superintendent



Judy Holladay
SBA/Board Secretary

EAST AMWELL TOWNSHIP SCHOOL DISTRICT

1110 ORGANIZATIONAL CHART



EAST AMWELL TOWNSHIP SCHOOL DISTRICT
43 Wertsville Road, P.O. Box 680
Ringoes, NJ 08551
June 30, 2018

Roster of Officials

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Charles Miles Jr.	President	2019
Kimberly Williard	Vice President	2018
Anne Kenyon		2018
Carole McGee		2018
Doreen Kraycirik		2019
Charles Miller		2019
Carole Ammann		2020
John Bedard		2020
John Mills		2020

Other Officials

Edward Stoloski	Superintendent
Judy Holladay	Board Secretary/School Business Administrator

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
43 Wertsville Road, P.O. Box 680
Ringoes, NJ 08551
June 30, 2018

Consultants & Advisors

AUDIT FIRM

BKC, CPAs, PC
114 Broad Street
Flemington, NJ 08822

ATTORNEY

Fogarty & Hara
Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

Northfield Bank



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Amwell Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 East Amwell Township School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

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

The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2019 on our consideration of the 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 District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA

February 4, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

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

The discussion and analysis of East Amwell Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position increased \$825,643, which represents a 19.04 percent increase from 2017.
- General revenues accounted for \$11,942,429 in revenue or 94.95 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for or \$634,753 or 5.05 percent to total revenues of \$12,577,182.
- Total assets of governmental activities increased by \$4,028,970 as cash and cash equivalents increased by \$2,085,556, receivables and other assets decreased by \$69,027 and capital assets increased by \$2,012,441.
- The School District had \$11,751,539 in expenses; \$634,753 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$11,942,429 were adequate to provide for these programs.
- Among major funds, the general fund had \$9,275,395 in revenues and \$8,336,711 in expenditures. After factoring in other financing uses of \$84,144, the general fund's balance increased \$854,540 from 2017.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand East Amwell Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of East Amwell Township School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains several funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

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

accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities and business-type activities.

- Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type activity is a service that is provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The food service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the "operating results" by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same. The cafeteria service is currently managed by a food service company.

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for June 30, 2018 compared to June 30, 2017.

**Table 1
Net Position**

	6/30/18	6/30/17	Variance	
			Dollars	%
ASSETS				
Current & other assets	\$ 4,167,631	\$ 2,155,156	\$ 2,012,475	93.38
Capital assets	7,017,957	4,994,015	2,023,942	40.53
Total assets	11,185,588	7,149,171	4,036,417	56.46
Deferred outflows on deferred pension activity	802,404	1,076,425	(274,021)	(25.46)
LIABILITIES				
Long-term liabilities	6,160,584	3,731,946	2,428,638	65.08
Other liabilities	145,457	109,998	35,459	32.24
Total liabilities	6,306,041	3,841,944	2,464,097	64.14
Deferred inflows on deferred pension activity	551,776	79,120	472,656	597.39
NET POSITION				
Net investment in capital assets	3,702,957	4,779,015	(1,076,058)	(22.52)
Restricted	3,665,609	1,600,367	2,065,242	129.05
Unrestricted	(2,238,391)	(2,074,850)	(163,541)	8.18
Total net position	\$ 5,130,175	\$ 4,304,532	\$ 825,643	19.04

* = Undefined

Total assets increased \$4,036,417. Cash and cash equivalents increased by \$2,085,212, receivables and other assets decreased by \$72,737 and capital assets increased by \$2,023,942. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District decreased by \$163,541.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

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

Table 2 provides a summary of the District's changes in net position for the fiscal year ended June 30, 2018 compared to June 30, 2017.

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/18	6/30/17	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 431,006	428,252	\$ 2,754	0.64
Operating grants	203,747	215,145	(11,398)	(5.30)
General revenues				
Property taxes	7,089,149	7,089,149	-	0.00
Unrestricted grants	4,802,972	3,987,671	815,301	20.45
Other	50,308	28,302	22,006	77.75
Total revenues	<u>12,577,182</u>	<u>11,748,519</u>	<u>828,663</u>	<u>7.05</u>
Program expenses				
Instruction				
Regular	4,962,362	4,808,627	153,735	3.20
Special	1,489,674	1,549,418	(59,744)	(3.86)
Other	639,194	99,215	539,979	544.25
Support services				
Tuition	324	115,341	(115,017)	(99.72)
Student & instructional staff	1,812,937	1,819,222	(6,285)	(0.35)
General & business administration	843,999	761,492	82,507	10.83
School administration	315,213	289,866	25,347	8.74
Maintenance	1,083,689	1,096,369	(12,680)	(1.16)
Transportation	427,123	459,972	(32,849)	(7.14)
Food service	96,360	92,087	4,273	4.64
Interest on long-term debt	80,664	12,135	68,529	564.72
Total expenses	<u>11,751,539</u>	<u>11,103,744</u>	<u>647,795</u>	<u>5.83</u>
Increase (Decrease) in net position		\$		
	<u>\$ 825,643</u>	<u>644,775</u>	<u>\$ 180,868</u>	<u>28.05</u>

* = Undefined

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 56.37 percent of revenues for district-wide activities for the East Amwell School District for fiscal year 2018.

Instruction comprises 60.34 percent of District expenses. Support services expenses comprise 39.66 percent of the expenses. The Statement of Activities shows the cost of program services and the charges for services and grants

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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offsetting those services. Table 3 shows the total cost of services and the net cost of services for June 30, 2018 compared to June 30, 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/18	6/30/17	6/30/18	6/30/17
Instruction	\$ 7,091,230	\$ 6,457,260	\$ 6,614,263	\$ 5,993,880
Support services				
Tuition	324	115,341	324	94,964
Student & instructional staff	1,812,937	1,819,222	1,753,535	1,772,002
General & business administration	843,999	761,492	842,049	745,822
School administration	315,213	289,866	315,213	289,866
Plant operations & maintenance	1,083,689	1,096,369	1,077,406	1,090,311
Pupil transportation	427,123	459,972	427,123	459,972
Food service	96,360	92,087	6,209	1,349
Interest on long-term debt	80,664	12,135	80,664	12,135
Total expenses	<u>\$ 11,751,539</u>	<u>\$ 11,103,744</u>	<u>\$ 11,116,786</u>	<u>\$ 10,460,301</u>

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

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

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

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

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

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

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 94.95 percent. The community, as a whole, is the primary support for the East Amwell Township School District.

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,682,486, expenditures of \$10,930,060, and net other financing sources of \$3,300,856. The net positive change in fund balance for the year was most significant in the capital projects fund, an increase of \$1,198,742.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal 2018 year, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the general fund, budget basis revenues were \$8,169,310, \$204,885 above original budgeted estimates of \$7,964,425. This difference was due primarily to excess tuition revenues.

The General Fund revenues and other financing sources of the School District exceeded expenditures and other financing uses by \$855,407, due to excess revenues of \$204,885 and unspent budgetary lines. This enabled the Capital Reserve account to be increased by \$885,000 and Maintenance Reserve to be increased by \$50,000. The financial position of the School District remains strong.

Capital Assets

At the end of the fiscal year 2018 the School District had \$7,017,957 invested in land, buildings, furniture and equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2018 compared to June 30, 2017.

**Table 4
Capital Assets at Year-end (Net of Depreciation)**

	06/30/18	06/30/17	Variance	
			Dollars	%
Land	\$ 462,026	\$ 462,026	\$ -	0.00
Construction in progress	2,420,240	219,620	2,200,620	1,002.01
Land improvements	34,760	40,669	(5,909)	(14.53)
Buildings & improvements	3,820,467	3,981,279	(160,812)	(4.04)
Furniture & equipment	280,464	290,421	(9,957)	(3.43)
Total	\$ 7,017,957	\$ 4,994,015	\$ 2,023,942	40.53

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Overall capital assets increased \$2,023,942 from fiscal year 2017 to fiscal year 2018. Increases in capital assets were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2018, the School District had \$6,160,584 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2018 compared to June 30, 2017.

**Table 5
Long-Term Liabilities at Year-end**

	06/30/18	06/30/17	Variance	
			Dollars	%
General obligation bonds	\$ 3,315,000	\$ 215,000	\$ 3,100,000	1,441.86
Compensated absences	372,041	387,582	(15,541)	(4.01)
Unamortized bond premiums	4,240	8,480	(4,240)	(50.00)
PERS net pension liability	2,469,303	3,120,884	(651,581)	(20.88)
	<u>\$ 6,160,584</u>	<u>\$ 3,731,946</u>	<u>\$ 2,428,638</u>	65.08

For the Future

The East Amwell Township School District is in very good financial condition. East Amwell Township is primarily a residential community, with very few ratables. The financial burden, therefore, is focused on homeowners. Tax levy increases have been held below the 2% allowable cap.

Concerns include not only the increased reliance on local property taxes and increasing costs for special education students, but also the safety and security of our students. Over the past few years, reserves have accumulated, and we will be able to address some of our facility needs with these funds.

The East Amwell Township School District has committed itself to financial excellence for many years. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact Judy Holladay, School Business Administrator/Board Secretary at East Amwell Township Board of Education, 43 Wertsville Road, Ringoes, NJ 08551 or email at jholladay@eastamwell.org.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & cash equivalents	\$ 448,360	\$ 4,997	\$ 453,357
Due from other funds	10,185	-	10,185
Receivables, net	33,322	2,244	35,566
Inventory	-	1,914	1,914
Restricted assets			
Capital reserve - cash	1,772,698	-	1,772,698
Emergency reserve - cash	75,300	-	75,300
Maintenance reserve - cash	300,000	-	300,000
Capital projects - cash	1,518,611	-	1,518,611
Capital assets, net			
Land	462,026	-	462,026
Capital assets not being depreciated	2,420,240	-	2,420,240
Other capital assets, net of depreciation	4,111,535	24,156	4,135,691
Total assets	<u>11,152,277</u>	<u>33,311</u>	<u>11,185,588</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>802,404</u>	<u>-</u>	<u>802,404</u>
Liabilities			
Accounts payable	30,899	-	30,899
Due to other funds	1,000	-	1,000
Accrued interest	77,898	-	77,898
Unearned revenue	32,698	2,962	35,660
Long-term liabilities			
Due within one year	114,240	-	114,240
Due beyond one year	6,046,344	-	6,046,344
Total liabilities	<u>6,303,079</u>	<u>2,962</u>	<u>6,306,041</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>551,776</u>	<u>-</u>	<u>551,776</u>
Net position			
Net investment in capital assets	3,678,801	24,156	3,702,957
Restricted for			
Capital reserve	1,772,698	-	1,772,698
Emergency reserve	75,300	-	75,300
Maintenance reserve	300,000	-	300,000
Capital projects	1,517,611	-	1,517,611
Unrestricted	<u>(2,244,584)</u>	<u>6,193</u>	<u>(2,238,391)</u>
Total net position	<u>\$ 5,099,826</u>	<u>\$ 30,349</u>	<u>\$ 5,130,175</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,559,673	\$ 2,402,689	\$ 331,090	\$ 27,634	\$ -	\$ (4,603,638)	\$ -	\$ (4,603,638)
Special education	712,845	776,829	-	97,292	-	(1,392,382)	-	(1,392,382)
Other special education	89,330	216,660	-	20,951	-	(285,039)	-	(285,039)
Other instruction	80,587	252,617	-	-	-	(333,204)	-	(333,204)
Support services								
Tuition	324	-	-	-	-	(324)	-	(324)
Students & instruction related services	953,338	859,599	38,300	21,102	-	(1,753,535)	-	(1,753,535)
General & business administration services	438,120	405,879	1,950	-	-	(842,049)	-	(842,049)
School administration services	153,045	162,168	-	-	-	(315,213)	-	(315,213)
Plant operations & maintenance	617,835	465,854	6,283	-	-	(1,077,406)	-	(1,077,406)
Pupil transportation	427,123	-	-	-	-	(427,123)	-	(427,123)
Interest on long-term debt	80,664	-	-	-	-	(80,664)	-	(80,664)
Total governmental activities	<u>6,112,884</u>	<u>5,542,295</u>	<u>377,623</u>	<u>166,979</u>	<u>-</u>	<u>(11,110,577)</u>	<u>-</u>	<u>(11,110,577)</u>
Business-type activities								
Food service	96,360	-	53,383	36,768	-	-	(6,209)	(6,209)
Total business-type activities	<u>96,360</u>	<u>-</u>	<u>53,383</u>	<u>36,768</u>	<u>-</u>	<u>-</u>	<u>(6,209)</u>	<u>(6,209)</u>
Total primary government	<u>\$ 6,209,244</u>	<u>\$ 5,542,295</u>	<u>\$ 431,006</u>	<u>\$ 203,747</u>	<u>\$ -</u>	<u>(11,110,577)</u>	<u>(6,209)</u>	<u>(11,116,786)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						6,863,399	-	6,863,399
Property taxes levied for debt service						225,750	-	225,750
Federal & state aid not restricted						4,802,972	-	4,802,972
Investment earnings						32,429	60	32,489
Miscellaneous income						17,608	211	17,819
Transfers						(14,144)	14,144	-
Total general revenues, special items & transfers						<u>11,928,014</u>	<u>14,415</u>	<u>11,942,429</u>
Change in net position						817,437	8,206	825,643
Net position - beginning						4,282,389	22,143	4,304,532
Net position - ending						<u>\$ 5,099,826</u>	<u>\$ 30,349</u>	<u>\$ 5,130,175</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 437,153	\$ 11,207	\$ -	\$ -	\$ 448,360
Due from other funds	10,185	-	-	-	10,185
Receivables from other governments					
State	7,746	-	-	-	7,746
Federal	-	10,712	-	-	10,712
Other local governments	9,787	-	-	-	9,787
Other accounts receivable	5,077	-	-	-	5,077
Restricted cash & cash equivalents	<u>2,147,998</u>	<u>-</u>	<u>1,518,611</u>	<u>-</u>	<u>3,666,609</u>
Total assets	<u><u>\$ 2,617,946</u></u>	<u><u>\$ 21,919</u></u>	<u><u>\$ 1,518,611</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,158,476</u></u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
Accounts payable	26,133	4,766	-	-	30,899
Unearned revenue	15,545	17,153	-	-	32,698
Total liabilities	<u>41,678</u>	<u>21,919</u>	<u>1,000</u>	<u>-</u>	<u>64,597</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 107,509	\$ -	\$ -	\$ -	\$ 107,509
Excess surplus - current year	103,002	-	-	-	103,002
Capital reserve	1,772,698	-	-	-	1,772,698
Emergency reserve	75,300	-	-	-	75,300
Maintenance reserve	300,000	-	-	-	300,000
Capital projects	-	-	1,517,611	-	1,517,611
Committed fund balance					
Encumbrances	35,678	-	-	-	35,678
Assigned fund balance					
Designated for subsequent year's expenditures	12,707	-	-	-	12,707
Unassigned fund balance	169,374	-	-	-	169,374
Total fund balances	<u>2,576,268</u>	<u>-</u>	<u>1,517,611</u>	<u>-</u>	<u>4,093,879</u>
Total liabilities and fund balances	<u>\$ 2,617,946</u>	<u>\$ 21,919</u>	<u>\$ 1,518,611</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is \$10,711,433 & the accumulated depreciation is \$3,717,632.	6,993,801
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	250,628
Long-term liabilities, including bonds payable and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds.	(6,160,584)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(77,898)</u>
Total net position of governmental activities	<u>\$ 5,099,826</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 6,863,399	\$ -	\$ -	\$ 225,750	\$ 7,089,149
Tuition charges					
Individuals	196,270	-	-	-	196,270
Other sources	134,820	-	-	-	134,820
Interest	18,067	-	14,362	-	32,429
Rents and royalties	6,283	-	-	-	6,283
Miscellaneous	57,858	-	-	-	57,858
Total local sources	<u>7,276,697</u>	<u>-</u>	<u>14,362</u>	<u>225,750</u>	<u>7,516,809</u>
State sources	1,998,698	-	-	-	1,998,698
Federal sources	-	166,979	-	-	166,979
Total revenues	<u>9,275,395</u>	<u>166,979</u>	<u>14,362</u>	<u>225,750</u>	<u>9,682,486</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,532,039	27,634	-	-	2,559,673
Special education instruction	615,553	97,292	-	-	712,845
Other special instruction	68,379	20,951	-	-	89,330
Other instruction	80,587	-	-	-	80,587
Support service & undistributed costs					
Tuition	324	-	-	-	324
Student & instruction related services					
General & business administrative services	932,236	21,102	-	-	953,338
School administrative services					
Plant operations & maintenance	438,120	-	-	-	438,120
Pupil transportation	153,045	-	-	-	153,045
Unallocated benefits	617,835	-	-	-	617,835
	427,123	-	-	-	427,123
	2,432,834	-	-	-	2,432,834

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 37,453	\$ -	\$ 2,200,620	\$ -	\$ 2,238,073
Debt service					
Principal	-	-	-	215,000	215,000
Interest & other charges	1,183	-	-	10,750	11,933
Total expenditures	<u>8,336,711</u>	<u>166,979</u>	<u>2,200,620</u>	<u>225,750</u>	<u>10,930,060</u>
Excess (deficit) of revenues over (under) expenditures	<u>938,684</u>	<u>-</u>	<u>(2,186,258)</u>	<u>-</u>	<u>(1,247,574)</u>
Other financing sources (uses)					
Bond proceeds	-	-	3,315,000	-	3,315,000
Transfers in	-	-	70,000	-	70,000
Transfers out	(84,144)	-	-	-	(84,144)
Total other financing sources (uses)	<u>(84,144)</u>	<u>-</u>	<u>3,385,000</u>	<u>-</u>	<u>3,300,856</u>
Net change in fund balance	854,540	-	1,198,742	-	2,053,282
Fund balances, July 1	<u>1,721,728</u>	<u>-</u>	<u>318,869</u>	<u>-</u>	<u>2,040,597</u>
Fund balances, June 30	<u>\$ 2,576,268</u>	<u>\$ -</u>	<u>\$ 1,517,611</u>	<u>\$ -</u>	<u>\$ 4,093,879</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net changes in fund balances - governmental fund (from B-2) \$ 2,053,282

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

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 2,238,073	
Depreciation expense	<u>(225,632)</u>	2,012,441

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position & are not reported in the Statement of Activities:

Debt principal payments	215,000
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Proceeds from debt issues are financing sources in the governmental funds. They are not revenue in the Statement of Activities. The issuance of debt increase long-term liabilities in the Statement of Net Position:

Proceeds of bond sale	(3,315,000)
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	4,240
------------------------------	-------

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(95,096)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2018

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reconciling item. \$ (72,971)

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 15,541

Change in net position of governmental activities \$ 817,437

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2018

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 4,997
Receivables from other governments	
State	83
Federal	2,161
Inventory	1,914
Total current assets	<u>9,155</u>
Noncurrent assets	
Capital assets	48,438
Less: accumulated depreciation	<u>24,282</u>
Total noncurrent assets	<u>24,156</u>
Total assets	<u>33,311</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,017
Unearned revenues - prepaid sales	<u>1,945</u>
Total liabilities	<u>2,962</u>
Net position	
Net investment in capital assets	24,156
Unrestricted	<u>6,193</u>
Total net position	<u>\$ 30,349</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 36,774
Daily sales - non-reimbursable programs	16,609
Total operating revenues	53,383
 Operating expenses	
Cost of sales - reimbursable programs	29,919
Cost of sales - non-reimbursable programs	2,866
Commodity food costs	8,802
Salaries	32,305
Support services - employee benefits	4,551
Purchased professional/technical services	1,979
Purchased property services	1,240
Other purchased services	
Insurance	3,087
Management fee	7,621
Supplies and materials	1,139
Depreciation	2,643
Miscellaneous expenditures	208
Total operating expenses	96,360
 Operating income (loss)	(42,977)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	1,007
Federal sources	
National school lunch program	
Cash assistance	26,959
Non cash assistance (commodities)	8,802
Interest earned on investments	60
Miscellaneous	211
Total non-operating revenues (expenses)	37,039
 Other financing sources (uses)	
Operating transfer in	14,144
 Change in net position	8,206
 Net position, beginning	22,143
 Net position, ending	\$ 30,349

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 53,105
Payments to Food Service Management Co.	(79,186)
Payments to vendors (net)	(2,171)
Net cash provided by (used for) operating activities	(28,252)
Cash flows from non-capital financing activities	
State sources	987
Federal sources	26,650
Miscellaneous	211
Net cash provided by (used for) non-capital financing activities	27,848
Cash flows from investing activities	
Interest on investments	60
Net increase (decrease) in cash and cash equivalents	(344)
Cash and cash equivalents, beginning	5,341
Cash and cash equivalents, ending	\$ 4,997
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (42,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	2,643
Federal food donation program	8,802
(Increase) decrease in accounts receivable	3,293
(Increase) decrease in inventory	746
Increase (decrease) in unearned revenue	(759)
Net cash provided by (used for) operating activities	\$ (28,252)

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 157,507	\$ 30,374	\$ 44,137
Due from other funds	8,868	-	-
Total assets	<u>\$ 166,375</u>	<u>\$ 30,374</u>	<u>\$ 44,137</u>
Liabilities			
Due to other funds	\$ -	\$ 8,585	\$ 9,468
Due to student groups	-	21,789	-
Payroll deductions and withholdings	-	-	34,669
Total liabilities	<u>-</u>	<u>\$ 30,374</u>	<u>\$ 44,137</u>
Net position			
Held in trust for unemployment claims & other purposes	<u>\$ 166,375</u>		

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 7,621
Investment earnings - interest	<u>779</u>
Total additions	8,400
Deductions	
Unemployment claims	<u>13</u>
Change in net position	8,387
Net position, beginning of the year	<u>157,988</u>
Net position, end of the year	<u><u>\$ 166,375</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the East Amwell School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2018 of 345 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, 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, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal years 2017-2018 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The 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 District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. 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 credits, grantors, or laws or regulations of their 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.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2018, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2018, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,213,804
Total bank balances	<u>\$ 4,463,804</u>

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 4,351,984</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 448,360
Enterprise funds, Statement of Net Position	B-4	4,997
Fiduciary funds, Statement of Net Position	B-7	232,018
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	3,666,609
Total cash and cash equivalents		<u>\$ 4,351,984</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 462,026	\$ -	\$ -	\$ 462,026
Construction in progress	219,620	2,200,620	-	2,420,240
Total	<u>681,646</u>	<u>2,200,620</u>	<u>-</u>	<u>2,882,266</u>
Capital assets, being depreciated				
Land improvements	122,047	-	-	122,047
Building & improvements	6,996,325	14,132	-	7,010,457
Furniture & equipment	673,342	23,321	-	696,663
Total	<u>7,791,714</u>	<u>37,453</u>	<u>-</u>	<u>7,829,167</u>
Accumulated depreciation				
Land improvements	81,378	5,909	-	87,287
Building & improvements	3,015,046	174,944	-	3,189,990
Furniture & equipment	395,576	44,779	-	440,355
Total	<u>3,492,000</u>	<u>225,632</u>	<u>-</u>	<u>3,717,632</u>
Total capital assets, being depreciated, net	<u>4,299,714</u>	<u>(188,179)</u>	<u>-</u>	<u>4,111,535</u>
Governmental activities capital assets, net	<u>\$ 4,981,360</u>	<u>\$ 2,012,441</u>	<u>\$ -</u>	<u>\$ 6,993,801</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 34,294	\$ 14,144	\$ -	\$ 48,438
Less: accumulated depreciation	21,639	2,643	-	24,282
Business type activities capital assets, net	<u>\$ 12,655</u>	<u>\$ 11,501</u>	<u>\$ -</u>	<u>\$ 24,156</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 111,749
Special education	30,845
Other special instruction	4,301
Other instruction	3,521
Support services	
Student & instruction	41,655
General & business administration	19,143
School administration	6,687
Plant maintenance	7,731
Total depreciation expense, governmental activities	\$ 225,632

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 215,000	\$ 3,315,000	\$ 215,000	\$ 3,315,000	\$ 110,000
Compensated absences payable	387,582	-	15,541	372,041	-
PERS net pension liability	3,120,884	-	651,581	2,469,303	-
Bond premium	8,480	-	4,240	4,240	4,240
Total governmental activities long-term liabilities	\$ 3,731,946	\$ 3,315,000	\$ 886,362	\$ 6,160,584	\$ 114,240

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 110,000	\$ 130,505	\$ 240,505
2020	130,000	88,850	218,850
2021	135,000	86,250	221,250
2022	140,000	83,550	223,550
2023	140,000	80,750	220,750
Thereafter	2,660,000	694,469	3,354,469
Total	\$ 3,315,000	\$ 1,164,374	\$ 4,479,374

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2018, with their outstanding balances are comprised of the following individual issues:

\$3,315,000 - 2018 refunding general obligation bonds, due in annual installments of \$110,000 to \$220,000, beginning January 15, 2019, through January 15, 2038, interest at 2.00% to 3.125%.	<u>\$ 3,315,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$21,792,777. General obligation debt at June 30, 2018 is \$3,315,000 bonds issued, resulting in a legal debt margin of \$18,477,777.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2017:

	2017
Total pension liability	\$ 4,757,804
Plan fiduciary net position	2,288,501
Net pension liability	\$ 2,469,303

Plan fiduciary net position as a percentage of the total pension liability 48.10%

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

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

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

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

Discount rate

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

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

<u>District's Proportionate Share of the Net Pension Liability</u>	2017
At current discount rate (5.00%)	\$ 2,469,303
At a 1% lower rate (4.00%)	3,063,338
At a 1% higher rate (6.00%)	1,974,398

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,144	\$ -
Changes of assumptions	497,479	495,656
Net difference between projected and actual earnings on pension plan investments	16,814	-
Changes in proportion and differences between District contributions and proportionate share of contributions	131,698	56,120
District contributions subsequent to the measurement date	98,269	-
Total	\$ 802,404	\$ 551,776

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2018, the plan measurement date is June 30, 2017) of \$98,269 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected & actual experience	\$ 58,426	\$ 18,032	\$ 18,314	\$ 58,144
Changes of Assumptions	650,792	-	153,313	497,479
Differences between projected and actual investment earnings on pension plan investments	119,796	(105,841)	(2,859)	16,814
Deferred Inflows of Resources				
Changes of Assumptions	-	(606,293)	(110,637)	(495,656)
Net of deferred outflows	<u>\$ 829,014</u>	<u>\$ (694,102)</u>	<u>\$ 58,131</u>	<u>\$ 76,781</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year Ended June 30,

2018	\$ 58,130
2019	87,719
2020	53,153
2021	(70,694)
2022	(51,527)
Total	<u>\$ 76,781</u>

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of \$193,535, which represents the District's proportionate share of allocable plan pension expense of \$178,106 plus the net amortization of deferred amounts from changes in proportion of \$20,085, and less other adjustments to the net pension liability of \$4,656. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2017 are as follows:

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (continued)

Service cost	\$	115,172
Interest on total pension liability		209,001
Member contributions		(54,787)
Administrative expense		1,434
Expected investment return net of investment expense		(149,225)
Pension expense related to specific liabilities of individual employers		(1,620)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		42,675
Amortization of expected versus actual experience		18,314
Amortization of projected versus actual investment earnings on pension plan investments		(2,858)
Pension expense	<u>\$</u>	<u>178,106</u>

B. Teacher's pension and annuity fund (TPAF)

Plan description

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

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 10-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 enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10-years of service credit and have not reached the service retirement age for the respective Tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ended June 30, 2017, the State of New Jersey contributed \$403,833 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Special funding situation (continued)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ended June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 24,247,579
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	1,679,749
Non-employer contribution	403,833
 Allocable proportionate percentage	 .0359630408%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2017 are as follows:

Service cost	\$ 1,085,237
Interest on total pension liability	1,184,243
Member contributions	(283,355)
Administrative expense	4,273
Expected investment return net of investment expense	(575,801)
Pension expense related to specific liabilities of individual employers	(128)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	259,363
Amortization of expected versus actual experience	19,110
Amortization of projected versus actual investment earnings on pension plan investments	(13,193)
Pension expense	\$ 1,679,749

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 32,509,059
Plan fiduciary net position	8,261,480
Net pension liability	\$ 24,247,579

Plan fiduciary net position as a percentage of the total pension liability	25.41%
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The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

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

Long-term expected rate of return

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

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

Discount rate

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

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

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 24,247,579
At a 1% lower rate (3.25%)	28,806,884
At a 1% higher rate (5.25%)	20,491,603

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2018 was \$3,411.

D. Other pension plan information

During the year ended June 30, 2018, the State of New Jersey contributed \$335,015 to the TPAF for post-retirement medical benefits, \$12,289 for non-contributory insurance premiums, \$328 for long-term disability insurance, and \$506,407 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$252,913 during the year ended June 30, 2018 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 6 of PL 1990 required TPAF and 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. Chapter 103 of PL 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description - The School District participates in the State Health Benefits Program (SHBP), a multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to state employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to employees, retirees, and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a Resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. 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 SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at (www.nj.gov/treasury/pensions).

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Funding Policy - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Total OPEB liability - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	20,862,672
Employer pension expense and related revenue	1,124,525
Allocable proportionate percentage	.038893985%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 22,568,377
Service cost	759,427
Interest cost	658,257
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(2,657,959)
Member contributions	17,794
Gross benefit payments	(483,224)
Total OPEB liability at June 30, 2017	\$ 20,862,672

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

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

Inflation rate		2.50%
	TPAF	PERS
	(based on years	(based on age)
Salary increases	of service)	
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

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

Health care trend assumptions

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

Discount rate

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 20,862,672
At a 1% lower rate (2.58%)	24,765,497
At a 1% higher rate (4.58%)	17,766,914

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 20,862,672
At a 1% lower rate (1% decrease)	17,157,531
At a 1% higher rate (1% increase)	25,783,056

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$1,124,525 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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:

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation (continued)
 Equitable
 Variable Annuity Life Insurance Co.
 Lincoln Investment Planning
 Great American Insurance Group
 Metropolitan Life

Note 9 - Interfund receivable and payables
 The composition of interfund balances as of June 30, 2018 is as follows:

	Receivable	Payable
General fund	\$ 10,185	\$ -
Payroll agency fund	-	9,468
Capital project fund	-	1,000
Student activity fund	-	8,585
Unemployment compensation fund	8,868	-
	\$ 19,053	\$ 19,053

The balance due from the capital project fund of \$1,000 and payroll agency of \$600 to the general fund represent loans for cash flow purposes. The balance due from payroll agency to unemployment of \$8,868 represents withholdings not yet transferred as of year-end. Student activity fund due to general fund for \$8,585 to reimburse camp trip costs.

Note 10 - Inventory
 Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 1,429
Supplies	485
Total	\$ 1,914

Note 11 - Contingent liabilities
 The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in 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 District expects such amount, if any, to be immaterial.

Note 12 - Risk management
 The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2017 - 2018	\$ -	\$ 779	\$ 7,621	\$ 13	\$ 166,375
2016 - 2017	15,500	288	8,235	-	157,988
2015 - 2016	-	252	7,459	-	133,965

Note 13 - Legal reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C.6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$885,000 to their capital reserve account and \$50,000 to their maintenance reserve account by Board Resolution in June 2018 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts (continued)

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 956,198	\$ 885,000	\$ 1,500	\$ -	\$ 70,000	\$ 1,772,698
Emergency	75,300	-	-	-	-	75,300
Maintenance	250,000	50,000	-	-	-	300,000
Total	<u>\$ 1,281,498</u>	<u>\$ 935,000</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 2,147,998</u>

Note 14 - Fund balances

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the General fund balance on June 30, 2018 is as follows:

	<u>2018</u>
Restricted	
Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 107,509
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	103,002
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,772,698
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	75,300
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	300,000
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	35,678
Assigned	
Designated surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	12,707
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	<u>257,746</u>
Total fund balance - budgetary basis (Exhibit C-1)	<u>2,664,640</u>
Last state aid payments not recognized on GAAP basis	<u>(88,372)</u>
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 2,576,268</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$103,002.

Note 16 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the date of this report.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of (\$2,244,584) on Schedule A-1 Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 18 - Subsequent events

The District has evaluated subsequent events through February 4, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 6,863,399	\$ -	\$ 6,863,399	\$ 6,863,399	\$ -
Tuition from individuals	100,000	-	100,000	134,820	34,820
Tuition from other LEAs within the state	75,000	-	75,000	196,270	121,270
Rents and royalties	-	-	-	6,283	6,283
Unrestricted miscellaneous revenues	22,100	-	22,100	74,425	52,325
Interest earned on capital reserve funds	1,000	-	1,000	1,500	500
Total	7,061,499	-	7,061,499	7,276,697	215,198
State sources					
School choice aid	293,920	-	293,920	293,920	-
Categorical transportation aid	181,957	-	181,957	181,957	-
Extraordinary aid	-	-	-	4,266	4,266
Categorical special education aid	280,435	-	280,435	280,435	-
Categorical security aid	37,939	-	37,939	37,939	-
Adjustment aid	98,275	-	98,275	80,216	(18,059)
PARCC readiness aid	3,620	-	3,620	3,620	-
Per pupil growth aid	3,620	-	3,620	3,620	-
Professional learning community aid	3,160	-	3,160	3,160	-
Other state aid	-	-	-	3,480	3,480
TPAF pension (on-behalf)	-	-	-	518,696	518,696
TPAF social security (reimbursed)	-	-	-	252,913	252,913
TPAF post retirement benefits	-	-	-	335,015	335,015
TPAF long-term disability insurance	-	-	-	328	328
Total	902,926	-	902,926	1,999,565	1,096,639
Total revenues	\$ 7,964,425	\$ -	\$ 7,964,425	\$ 9,276,262	\$ 1,311,837
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 52,640	\$ -	\$ 52,640	\$ 52,359	\$ 281
Kindergarten	155,787	60	155,847	152,864	2,983
Grades 1-5	1,119,435	(60)	1,119,375	1,090,377	28,998
Grades 6-8	933,353	(1,875)	931,478	917,911	13,567
Home instruction					
Salaries of teacher	1,200	-	1,200	-	1,200
Other purchased services	150	-	150	-	150
Regular programs - undistributed instruction					
Other salaries for instruction	21,548	-	21,548	18,332	3,216
Purchased professional - educational services	500	-	500	-	500
Purchased technical services	58,670	(9,175)	49,495	34,937	14,558
Other purchased services	95,610	(4,725)	90,885	82,962	7,923
General supplies	191,341	(8,935)	182,406	164,011	18,395
Other objects	11,904	6,400	18,304	18,286	18
Total	2,642,138	(18,310)	2,623,828	2,532,039	91,789

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 345,566	\$ -	\$ 345,566	\$ 321,350	\$ 24,216
Other salaries for instruction	95,532	1,000	96,532	74,766	21,766
Other purchased services	5,750	(1,000)	4,750	-	4,750
General supplies	6,919	(900)	6,019	4,554	1,465
Textbooks	718	-	718	-	718
Total	454,485	(900)	453,585	400,670	52,915
Autism					
Salaries of teachers	67,536	-	67,536	65,971	1,565
Other salaries for instruction	26,115	-	26,115	16,818	9,297
General supplies	1,057	2,950	4,007	3,979	28
Other objects	3,750	-	3,750	2,250	1,500
Total	98,458	2,950	101,408	89,018	12,390
Preschool disabilities - full-time					
Salaries of teachers	48,804	8,255	57,059	48,645	8,414
Other salaries for instruction	60,003	10,375	70,378	70,020	358
Purchased professional - educational services	15,000	(630)	14,370	6,227	8,143
General supplies	1,008	-	1,008	973	35
Total	124,815	18,000	142,815	125,865	16,950
Total special education	677,758	20,050	697,808	615,553	82,255
Basic skills/remedial					
Salaries of teachers	68,025	-	68,025	66,490	1,535
Other purchased services	225	-	225	-	225
General supplies	832	1,060	1,892	1,889	3
Total	69,082	1,060	70,142	68,379	1,763
School-sponsored co/extra curricular activities - instruction					
Salaries	39,166	200	39,366	39,350	16
Purchased services	500	(100)	400	-	400
Supplies and materials	1,500	1,500	3,000	2,994	6
Other objects	500	(50)	450	75	375
Total	41,666	1,550	43,216	42,419	797
School-sponsored athletics - instruction					
Salaries	38,036	(200)	37,836	34,144	3,692
Purchased services	3,500	-	3,500	3,025	475
Supplies and materials	6,000	(1,350)	4,650	999	3,651
Other objects	500	-	500	-	500
Total	48,036	(1,550)	46,486	38,168	8,318
Total instruction regular	\$ 3,478,680	\$ 2,800	\$ 3,481,480	\$ 3,296,558	\$ 184,922

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 30,000	\$ (18,059)	\$ 11,941	\$ 324	\$ 11,617
Total	<u>30,000</u>	<u>(18,059)</u>	<u>11,941</u>	<u>324</u>	<u>11,617</u>
Undistributed expenditures - health services					
Salaries	97,060	250	97,310	93,707	3,603
Purchased professional and technical services	13,080	(450)	12,630	10,787	1,843
Other purchased services	580	-	580	372	208
Supplies and materials	4,208	200	4,408	4,392	16
Other objects	174	-	174	174	-
Total	<u>115,102</u>	<u>-</u>	<u>115,102</u>	<u>109,432</u>	<u>5,670</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	63,925	28,890	92,815	90,530	2,285
Purchased professional - educational services	60,000	(28,890)	31,110	19,900	11,210
Supplies and materials	524	-	524	401	123
Other objects	400	-	400	249	151
Total	<u>124,849</u>	<u>-</u>	<u>124,849</u>	<u>111,080</u>	<u>13,769</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	5,000	-	5,000	1,887	3,113
Purchased professional - educational services	2,000	-	2,000	-	2,000
Supplies and materials	750	-	750	-	750
Total	<u>7,750</u>	<u>-</u>	<u>7,750</u>	<u>1,887</u>	<u>5,863</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	98,042	-	98,042	94,788	3,254
Other purchased services	299	-	299	33	266
Supplies and materials	5,670	(10)	5,660	2,737	2,923
Other objects	150	-	150	108	42
Total	<u>104,161</u>	<u>(10)</u>	<u>104,151</u>	<u>97,666</u>	<u>6,485</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	207,599	11,450	219,049	218,937	112
Salaries of secretarial and clerical assistants	38,680	(1,000)	37,680	36,490	1,190
Other salaries	22,393	-	22,393	21,197	1,196
Purchased professional - educational services	2,500	(744)	1,756	1,522	234
Other purchased professional & technical services	6,200	-	6,200	6,101	99
Other purchased services	1,000	-	1,000	-	1,000
Miscellaneous purchased service	2,560	-	2,560	2,556	4
Supplies and materials	3,000	3,100	6,100	6,083	17
Other objects	250	-	250	-	250
Total	<u>284,182</u>	<u>12,806</u>	<u>296,988</u>	<u>292,886</u>	<u>4,102</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	\$ 9,364	\$ (2,000)	\$ 7,364	\$ 954	\$ 6,410
Salaries of secretarial & clerical assist	5,218	1,875	7,093	7,083	10
Other salaries	108,495	(10,800)	97,695	81,816	15,879
Other purchased services	1,673	170	1,843	1,839	4
Supplies and materials	500	(170)	330	64	266
Other objects	1,395	-	1,395	1,369	26
Total	126,645	(10,925)	115,720	93,125	22,595
Undistributed expenditures - edu. media service/sch. library					
Salaries	86,835	-	86,835	83,241	3,594
Salaries of technology coordinators	87,408	-	87,408	83,953	3,455
Purchased professional and technical services	60,500	-	60,500	41,145	19,355
Other purchased services	1,900	-	1,900	1,575	325
Supplies and materials	14,700	-	14,700	9,958	4,742
Other objects	105	-	105	100	5
Total	251,448	-	251,448	219,972	31,476
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	-	700	700	700	-
Other purchased services	10,000	(700)	9,300	4,628	4,672
Supplies and materials	500	361	861	860	1
Other objects	450	(361)	89	-	89
Total	10,950	-	10,950	6,188	4,762
Undistributed expend. - support service - general admin.					
Salaries	177,749	18,630	196,379	196,168	211
Legal services	5,652	5,020	10,672	9,357	1,315
Audit fees	15,900	(50)	15,850	15,850	-
Architectural/engineering services	2,500	(2,500)	-	-	-
Other purchased professional services	-	3,455	3,455	3,453	2
Communications/telephone	14,433	(4,398)	10,035	9,238	797
BOE other purchased services	1,700	290	1,990	1,982	8
Misc purchased services	15,700	3,333	19,033	18,425	608
General supplies	3,500	(1,100)	2,400	2,335	65
BOE in-house training/meeting supplies	200	-	200	99	101
BOE membership dues and fees	4,300	(60)	4,240	4,237	3
Total	241,634	22,620	264,254	261,144	3,110
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	93,525	3,960	97,485	97,357	128
Salaries of secretarial and clerical assistants	46,856	125	46,981	45,169	1,812
Other purchased services	3,023	220	3,243	3,236	7
Supplies and materials	4,000	(1,545)	2,455	1,249	1,206
Other objects	2,200	-	2,200	1,944	256
Total	149,604	2,760	152,364	148,955	3,409

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 153,869	\$ 8,705	\$ 162,574	\$ 160,824	\$ 1,750
Purchased professional services	8,135	2,780	10,915	10,912	3
Purchased technical services	1,100	(1,100)	-	-	-
Miscellaneous purchased services	1,375	875	2,250	2,249	1
Supplies and materials	1,000	(190)	810	806	4
Other objects	1,950	235	2,185	2,185	-
Total	167,429	11,305	178,734	176,976	1,758
Undistributed expenditures - admin. info. technology					
Purchased professional services	-	4,790	4,790	4,090	700
Purchased technical services	4,790	(4,790)	-	-	-
Total	4,790	-	4,790	4,090	700
Undistributed expend. - required maint. for school facilities					
Salaries	62,184	17,344	79,528	67,399	12,129
Cleaning, repair, and maintenance services	101,000	(20,800)	80,200	31,796	48,404
General supplies	2,000	-	2,000	258	1,742
Total	165,184	(3,456)	161,728	99,453	62,275
Undistributed expenditures - custodial services					
Salaries	207,817	(4,400)	203,417	203,416	1
Purchased professional and technical services	30,360	-	30,360	21,735	8,625
Cleaning, repair, and maintenance service	26,500	8,000	34,500	29,991	4,509
Insurance	34,327	(3,800)	30,527	30,514	13
Miscellaneous purchased services	500	-	500	500	-
General supplies	43,000	(4,900)	38,100	34,387	3,713
Energy (natural gas)	50,000	(2,500)	47,500	32,266	15,234
Energy (electricity)	102,050	(15,650)	86,400	69,739	16,661
Other objects	2,000	-	2,000	1,833	167
Total	496,554	(23,250)	473,304	424,381	48,923
Undistributed expenditures - care and upkeep of grounds					
Salaries	61,052	14,720	75,772	75,739	33
Purchased professional and technical services	4,000	(3,000)	1,000	-	1,000
Cleaning, repair, and maintenance service	4,000	-	4,000	2,844	1,156
General supplies	9,116	-	9,116	8,513	603
Other objects	1,000	-	1,000	-	1,000
Total	79,168	11,720	90,888	87,096	3,792
Undistributed expenditures - security					
Purchased professional and technical services	14,300	(6,950)	7,350	3,382	3,968
Cleaning, repair, and maintenance service	2,500	-	2,500	175	2,325
General supplies	1,250	3,900	5,150	3,348	1,802
Other objects	5,000	(2,000)	3,000	-	3,000
Total	23,050	(5,050)	18,000	6,905	11,095

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	\$ 10,084	\$ 47	\$ 10,131	\$ 10,130	\$ 1
Management fee - esc & ctsa trans. program	1,000	(17)	983	-	983
Contract service-aid in lieu pymts - non-public schools	13,260	2,740	16,000	5,000	11,000
Contract serv-aid in lieu pymts-choice school students	5,264	736	6,000	3,000	3,000
Contr service (oth. than between home & school) - vend	25,000	-	25,000	21,299	3,701
Contr service (between home & school) - joint agreements	353,507	35,000	388,507	387,694	813
Contract service (sp ed stds) - joint agreements	15,000	(12,826)	2,174	-	2,174
Contract service (spl. ed. students) - escs & ctsas	29,000	(29,000)	-	-	-
Total	452,115	(3,320)	448,795	427,123	21,672
Unallocated benefits - employee benefits					
Social security contributions	91,600	2,281	93,881	93,881	-
Other retirement contributions - PERS	117,431	(18,301)	99,130	99,082	48
Other retirement contributions - ERIP	-	3,801	3,801	3,800	1
Workmen's compensation	43,018	(2,281)	40,737	39,783	954
Health benefits	1,082,108	(17,644)	1,064,464	978,699	85,765
Tuition reimbursement	33,005	-	33,005	23,113	9,892
Other employee benefits	47,764	-	47,764	43,464	4,300
Unused sick payment to terminated/retired staff	49,100	-	49,100	44,060	5,040
Total	1,464,026	(32,144)	1,431,882	1,325,882	106,000
On-behalf TPAF pension contribution	-	-	-	518,696	(518,696)
On-behalf TPAF post retirement medical benefits	-	-	-	335,015	(335,015)
On-behalf TPAF long-term disability insurance	-	-	-	328	(328)
Reimbursed TPAF social security contribution	-	-	-	252,913	(252,913)
Total	-	-	-	1,106,952	(1,106,952)
Total undistributed expenditures	\$ 4,298,641	\$ (35,003)	\$ 4,263,638	\$ 5,001,517	\$ (737,879)
Total current	\$ 7,777,321	\$ (32,203)	\$ 7,745,118	\$ 8,298,075	\$ (552,957)
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 3,325	\$ 3,325	\$ 3,325	\$ -
Undistributed expenditures - school admin.	8,440	-	8,440	8,440	-
Undistributed expenditures - admin. info. technology	13,500	-	13,500	-	13,500
Undistributed expend. - required maint. for school facilities	-	28,277	28,277	14,132	14,145
Undistributed expenditures - custodial services	75,000	(11,569)	63,431	11,556	51,875
Undistributed expenditures - security	24,000	(7,033)	16,967	-	16,967
Undistributed expenditures - non-instructional service	13,000	(13,000)	-	-	-
Total equipment	133,940	-	133,940	37,453	96,487
Facilities acquisition and construction service					
Construction services	70,000	(70,000)	-	-	-
Assessment for debt service on SDA funding	1,183	-	1,183	1,183	-
Total facilities acquisition and construction service	71,183	(70,000)	1,183	1,183	-

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Total capital outlay	\$ 205,123	\$ (70,000)	\$ 135,123	\$ 38,636	\$ 96,487
Total expenditures	\$ 7,982,444	\$ (102,203)	\$ 7,880,241	\$ 8,336,711	\$ (456,470)
Excess (deficiency) of revenues over (under) expenditures	\$ (18,019)	\$ 102,203	\$ 84,184	\$ 939,551	\$ 855,367
Other financing sources (uses)					
Operating transfer out					
Transfer to food service fund - board contribution	-	(14,144)	(14,144)	(14,144)	-
Capital reserve - transfer to capital projects fund	-	(70,000)	(70,000)	(70,000)	-
Total other financing sources (uses)	-	(84,144)	(84,144)	(84,144)	-
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(18,019)	18,059	40	855,407	855,367
Fund balances, July 1	1,809,233	-	1,809,233	1,809,233	-
Fund balances, June 30	\$ 1,791,214	\$ 18,059	\$ 1,809,273	\$ 2,664,640	\$ 855,367
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (32,200)	\$ -	\$ (32,200)	\$ (32,200)	\$ -
Increase in capital reserve	60,000	825,000	885,000	885,000	-
Interest deposit to capital reserve	1,000	-	1,000	1,500	500
Withdrawal from capital reserve	-	(70,000)	(70,000)	(70,000)	-
Increase in maintenance reserve	78,500	(28,500)	50,000	50,000	-
Budgeted fund balance	(125,319)	(708,441)	(833,760)	21,107	854,867
Total	\$ (18,019)	\$ 18,059	\$ 40	\$ 855,407	\$ 855,367
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 107,509	
Excess surplus - current year				103,002	
Capital reserve				1,772,698	
Emergency reserve				75,300	
Maintenance reserve				300,000	
Committed fund balance					
Year-end encumbrances				35,678	
Assigned fund balance					
Designated for subsequent year's expenditures				12,707	
Unassigned fund balance				257,746	
Fund balance per budgetary basis				2,664,640	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(88,372)	
Fund balance per governmental funds (GAAP)				\$ 2,576,268	

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 17,152	\$ -	\$ 17,152	\$ -	\$ (17,152)
State sources	3,810	-	3,810	-	(3,810)
Federal sources	<u>178,785</u>	<u>-</u>	<u>178,785</u>	<u>166,979</u>	<u>(11,806)</u>
Total revenues	<u><u>\$ 199,747</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 199,747</u></u>	<u><u>\$ 166,979</u></u>	<u><u>\$ (32,768)</u></u>
Expenditures					
Instruction					
Salaries	\$ 116,746	\$ -	\$ 116,746	\$ 116,746	\$ -
Purchased professional & technical services	22,657	-	22,657	10,912	11,745
General supplies	<u>25,962</u>	<u>(417)</u>	<u>25,545</u>	<u>4,522</u>	<u>21,023</u>
Total	<u><u>165,365</u></u>	<u><u>(417)</u></u>	<u><u>164,948</u></u>	<u><u>132,180</u></u>	<u><u>32,768</u></u>
Support services					
Employee benefits	13,697	-	13,697	13,697	-
Purchased professional & technical services	14,939	417	15,356	15,356	-
Travel	3,746	-	3,746	3,746	-
General supplies	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total	<u><u>34,382</u></u>	<u><u>417</u></u>	<u><u>34,799</u></u>	<u><u>34,799</u></u>	<u><u>-</u></u>
Total expenditures	<u><u>\$ 199,747</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 199,747</u></u>	<u><u>\$ 166,979</u></u>	<u><u>\$ 32,768</u></u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 9,276,262	\$ 166,979
Difference - Budget to GAAP		
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 expenses (GASB 33)		
State aid receivable prior year	87,505	-
State aid receivable current year	(88,372)	-
Total revenues (GAAP Basis)	<u>\$ 9,275,395</u>	<u>\$ 166,979</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 8,336,711</u>	<u>\$ 166,979</u>
Total expenditures (GAAP Basis)	<u>\$ 8,336,711</u>	<u>\$ 166,979</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0106076987%	0.0105374274%	0.0102056245%	0.0093651566%	0.0101401554%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,469,303	\$ 3,120,884	\$ 2,290,958	\$ 1,753,413	\$ 1,937,985	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	786,750	724,564	720,740	701,394	623,478	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	313.86%	430.73%	317.86%	249.99%	310.83%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 98,269	\$ 93,975	\$ 87,741	\$ 77,205	\$ 76,404	\$ 78,816	\$ 75,557	\$ 75,832	\$ 58,495	\$ 54,546
Contributions in relation to the contractually required contribution	(98,269)	(93,975)	(87,741)	(77,205)	(76,404)	(78,816)	(75,557)	(75,832)	(58,495)	(54,546)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 689,472	\$ 786,750	\$ 724,564	\$ 720,740	\$ 701,394	\$ 623,478	\$ 710,120	\$ 690,413	\$ 678,058	\$ 643,547
Contributions as a percentage of covered employee payroll	14.25%	11.94%	12.11%	10.71%	10.89%	12.64%	10.64%	10.98%	8.63%	8.48%

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	24,247,579	27,881,315	23,419,537	19,825,900	19,015,161	N/A	N/A	N/A	N/A
Total	\$ -	\$ 24,247,579	\$ 27,881,315	\$ 23,419,537	\$ 19,825,900	\$ 19,015,161	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 3,594,070	\$ 3,594,916	\$ 3,698,702	\$ 3,598,130	\$ 3,671,307	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 518,696	\$ 404,513	\$ 283,767	\$ 200,326	\$ 156,927	\$ 243,115	\$ 124,207	\$ 11,458	\$ 11,591	\$ 10,466
Contributions in relation to the contractually required contribution	(518,696)	(404,513)	(283,767)	(200,326)	(156,927)	(243,115)	(124,207)	(11,458)	(11,591)	(10,466)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,555,516	\$ 3,594,070	\$ 3,594,916	\$ 3,698,702	\$ 3,598,130	\$ 3,671,307	\$ 3,656,942	\$ 3,613,955	\$ 3,824,073	\$ 3,623,846
Contributions as a percentage of covered employee payroll	14.59%	11.26%	7.89%	5.42%	4.36%	6.62%	3.40%	0.32%	0.30%	0.29%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	20,862,672	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 20,862,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 4,380,820	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total other post employment employee benefits liability	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2018

- Note 1 - Special funding situation - TPAF and other post-retirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other post-retirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits
For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title IV	Small, Rural School Achievement	Total
Revenues							
Federal sources	\$ 91,153	\$ 6,139	\$ 20,951	\$ 5,746	\$ 9,939	\$ 33,051	\$ 166,979
Total revenues	\$ 91,153	\$ 6,139	\$ 20,951	\$ 5,746	\$ 9,939	\$ 33,051	\$ 166,979
Expenditures							
Instruction							
Salaries	\$ 84,675	\$ 5,703	\$ 16,368	\$ -	\$ -	\$ 10,000	\$ 116,746
Purchased professional & technical services	-	-	-	-	-	10,912	10,912
General supplies	-	-	-	-	4,522	-	4,522
Total	84,675	5,703	16,368	-	4,522	20,912	132,180
Support services							
Employee benefits	6,478	436	4,583	-	-	2,200	13,697
Purchased professional & technical services	-	-	-	-	5,417	9,939	15,356
Travel	-	-	-	3,746	-	-	3,746
General supplies	-	-	-	2,000	-	-	2,000
Total	6,478	436	4,583	5,746	5,417	12,139	34,799
Total expenditures	\$ 91,153	\$ 6,139	\$ 20,951	\$ 5,746	\$ 9,939	\$ 33,051	\$ 166,979

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2018

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Trailer replacement, permanent facilities, and bathroom renovations project	5/16/2017	\$ 3,885,000	\$ 181,131	\$ 2,200,620	\$ 1,503,249
		<u>\$ 3,885,000</u>	<u>\$ 181,131</u>	<u>\$ 2,200,620</u>	<u>\$ 1,503,249</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Net Position - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

Revenues and other financing sources	
Local sources	
Transfers from other funds	\$ 70,000
Bond proceeds	3,315,000
Interest earnings	14,362
Total revenues	<u>3,399,362</u>
Expenditures and other financing uses	
Purchased professional services	84,863
Fees and permits	1,687
Construction services	2,052,989
Other purchased services	61,081
Total expenditures	<u>2,200,620</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,198,742
Net position - beginning	<u>318,869</u>
Net position - ending	<u>\$ 1,517,611</u>
Analysis of balance	
Capital project fund balance	\$ 1,503,249
Interest earnings	14,362
	<u>\$ 1,517,611</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Trailer Replacement, Permanent Facilities, and Bathroom Renovations Project
For the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers from other funds	\$ 500,000	\$ 70,000	\$ 570,000	\$ 570,000
Bond proceeds	-	3,315,000	3,315,000	3,315,000
Total revenues	<u>500,000</u>	<u>3,385,000</u>	<u>3,885,000</u>	<u>3,885,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	170,759	84,863	255,622	307,350
Fees and permits	10,372	1,687	12,059	33,860
Construction services	-	2,052,989	2,052,989	3,158,900
Construction contingency	-	-	-	314,890
Other purchased services	-	61,081	61,081	70,000
Total expenditures	<u>181,131</u>	<u>2,200,620</u>	<u>2,381,751</u>	<u>3,885,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 318,869</u>	<u>\$ 1,184,380</u>	<u>\$ 1,503,249</u>	<u>\$ -</u>

Additional Project Information

Project number	1160-050-16-1000
Project authorization date	5/16/2017
Bonds authorized	1/24/2017
Bonds issued	\$ 3,315,000
Original authorized cost	\$ 3,815,000
Additional authorized cost	\$ 70,000
Revised authorized cost	\$ 3,885,000
Percentage completion	61.31%

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

The Proprietary Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Food Service Enterprise Fund
Statement of Net Position
June 30, 2018

Assets		
Current assets		
Cash and cash equivalents	\$	4,997
Receivables from other governments		
State		83
Federal		2,161
Inventory		1,914
Total current assets		<u>9,155</u>
Noncurrent assets		
Capital assets		48,438
Less: accumulated depreciation		<u>24,282</u>
Total noncurrent assets		<u>24,156</u>
Total assets		<u>33,311</u>
Liabilities		
Current liabilities		
Unearned revenues - commodities		1,017
Unearned revenues - prepaid sales		1,945
Total liabilities		<u>2,962</u>
Net position		
Net investment in capital assets		24,156
Unrestricted		<u>6,193</u>
Total net position	\$	<u><u>30,349</u></u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Food Service Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2018

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 36,774
Daily sales - non-reimbursable programs	16,609
Total operating revenues	<u>53,383</u>
Operating expenses	
Cost of sales - reimbursable programs	29,919
Cost of sales - non-reimbursable programs	2,866
Commodity food costs	8,802
Salaries	32,305
Support services - employee benefits	4,551
Purchased professional/technical services	1,979
Purchased property services	1,240
Other purchased services	
Insurance	3,087
Management fee	7,621
Supplies and materials	1,139
Depreciation	2,643
Miscellaneous expenditures	208
Total operating expenses	<u>96,360</u>
Operating income (loss)	<u>(42,977)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,007
Federal sources	
National school lunch program	
Cash assistance	26,959
Non-cash assistance (commodities)	8,802
Interest earned on investments	60
Miscellaneous	211
Total non-operating revenues (expenses)	<u>37,039</u>
Other financing sources (uses)	
Operating transfer in	<u>14,144</u>
Change in net position	8,206
Net position, beginning	22,143
Net position, ending	<u>\$ 30,349</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Food Service Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Cash flows from operating activities	
Receipts from customers (net)	\$ 53,105
Payments to Food Service Management Co.	(79,186)
Payments to vendors (net)	<u>(2,171)</u>
Net cash provided by (used for) operating activities	<u>(28,252)</u>
Cash flows from non-capital financing activities	
State sources	987
Federal sources	26,650
Miscellaneous	<u>211</u>
Net cash provided by (used for) non-capital financing activities	<u>27,848</u>
Cash flows from investing activities	
Interest on investments	<u>60</u>
Net increase (decrease) in cash and cash equivalents	(344)
Cash and cash equivalents, beginning	<u>5,341</u>
Cash and cash equivalents, June ending	<u><u>\$ 4,997</u></u>
Reconciliation of operating income (loss) to net cash provided	
by (used for) operating activities	
Operating income (loss)	\$ (42,977)
Adjustments to reconcile operating income (loss)	
to net cash provided by (used for) operating activities	
Depreciation	2,643
Federal food donation program	8,802
(Increase) decrease in accounts receivable	3,293
(Increase) decrease in inventory	746
Increase (decrease) in unearned revenue	<u>(759)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (28,252)</u></u>

See independent auditors' report.

FIDUCIARY FUNDS

DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 157,507	\$ 30,374	\$ 44,137	\$ 232,018
Due from other funds	8,868	-	-	8,868
Total assets	\$ 166,375	\$ 30,374	\$ 44,137	\$ 240,886
Liabilities				
Due to other funds	\$ -	\$ 8,585	\$ 9,468	\$ 18,053
Due to students groups	-	21,789	-	21,789
Payroll deductions & withholdings	-	-	34,669	34,669
Total liabilities	-	\$ 30,374	\$ 44,137	74,511
Net position				
Held in trust for unemployment claims & other purposes	\$ 166,375			\$ 166,375

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 7,621
Investment earnings - interest	<u>779</u>
Total additions	8,400
Deductions	
Unemployment claims	<u>13</u>
Change in net position	8,387
Net position, beginning of the year	<u>157,988</u>
Net position, end of the year	<u><u>\$ 166,375</u></u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>07/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/18</u>
Assets				
Cash and cash equivalents	\$ 25,909	\$ 67,517	\$ 63,052	\$ 30,374
Total assets	<u>\$ 25,909</u>	<u>\$ 67,517</u>	<u>\$ 63,052</u>	<u>\$ 30,374</u>
Liabilities				
Due to other funds	\$ -	\$ 8,585	\$ -	\$ 8,585
Due to student groups	25,909	58,932	63,052	21,789
Total liabilities	<u>\$ 25,909</u>	<u>\$ 67,517</u>	<u>\$ 63,052</u>	<u>\$ 30,374</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 42,814	\$ 5,401,400	\$ 5,400,077	\$ 44,137
Total assets	\$ 42,814	\$ 5,401,400	\$ 5,400,077	\$ 44,137
Liabilities				
Due to other funds	\$ 4,278	\$ 7,621	\$ 2,431	\$ 9,468
Payroll deductions and withholdings	38,536	2,429,590	2,433,457	34,669
Net payroll	-	2,964,189	2,964,189	-
Total liabilities	\$ 42,814	\$ 5,401,400	\$ 5,400,077	\$ 44,137

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
2007 Refunding bond	04/17/07	\$ 1,845,000	01/15/18	\$ 215,000	5.00%	\$ 215,000	\$ -	\$ 215,000	\$ -
Series 2017 school bond	08/09/17	3,315,000	1/15/19	110,000	2.00%	-	3,315,000	-	3,315,000
			1/15/20	130,000	2.00%	-	-	-	-
			1/15/21	135,000	2.00%	-	-	-	-
			1/15/22	140,000	2.00%	-	-	-	-
			1/15/23	140,000	2.00%	-	-	-	-
			1/15/24	145,000	2.00%	-	-	-	-
			1/15/25	145,000	2.00%	-	-	-	-
			1/15/26	150,000	3.00%	-	-	-	-
			1/15/27	155,000	3.00%	-	-	-	-
			1/15/28	160,000	3.00%	-	-	-	-
			1/15/29	165,000	3.00%	-	-	-	-
			1/15/30	170,000	3.00%	-	-	-	-
			1/15/31	175,000	3.00%	-	-	-	-
			1/15/32	180,000	3.00%	-	-	-	-
			1/15/33	185,000	3.00%	-	-	-	-
			1/15/34	190,000	3.00%	-	-	-	-
			1/15/35	200,000	3.13%	-	-	-	-
1/15/36	205,000	3.13%	-	-	-	-			
1/15/37	215,000	3.13%	-	-	-	-			
1/15/38	220,000	3.13%	-	-	-	-			
						<u>\$ 215,000</u>	<u>\$ 3,315,000</u>	<u>\$ 215,000</u>	<u>\$ 3,315,000</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 225,750	\$ -	\$ 225,750	\$ 225,750	\$ -
Total revenues	<u>225,750</u>	<u>-</u>	<u>225,750</u>	<u>225,750</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	215,000	-	215,000	215,000	-
Interest	10,750	-	10,750	10,750	-
Total expenditures	<u>225,750</u>	<u>-</u>	<u>225,750</u>	<u>225,750</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ 1,558,634	\$ 1,630,478	\$ 1,712,902	\$ 1,896,570	\$ 1,982,622	\$ 2,258,242	\$ 2,921,483	\$ 3,875,104	\$ 4,766,360	\$ 3,678,801
Restricted	216,069	316,516	445,477	595,954	1,081,120	1,481,079	2,036,753	1,221,498	1,600,367	3,665,609
Unrestricted	184,286	215,866	173,225	230,515	96,682	(1,717,749)	(1,823,635)	(1,459,906)	(2,084,338)	(2,244,584)
Total governmental activities	<u>\$ 1,958,989</u>	<u>\$ 2,162,860</u>	<u>\$ 2,331,604</u>	<u>\$ 2,723,039</u>	<u>\$ 3,160,424</u>	<u>\$ 2,021,572</u>	<u>\$ 3,134,601</u>	<u>\$ 3,636,696</u>	<u>\$ 4,282,389</u>	<u>\$ 5,099,826</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 4,920	\$ 4,473	\$ 4,026	\$ 15,582	\$ 14,118	\$ 12,655	\$ 24,156
Unrestricted	2,658	1,772	1,990	1,558	2,175	2,771	9,384	8,943	9,488	6,193
Total business-type activities	<u>\$ 2,658</u>	<u>\$ 1,772</u>	<u>\$ 1,990</u>	<u>\$ 6,478</u>	<u>\$ 6,648</u>	<u>\$ 6,797</u>	<u>\$ 24,966</u>	<u>\$ 23,061</u>	<u>\$ 22,143</u>	<u>\$ 30,349</u>
District-wide										
Net investment in capital assets	\$ 1,558,634	\$ 1,630,478	\$ 1,712,902	\$ 1,901,490	\$ 1,987,095	\$ 2,262,268	\$ 2,937,065	\$ 3,889,222	\$ 4,779,015	\$ 3,702,957
Restricted	216,069	316,516	445,477	595,954	1,081,120	1,481,079	2,036,753	1,221,498	1,600,367	3,665,609
Unrestricted	186,944	217,638	175,215	232,073	98,857	146,603	(1,814,251)	(1,450,963)	(2,074,850)	(2,238,391)
Total district-wide	<u>\$ 1,961,647</u>	<u>\$ 2,164,632</u>	<u>\$ 2,333,594</u>	<u>\$ 2,729,517</u>	<u>\$ 3,167,072</u>	<u>\$ 3,889,950</u>	<u>\$ 3,159,567</u>	<u>\$ 3,659,757</u>	<u>\$ 4,304,532</u>	<u>\$ 5,130,175</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,353,265	\$ 3,599,630	\$ 3,533,207	\$ 3,612,534	\$ 3,738,010	\$ 3,601,495	\$ 4,392,107	\$ 4,037,150	\$ 4,808,627	\$ 4,962,362
Special education	1,013,353	1,022,559	1,049,760	1,118,298	1,060,684	953,478	1,112,211	1,289,730	1,397,812	1,489,674
Other special education	170,678	187,076	132,092	90,503	92,562	69,602	127,513	111,261	151,606	305,990
Other instruction	78,592	78,198	77,259	78,738	84,510	114,741	91,954	85,519	99,215	333,204
Support services										
Tuition	65,387	43,250	68,876	36,000	41,300	41,300	75,555	71,253	115,341	324
Student & instruction related services	928,158	971,995	945,907	1,057,024	1,113,104	1,214,838	1,524,577	1,716,823	1,819,222	1,812,937
General & business administrative services	546,919	560,355	573,240	651,502	606,134	621,351	641,568	826,490	761,492	843,999
School administration	191,632	223,234	242,512	225,723	235,065	235,075	247,784	303,504	289,866	315,213
Plant operations & maintenance	720,339	682,359	692,903	715,130	797,049	777,315	737,910	1,252,073	1,096,369	1,083,689
Pupil transportation	453,296	437,161	420,495	408,958	382,429	386,857	408,896	444,932	459,972	427,123
Interest on long-term debt	70,558	65,403	59,390	53,346	42,039	40,688	29,226	20,768	12,135	80,664
Total governmental activities expenses	<u>7,592,177</u>	<u>7,871,220</u>	<u>7,795,641</u>	<u>8,047,756</u>	<u>8,192,886</u>	<u>8,056,740</u>	<u>9,389,301</u>	<u>10,159,503</u>	<u>11,011,657</u>	<u>11,655,179</u>
Business-type activities										
Food service	161,139	164,944	142,249	143,133	138,443	108,591	109,014	104,583	92,087	96,360
Total business-type activities	<u>161,139</u>	<u>164,944</u>	<u>142,249</u>	<u>143,133</u>	<u>138,443</u>	<u>108,591</u>	<u>109,014</u>	<u>104,583</u>	<u>92,087</u>	<u>96,360</u>
Total district expenses	<u>\$ 7,753,316</u>	<u>\$ 8,036,164</u>	<u>\$ 7,937,890</u>	<u>\$ 8,190,889</u>	<u>\$ 8,331,329</u>	<u>\$ 8,165,331</u>	<u>\$ 9,498,315</u>	<u>\$ 10,264,086</u>	<u>\$ 11,103,744</u>	<u>\$ 11,751,539</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Operating grants & contributions	\$ 161,014	\$ 272,282	\$ 197,096	\$ 211,666	\$ 195,507	\$ 183,694	\$ 161,467	\$ 191,440	\$ 178,679	\$ 166,979
Charges for services	-	-	-	-	-	404,492	339,889	353,533	373,980	377,623
Total governmental activities program revenues	<u>161,014</u>	<u>272,282</u>	<u>197,096</u>	<u>211,666</u>	<u>195,507</u>	<u>588,186</u>	<u>501,356</u>	<u>544,973</u>	<u>552,659</u>	<u>544,602</u>
Business-type activities										
Charges for services										
Food service	115,674	107,787	96,336	83,808	75,725	72,709	68,371	58,685	54,272	53,383
Operating grants & contributions	25,750	30,672	30,000	33,338	32,124	36,000	42,793	43,967	36,466	36,768
Total business-type activities program revenues	<u>141,424</u>	<u>138,459</u>	<u>126,336</u>	<u>117,146</u>	<u>107,849</u>	<u>108,709</u>	<u>111,164</u>	<u>102,652</u>	<u>90,738</u>	<u>90,151</u>
Total district-program revenues	<u>\$ 302,438</u>	<u>\$ 410,741</u>	<u>\$ 323,432</u>	<u>\$ 328,812</u>	<u>\$ 303,356</u>	<u>\$ 696,895</u>	<u>\$ 612,520</u>	<u>\$ 647,625</u>	<u>\$ 643,397</u>	<u>\$ 634,753</u>
Net (expense) revenues										
Governmental activities	\$ (7,431,163)	\$ (7,598,938)	\$ (7,598,545)	\$ (7,836,090)	\$ (7,997,379)	\$ (7,468,554)	\$ (8,887,945)	\$ (9,614,530)	\$ (10,458,998)	\$ (11,110,577)
Business-type activities	(19,715)	(26,485)	(15,913)	(25,987)	(30,594)	118	2,150	(1,931)	(1,349)	(6,209)
Total district-wide net expenses	<u>\$ (7,450,878)</u>	<u>\$ (7,625,423)</u>	<u>\$ (7,614,458)</u>	<u>\$ (7,862,077)</u>	<u>\$ (8,027,973)</u>	<u>\$ (7,468,436)</u>	<u>\$ (8,885,795)</u>	<u>\$ (9,616,461)</u>	<u>\$ (10,460,347)</u>	<u>\$ (11,116,786)</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 5,871,271	\$ 6,106,122	\$ 6,271,835	\$ 6,397,271	\$ 6,454,847	\$ 6,551,669	\$ 6,649,944	\$ 6,748,018	\$ 6,865,199	\$ 6,863,399
Taxes levied for debt service	278,059	215,950	215,512	214,700	213,700	217,513	215,950	217,950	223,950	225,750
Unrestricted grants & contributions	1,255,574	1,248,081	1,078,042	1,335,830	1,419,554	1,401,575	2,713,850	3,291,667	3,987,671	4,802,972
Tuition income	154,310	165,105	126,182	164,809	225,458	-	-	-	-	-
Investment earnings	12,262	5,197	6,775	9,428	6,989	7,481	7,594	7,675	7,258	32,429
Miscellaneous income	72,900	87,854	84,943	90,133	83,946	13,045	18,336	19,008	20,613	17,608
Contributions - acquisition of capital assets	-	-	-	5,000	-	-	-	-	-	-
Operating transfer	(20,500)	(25,500)	(16,000)	(30,368)	(30,700)	-	(16,000)	-	-	(14,144)
Capital grants-unallocated	-	-	-	40,722	-	-	411,300	(158,222)	-	-
Special item - insurance proceeds for storm damage	-	-	-	-	60,970	-	-	-	-	-
Special item - gain/(loss) on disposal of assets	-	-	-	-	-	-	(9,471)	-	-	-
Total governmental activities	<u>7,623,876</u>	<u>7,802,809</u>	<u>7,767,289</u>	<u>8,227,525</u>	<u>8,434,764</u>	<u>8,191,283</u>	<u>10,000,974</u>	<u>10,116,625</u>	<u>11,104,691</u>	<u>11,928,014</u>
Business-type activities										
Investment earnings	137	99	131	107	64	31	19	26	23	60
Miscellaneous	-	-	-	-	-	-	-	-	408	211
Transfers	20,500	25,500	16,000	30,368	30,700	-	16,000	-	-	14,144
Total business-type activities	<u>20,637</u>	<u>25,599</u>	<u>16,131</u>	<u>30,475</u>	<u>30,764</u>	<u>31</u>	<u>16,019</u>	<u>26</u>	<u>431</u>	<u>14,415</u>
Total district-wide	<u>\$ 7,644,513</u>	<u>\$ 7,828,408</u>	<u>\$ 7,783,420</u>	<u>\$ 8,258,000</u>	<u>\$ 8,465,528</u>	<u>\$ 8,191,314</u>	<u>\$ 10,016,993</u>	<u>\$ 10,116,651</u>	<u>\$ 11,105,122</u>	<u>\$ 11,942,429</u>
Change in net position										
Governmental activities	\$ 192,713	\$ 203,871	\$ 168,744	\$ 391,435	\$ 437,385	\$ 722,729	\$ 1,113,029	\$ 502,095	\$ 645,693	\$ 817,437
Business-type activities	922	(886)	218	4,488	170	149	18,169	(1,905)	(918)	8,206
Total district	<u>\$ 193,635</u>	<u>\$ 202,985</u>	<u>\$ 168,962</u>	<u>\$ 395,923</u>	<u>\$ 437,555</u>	<u>\$ 722,878</u>	<u>\$ 1,131,198</u>	<u>\$ 500,190</u>	<u>\$ 644,775</u>	<u>\$ 825,643</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 414,594	\$ 498,678	\$ 506,332	\$ 709,137	\$ 1,289,743	\$ 1,108,602	\$ 1,192,334	\$ 1,436,901	\$ 1,501,107	\$ 2,358,509
Committed	51,200	69,342	39,655	76,735	49,486	110,787	30,798	450,225	32,200	35,678
Assigned	27,292	25,394	4,651	76,968	3,828	3,654	-	2,088	13,219	12,707
Unassigned	176,270	212,882	243,221	238,474	216,881	209,694	190,705	176,030	175,202	169,374
Total general fund	<u>\$ 669,356</u>	<u>\$ 806,296</u>	<u>\$ 793,859</u>	<u>\$ 1,101,314</u>	<u>\$ 1,559,938</u>	<u>\$ 1,432,737</u>	<u>\$ 1,413,837</u>	<u>\$ 2,065,244</u>	<u>\$ 1,721,728</u>	<u>\$ 2,576,268</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ -	\$ 146,070	\$ 111,547	\$ -	\$ 594,487	\$ 1,069,003	\$ -	\$ 318,869	\$ 1,517,611
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,070</u>	<u>\$ 111,547</u>	<u>\$ -</u>	<u>\$ 594,487</u>	<u>\$ 1,069,003</u>	<u>\$ -</u>	<u>\$ 318,869</u>	<u>\$ 1,517,611</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 6,149,330	\$ 6,322,072	\$ 6,487,347	\$ 6,611,971	\$ 6,668,547	\$ 6,769,182	\$ 6,865,894	\$ 6,965,968	\$ 7,089,149	\$ 7,089,149
Tuition charges	154,310	165,105	126,182	164,809	225,458	244,521	255,471	276,992	333,472	331,090
Interest earnings	12,262	5,197	6,775	9,428	6,989	7,481	7,594	7,675	7,258	32,429
Rents and royalties	-	-	-	-	-	-	-	6,001	6,058	6,283
Miscellaneous	72,900	87,854	97,213	116,243	85,513	79,807	103,476	89,548	57,418	57,858
State sources	1,257,539	1,250,052	1,078,078	1,348,231	1,419,554	1,401,787	2,058,330	1,711,757	1,897,989	1,998,698
Federal sources	159,049	270,311	184,790	213,877	193,940	182,159	160,745	183,154	171,113	166,979
Total revenues	7,805,390	8,100,591	7,980,385	8,464,559	8,600,001	8,684,937	9,451,510	9,241,095	9,562,457	9,682,486
Expenditures										
Instruction										
Regular instruction	2,466,284	2,616,000	2,525,779	2,604,108	2,570,371	2,524,077	2,598,538	2,489,180	2,559,198	2,532,039
Special education instruction	739,322	698,990	704,935	718,883	684,787	604,865	638,358	607,723	635,459	615,553
Other special instruction	112,287	117,588	84,454	47,961	47,471	35,438	62,870	77,067	61,670	68,379
School sponsored/other instructional	76,690	76,427	75,481	76,994	82,490	83,497	89,547	80,206	81,915	80,587
Support services										
Tuition	35,974	4,000	68,876	36,000	41,300	41,300	75,555	71,253	94,964	324
Student & inst related services	685,502	681,437	689,390	722,184	742,722	807,583	890,500	974,377	922,662	932,236
General administration	289,152	297,667	285,970	306,196	295,625	276,689	278,481	277,838	244,524	261,144
School administration services	159,193	168,036	154,046	159,682	160,734	162,875	170,559	150,076	148,115	148,955
Central services	129,491	131,659	140,594	153,385	157,667	163,686	166,117	178,072	166,345	176,976
Administration info technology	7,345	4,000	2,395	2,395	5,786	4,040	4,790	4,790	4,790	4,090
Plant operations & maintenance	707,954	580,969	571,298	601,933	695,720	652,233	649,605	757,340	671,419	617,835
Pupil transportation	453,296	437,161	420,495	408,958	382,429	386,857	408,896	430,786	448,337	427,123
Employee benefits	946,182	1,057,596	1,091,551	1,107,553	1,153,251	1,166,309	1,155,666	1,228,684	1,238,766	1,325,882
On-behalf TPAF pension & social security contribution	474,191	515,812	523,392	649,435	789,070	676,297	789,278	978,100	1,004,181	1,106,952
Capital outlay	157,095	42,577	32,558	38,981	64,149	174,002	10,207	244,316	719,816	37,453
Special revenue funds	161,014	272,282	197,096	211,666	195,507	183,694	161,467	191,440	178,679	166,979
Capital projects	-	-	21,930	75,245	-	55,513	612,327	698,310	181,131	2,200,620
Debt service										
Principal	213,343	150,000	155,000	160,000	165,000	175,000	180,000	190,000	205,000	215,000
Interest & other charges	73,709	65,950	60,512	54,700	49,115	43,696	37,133	29,133	20,133	11,933
Total expenditures	7,888,024	7,918,151	7,805,752	8,136,259	8,283,194	8,217,651	8,979,894	9,658,691	9,587,104	10,930,060

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ (82,634)	\$ 182,440	\$ 174,633	\$ 328,300	\$ 316,807	\$ 467,286	\$ 471,616	\$ (417,596)	\$ (24,647)	\$ (1,247,574)
Other financing sources (uses)										
Capital leases (non-budgeted)	107,426	-	-	-	-	-	-	-	-	-
Temporary note paid in debt service fund	73,343	-	-	-	-	-	-	-	-	-
Insurance claim proceeds for storm damage	-	-	-	-	60,970	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	3,315,000
Transfers in (out)	(20,500)	(45,500)	(41,000)	(55,368)	(30,700)	-	(16,000)	-	-	(14,144)
Total other financing sources (uses)	160,269	(45,500)	(41,000)	(55,368)	30,270	-	(16,000)	-	-	3,300,856
Net change in fund balances	<u>\$ 77,635</u>	<u>\$ 136,940</u>	<u>\$ 133,633</u>	<u>\$ 272,932</u>	<u>\$ 347,077</u>	<u>\$ 467,286</u>	<u>\$ 455,616</u>	<u>\$ (417,596)</u>	<u>\$ (24,647)</u>	<u>\$ 2,053,282</u>
Debt service as a percentage of non-capital expenditures	3.86%	2.82%	2.86%	2.75%	2.67%	2.81%	2.67%	2.58%	2.66%	2.68%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 12,262	\$ 5,197	\$ 6,775	\$ 9,428	\$ 6,989	\$ 7,481	\$ 7,594	\$ 7,675	\$ 7,258	\$ 18,067
Tuition	154,310	165,105	126,182	164,809	225,458	244,521	255,471	276,992	333,472	331,090
Building use fees	5,818	5,350	5,050	6,362	9,826	5,703	5,866	6,001	6,058	6,283
Milford Board of Education - interlocal government fees	51,344	53,514	54,320	56,703	59,708	63,976	78,552	70,540	34,450	40,250
Rebates	-	3,283	2,962	-	-	-	-	-	-	5,200
Prior year refunds	4,059	768	-	-	-	1,770	1,300	1,260	2,047	912
Lost books and fines	190	199	132	86	120	-	96	44	133	78
Sale of surplus equipment & supplies	-	3,300	-	2,851	200	300	-	-	5,539	-
Fund 20-cancellation of balance (day care program)	3,637	-	-	-	-	-	-	-	-	-
Consulting services	-	13,875	14,250	12,000	1,500	-	-	-	-	-
E-rate reimbursements	7,852	7,564	6,874	6,698	3,210	-	12,628	11,936	11,526	10,117
Miscellaneous	-	1	-	1,179	23	-	3,312	5,768	368	1,301
Solar bond excess	-	-	-	-	5,000	-	-	-	-	-
Energy audit	-	-	-	-	2,855	-	-	-	-	-
Transportation fees	-	-	405	-	500	-	-	-	-	-
Safety incentive	-	-	-	-	1,000	-	1,000	-	-	-
Donation	-	-	-	-	-	-	-	-	1,000	-
Sale of plans & specifications	-	-	950	-	-	-	-	-	-	-
Bully prevention aid	-	-	-	747	-	-	-	-	-	-
FEMA aid	-	-	-	-	-	750	-	-	-	-
Prior year accounts payable canceled	-	-	-	-	-	3,732	-	-	-	-
Outstanding checks voided	-	-	-	3,507	-	2,253	-	-	-	-
Annual totals	\$ 239,472	\$ 258,156	\$ 217,900	\$ 264,370	\$ 316,389	\$ 330,486	\$ 365,819	\$ 380,216	\$ 401,851	\$ 413,298

Source: District Records

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 13,832,800	\$ 13,767,300	\$ 13,492,900	\$ 12,970,200	\$ 9,304,400	\$ 8,780,700	\$ 8,399,600	\$ 8,636,700	\$ 8,836,200	\$ 8,851,500
Residential	527,491,700	527,938,000	531,967,900	533,983,300	447,094,600	448,217,200	450,127,700	451,287,800	453,019,600	453,517,900
Farm regular	140,841,000	141,055,000	138,144,900	138,541,500	118,965,000	118,396,800	116,320,800	115,158,200	115,304,600	117,668,200
Q farm	5,528,620	5,544,700	5,264,900	4,983,300	4,982,900	4,985,500	4,972,000	4,986,275	4,967,585	4,970,585
Commercial	94,686,561	94,870,161	95,119,461	94,992,961	87,525,600	87,284,700	85,051,600	85,095,500	86,788,800	87,088,800
Apartment	2,188,600	2,142,700	2,142,700	2,142,700	2,262,200	2,262,200	2,262,200	2,262,200	2,262,200	2,262,200
Total assessed value	784,569,281	785,317,861	786,132,761	787,613,961	670,134,700	669,927,100	667,133,900	667,426,675	671,178,985	674,359,185
Public utilities (a)	1,261,509	2,216,404	1,831,762	1,837,214	1,757,313	876,506	916,552	913,321	930,472	896,375
Net valuation taxable	\$ 785,830,790	\$ 787,534,265	\$ 787,964,523	\$ 789,451,175	\$ 671,892,013	\$ 670,803,606	\$ 668,050,452	\$ 668,339,996	\$ 672,109,457	\$ 675,255,560
Estimated actual county equalized value	\$ 808,335,681	\$ 810,322,624	\$ 809,164,636	\$ 785,298,888	\$ 754,125,900	\$ 726,528,329	\$ 726,140,924	\$ 731,145,385	\$ 722,154,783	\$ 736,776,388
Percentage of net valuation to estimated actual equalized value	97.22%	97.19%	97.38%	100.53%	89.10%	92.33%	92.00%	91.41%	93.07%	91.65%
Total direct school tax rate (b)	\$ 0.804	\$ 0.824	\$ 0.839	\$ 0.845	\$ 1.008	\$ 1.024	\$ 1.043	\$ 1.061	\$ 1.055	\$ 1.058

*

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment's of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

See independent auditors' report.

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
2009	\$ 0.772	\$ 0.032	\$ 0.804	\$ 0.469	\$ 0.189	\$ 0.354	\$ 0.024	\$ 1.840
2010	0.796	0.028	0.824	0.453	0.190	0.352	0.024	1.843
2011	0.814	0.025	0.839	0.519	0.190	0.353	0.024	1.925
2012	0.811	0.034	0.845	0.498	0.189	0.353	0.028	1.913
2013	* 0.975	0.033	1.008	0.584	0.224	0.408	0.033	2.257
2014	0.992	0.032	1.024	0.599	0.224	0.403	0.033	2.283
2015	1.010	0.033	1.043	0.595	0.224	0.404	0.034	2.300
2016	1.028	0.034	1.062	0.622	0.235	0.407	0.035	2.361
2017	1.028	0.027	1.055	0.632	0.254	0.399	0.036	2.376
2018	1.024	0.034	1.058	0.645	0.244	0.411	0.037	2.395

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Texas Eastern Trans Co.	\$ 37,706,600	1	5.58%	\$ 42,282,000	1
The Ridge at Back Brook Road	10,500,000	2	1.55%	10,500,000	2	1.34%
Algonquin Gas Trans c/o Duke Energy	6,536,100	3	0.97%	8,288,100	3	1.05%
Bousum/Neely Partnership	3,527,000	4	0.52%	1,741,800	10	0.22%
Individual Property Owner	2,266,100	5	0.34%	1,947,700	6	0.25%
Hunterdon Storage	1,781,000	6	0.26%	2,781,000	4	0.35%
GAW Holdings LLC	1,732,900	7	0.26%	-	-	-
Southwark Farm, LLC	1,720,900	8	0.25%	-	-	-
Back Brook Farm, LLC	1,708,300	9	0.25%	-	-	-
Jordan Sidney & T/A Ifida Realty	1,511,700	10	0.22%	1,811,600	7	0.23%
Buckeye Pipeline Co	-	-	-	2,639,700	5	0.34%
Individual Property Owner	-	-	-	1,766,100	8	0.22%
Individual Property Owner	-	-	-	1,754,200	9	0.22%
	<u>\$ 68,990,600</u>		<u>10.22%</u>	<u>\$ 75,512,200</u>		<u>9.61%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 6,149,330	\$ 6,149,330	100.00%
2010	6,322,072	6,322,072	100.00%
2011	6,487,347	6,487,347	100.00%
2012	6,611,971	6,611,971	100.00%
2013	6,668,547	6,668,547	100.00%
2014	6,769,182	6,769,182	100.00%
2015	6,865,894	6,865,894	100.00%
2016	6,965,968	6,965,968	100.00%
2017	7,089,149	7,089,149	100.00%
2018	7,089,149	7,089,149	100.00%

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

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

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	\$ 1,595,000	\$ -	\$ 32,426	\$ -	\$ -	\$ 1,627,426	0.55%	\$ 363
2010	1,445,000	-	22,028	-	-	1,467,028	0.46%	327
2011	1,290,000	-	11,136	-	-	1,301,136	0.46%	326
2012	1,130,000	-	-	-	-	1,130,000	0.39%	284
2013	965,000	-	-	-	-	965,000	0.32%	243
2014	790,000	-	-	-	-	790,000	0.27%	200
2015	610,000	-	-	-	-	610,000	0.20%	155
2016	420,000	-	-	-	-	420,000	0.13%	107
2017	215,000	-	-	-	-	215,000	0.07%	55
2018	3,315,000	-	-	-	-	3,315,000	N/A	845

NOTES: (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2009	\$ 1,595,000	\$ -	\$ 1,595,000	0.20%	\$ 363
2010	1,445,000	-	1,445,000	0.18%	327
2011	1,290,000	-	1,290,000	0.16%	326
2012	1,130,000	-	1,130,000	0.14%	284
2013	* 965,000	-	965,000	0.14%	243
2014	790,000	-	790,000	0.12%	200
2015	610,000	-	610,000	0.09%	155
2016	420,000	-	420,000	0.06%	107
2017	215,000	-	215,000	0.03%	55
2018	3,315,000	-	3,315,000	0.49%	845

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

* Revalued/Reassessed

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 3,692,870	100.00%	\$ 3,692,870
Regional High School	8,175,000	7.78%	635,942
County general obligation debt	85,249,037	3.41%	<u>2,907,226</u>
Subtotal, overlapping debt			7,236,037
School district direct debt			<u>215,000</u>
Total direct and overlapping debt			<u><u>\$ 7,451,037</u></u>

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

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

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

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

		Equalized Valuation Basis
	2017	\$ 732,328,407
	2016	717,123,321
	2015	729,825,949
		\$ 2,179,277,677
Average equalized valuation of taxable property		\$ 726,425,892
Debt limit (3.0% of average equalization value)	(a)	\$ 21,792,777
Total net debt applicable to limit		3,315,000
Legal debt margin		\$ 18,477,777

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 23,417,001	\$ 22,073,297	\$ 21,798,685	\$ 21,752,101	\$ 21,792,777
Total net debt applicable	965,000	610,000	420,000	3,315,000	3,315,000
Legal debt margin	\$ 22,452,001	\$ 21,463,297	\$ 21,378,685	\$ 18,437,101	\$ 18,477,777
Total net debt applicable to the limit as a percentage of debt limit	4.12%	2.76%	1.93%	15.24%	15.21%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 24,671,896	\$ 23,234,325	\$ 24,486,256	\$ 23,961,866	\$ 23,417,001
Total net debt applicable	1,595,000	610,000	1,290,000	1,130,000	965,000
Legal debt margin	\$ 23,076,896	\$ 22,624,325	\$ 23,196,256	\$ 22,831,866	\$ 22,452,001
Total net debt applicable to the limit as a percentage of debt limit	6.46%	2.63%	5.27%	4.72%	4.12%

Source: Equalized Valuation Bases were obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2009	4,485	\$ 320,803,080	\$ 71,528	6.8%
2010	3,997	284,790,247	71,251	7.0%
2011	3,982	289,941,366	72,813	6.9%
2012	3,967	300,103,550	75,650	7.1%
2013	3,954	298,068,336	75,384	7.2%
2014	3,940	308,505,940	78,301	4.6%
2015	3,920	316,050,000	80,625	3.9%
2016	3,921	321,949,389	82,109	3.3%
2017	3,925	N/A	N/A	3.1%
2018	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2018

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2009

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Nine Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	37.1	38.1	38.1	37.7	37.1	37.2	36.7	34.6	34.6	32.6
Special education	18.3	17.3	16.3	16.0	15.5	15.0	17.5	17.0	15.7	15.4
Support services										
Student and instruction related services	6.8	6.8	6.8	6.1	5.2	5.2	5.2	5.2	5.3	6.3
General administration	2.5	2.5	2.5	2.7	2.9	3.0	3.0	3.2	3.2	3.0
School administration services	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.6
Central services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.4
Administrative information technology	-	-	-	-	-	-	-	1.0	1.0	1.0
Plant operations and maintenance	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0	5.0
Food service	2.0	2.0	1.0	1.0	1.0	-	-	-	-	-
Total	75.6	75.6	73.6	72.4	70.6	69.8	71.8	70.6	69.4	68.3

Source: District Personnel Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	487	\$ 7,443,877	\$ 15,285	2.34%	55	1 to 8.85	488.6	470.4	-0.20%	96.28%
2010	501	7,659,624	15,289	0.02%	58	1 to 8.64	501.3	482.3	2.60%	96.21%
2011	475	7,535,752	15,865	3.77%	57	1 to 8.33	475.4	465.5	-5.17%	97.92%
2012	446	7,807,333	17,505	10.34%	56	1 to 7.96	446.2	430.3	-6.14%	96.44%
2013	425	8,004,930	18,835	7.60%	53	1 to 8.08	429.6	413.0	-3.72%	96.14%
2014	410	7,769,440	18,950	0.61%	52	1 to 7.88	414.5	399.3	-3.51%	96.33%
2015	393	8,156,227	20,754	9.52%	54	1 to 6.70	390.9	375.7	-5.69%	96.11%
2016	371	8,496,932	22,903	10.35%	52	1 to 7.19	368.7	354.7	-5.67%	96.20%
2017	360	8,461,024	23,503	2.62%	42	1 to 8.57	354.5	340.3	-3.86%	95.99%
2018	345	8,465,054	24,536	4.40%	40	1 to 8.62	351.9	337.3	-0.73%	95.85%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average daily enrollment and average daily attendance are obtained from the school register summary (SRS).

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary (1939)										
Square feet	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	64,000	64,000
Capacity (students)	530	530	530	530	530	530	530	530	530	530
Enrollment	487	501	475	450	450	410	393	371	360	345

Number of Schools at June 30, 2018

 Elementary 1

Source: District Facilities Office

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>	<u>Total</u>
2009	\$ 148,187	\$ 148,187
2010	57,953	57,953
2011	43,546	43,546
2012	66,245	66,245
2013	75,950	75,950
2014	98,254	98,254
2015	96,765	96,765
2016	183,334	183,334
2017	142,883	142,883
2018	99,453	99,453
Total school facilities	<u>\$ 1,012,570</u>	<u>\$ 1,012,570</u>

* 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

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000,000	\$ 5,000
Equipment Breakdown	100,000,000	5,000
Electronic Data Processing	945,000	1,000
Comprehensive General Liability	11,000,000	-
Comprehensive Automobile Liability	11,000,000	-
Pollution Liability	1,000,000	100,000
Comprehensive Crime Coverage	100,000	500
Excess Liability	50,000,000	-
Employee Benefits	11,000,000	1,000
Student Accident	5,000,000	-
 School Board Legal Liability - NJ Schools Insurance Group		
Directors and Officers Policy	11,000,000	5,000
 Workmen's Compensation - NJ Schools Insurance Group	2,000,000	-
 Public Employees' Faithful Performance - NJ Schools Insurance Group		
Business Administrative Bond	200,000	-

Source: District Records

See independent auditors' report.



**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the East Amwell Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

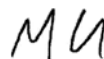
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

February 4, 2019
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular Letter 15-08**

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major State Program

We have audited the East Amwell Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major New Jersey (state) programs for the year ended June 30, 2018. The 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

BKC, CPAs, PC

BKC, CPAs, PC

MU

Michael A. Holk, CPA, PSA

February 4, 2019
Flemington, New Jersey

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2018				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special revenue fund																	
IDEA basic	84.027	H027A170100	IDEA-1160-18	\$ 91,153	07/01/17	06/30/18	\$ -	\$ -	\$ 91,153	\$ 91,153	\$ -	\$ -	\$ -	\$ -	\$ -		
IDEA preschool	84.173	H173S170114	IDEA-1160-18	6,139	07/01/17	06/30/18	-	-	6,139	6,139	-	-	-	-	-		
Title I A	84.010A	S010S160030	NCLB-1160-17	21,147	07/01/16	06/30/17	(10,463)	-	10,463	-	-	-	-	-	-		
Title I A	84.010A	S010S170030	ESSA-1160-18	20,951	07/01/17	06/30/18	-	-	20,951	20,951	-	-	-	-	-		
Title II A	84.367A	S367A160029	NCLB-1160-17	10,710	07/01/16	06/30/17	(2,761)	-	2,761	-	-	-	-	-	-		
Title II A	84.367A	S367A170029	ESSA-1160-18	5,746	07/01/17	06/30/18	-	-	4,563	5,746	-	-	(1,183)	-	-		
Title IV	84.424	S424A170031	ESSA-1160-18	10,000	07/01/17	06/30/18	-	-	3,730	9,939	-	-	(6,209)	-	-		
Rural education achievement program	84.358A	S358B151988	S358A-3750-16	32,231	07/01/15	09/30/16	(8,460)	-	9,017	557	-	-	-	-	-		
Rural education achievement program	84.358A	S358B161988	S358A-3750-17	32,221	07/01/16	09/30/17	(22,939)	-	32,221	9,382	-	-	(100)	-	-		
Rural education achievement program	84.358A	S358B171988	S358A-3750-18	34,857	07/01/17	09/30/18	-	-	19,892	23,112	-	-	(3,220)	-	-		
Total special revenue fund							<u>(44,623)</u>	<u>-</u>	<u>200,890</u>	<u>166,979</u>	<u>-</u>	<u>-</u>	<u>(10,712)</u>	<u>-</u>	<u>-</u>		
U.S. Department of Agriculture passed through State Department of Education																	
Enterprise fund																	
Child Nutrition Center																	
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	9,058	10/01/16	09/30/17	1,498	-	-	1,498	-	-	-	-	-		
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	8,321	10/01/17	09/30/18	-	-	8,321	7,304	-	-	-	1,017	-		
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	26,877	10/01/16	09/30/17	(1,852)	-	1,852	-	-	-	-	-	-		
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	26,959	10/01/17	09/30/18	-	-	24,798	26,959	-	-	(2,161)	-	-		
Total enterprise fund							<u>(354)</u>	<u>-</u>	<u>34,971</u>	<u>35,761</u>	<u>-</u>	<u>-</u>	<u>(2,161)</u>	<u>1,017</u>	<u>-</u>		
Total federal financial assistance							<u>\$ (44,977)</u>	<u>\$ -</u>	<u>\$ 235,861</u>	<u>\$ 202,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,873)</u>	<u>\$ 1,017</u>	<u>\$ -</u>		

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017			Cash Received	Budgetary Expenditure	Adjustments Repayments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Accounts Receivable				Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education															
General fund															
School choice aid	18-495-034-5120-068	\$293,920	07/01/17	06/30/18	\$ -	\$ -	\$ 323,274	\$ 293,920	\$ -	\$ -	\$ -	\$ -	\$ 29,354	\$ 293,920	
Transportation aid	18-495-034-5120-014	181,957	07/01/17	06/30/18	-	-	200,129	181,957	-	-	-	-	18,172	181,957	
Special education categorical aid	18-495-034-5120-089	280,435	07/01/17	06/30/18	-	-	308,442	280,435	-	-	-	-	28,007	280,435	
Security aid	18-495-034-5120-084	37,939	07/01/17	06/30/18	-	-	41,728	37,939	-	-	-	-	3,789	37,939	
Adjustment aid	18-495-034-5120-085	80,216	07/01/17	06/30/18	-	-	88,227	80,216	-	-	-	-	8,011	80,216	
PARCC readiness aid	18-495-034-5120-098	3,620	07/01/17	06/30/18	-	-	3,982	3,620	-	-	-	-	362	3,620	
Per pupil growth aid	18-495-034-5120-097	3,620	07/01/17	06/30/18	-	-	3,982	3,620	-	-	-	-	362	3,620	
Professional learning community aid	18-495-034-5120-101	3,160	07/01/17	06/30/18	-	-	3,475	3,160	-	-	-	-	315	3,160	
Non-public transportation aid	17-495-034-5120-014	2,436	07/01/16	06/30/17	(2,436)	-	2,436	-	-	-	-	-	-	2,436	
Non-public transportation aid	18-495-034-5120-014	3,480	07/01/17	06/30/18	-	-	-	3,480	-	(3,480)	-	-	-	3,480	
Extraordinary special education costs aid	17-100-034-5120-473	10,271	07/01/16	06/30/17	(10,271)	-	10,271	-	-	-	-	-	-	10,271	
Extraordinary special education costs aid	18-100-034-5120-473	4,266	07/01/17	06/30/18	-	-	-	4,266	-	(4,266)	-	-	-	4,266	
On behalf TPAF pension contribution - teachers' pension & annuity fund	18-495-034-5094-002	506,407	07/01/17	06/30/18	-	-	506,407	506,407	-	-	-	-	-	506,407	
On behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	12,289	07/01/17	06/30/18	-	-	12,289	12,289	-	-	-	-	-	12,289	
On behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	335,015	07/01/17	06/30/18	-	-	335,015	335,015	-	-	-	-	-	335,015	
On behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-004	328	07/01/17	06/30/18	-	-	328	328	-	-	-	-	-	328	
Reimbursed TPAF social security contribution	18-495-034-5094-003	252,913	07/01/17	06/30/18	-	-	252,913	252,913	-	-	-	-	-	252,913	
Reimbursed TPAF social security contribution	17-495-034-5094-003	262,080	07/01/16	06/30/17	(25,312)	-	25,312	-	-	-	-	-	-	262,080	
Total general fund					(38,019)	-	2,118,210	1,999,565	-	(7,746)	-	-	88,372	2,274,352	
Special revenue fund															
Nonpublic textbook aid	18-100-034-5120-064	931	07/01/17	06/30/18	-	-	931	-	-	-	-	931	-	931	
Nonpublic nursing services	18-100-034-5120-070	629	07/01/17	06/30/18	-	-	629	-	-	-	-	629	-	629	
Nonpublic technology initiative	18-100-034-5120-373	2,250	07/01/17	06/30/18	-	-	2,250	-	-	-	-	2,250	-	2,250	
Nonpublic textbook aid	17-100-034-5120-064	1,038	07/01/16	06/30/17	-	37	-	-	37	-	-	-	-	1,038	
Nonpublic nursing services	17-100-034-5120-070	2,790	07/01/16	06/30/17	-	3	-	-	3	-	-	-	-	2,790	
Nonpublic technology initiative	17-100-034-5120-373	468	07/01/16	06/30/17	-	23	-	-	23	-	-	-	-	468	
Nonpublic security aid	17-100-034-5120-509	1,550	07/01/16	06/30/17	-	1,550	-	-	1,550	-	-	-	-	1,550	
Total special revenue fund					-	1,613	3,810	-	1,613	-	-	3,810	-	9,656	

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B (continued)
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise fund														
State school lunch program	17-100-010-3350-023	\$ 909	07/01/16	06/30/17	\$ (63)	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 909
State school lunch program	18-100-010-3350-023	1,007	07/01/17	06/30/18	-	-	924	1,007	-	(83)	-	-	-	1,007
Total enterprise fund					(63)	-	987	1,007	-	(83)	-	-	-	1,916
Total state financial assistance					\$ (38,082)	\$ 1,613	\$2,123,007	2,000,572	\$ 1,613	\$ (7,829)	\$ -	\$ 3,810	\$ 88,372	\$ 2,285,924
Less: On behalf TPAF pension system contributions								(854,039)						
Total for state financial assistance - major program determination								\$ 1,146,533						

See independent auditors' report.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the East Amwell Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's Basic Financial Statements.

Note 3 - Relationship of financial statements

The Basic Financial Statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$867 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 1,998,698	\$ 1,998,698
Special revenue fund	166,979	-	166,979
Food service fund	35,761	1,007	36,768
Total awards and financial assistance	\$ 202,740	\$ 1,999,705	\$ 2,202,445

Note 4 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2018.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

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

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018**

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes X No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>18-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>18-495-034-5120-084</i>	<i>Security Aid</i>
<i>18-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>18-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>18-495-034-5120-097</i>	<i>Per Pupil Growth Aid</i>
<i>18-495-034-5120-098</i>	<i>PARCC Readiness Aid</i>
<i>18-495-034-5120-101</i>	<i>Professional Learning Community Aid</i>
<i>18-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security</i>

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2018.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2018.

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

There were no prior year findings or questioned costs.