

SCHOOL DISTRICT
OF
EGG HARBOR
TOWNSHIP

Egg Harbor Township Board of Education
Egg Harbor Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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Introductory Section

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Egg Harbor Township Schools

www.eht.k12.nj.us

Administration Offices
13 Swift Drive
Egg Harbor Township, NJ 08234

Dr. Kimberly A. Gruccio
Superintendent

Ms. Chandra D. Anaya, CPA
Business Administrator/Board Secretary

January 31, 2019

Citizens, Honorable President and
Members of the Board of Education
Township of Egg Harbor School District
Atlantic County, NJ

The comprehensive annual financial report of the Egg Harbor Township School District (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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and 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 Single Audit Act Amendment of 1996 and the US Office of Management and Budget Uniform Guidance, and the New Jersey OMB Circular 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 on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Egg Harbor Township School District is a pre-kindergarten through twelfth grade system of quality public education serving approximately 7500 students. There are three Pre-K to 3rd grade schools, one 4th and 5th grade school, two middle schools, and one high school that meets alternative school student needs. The school district covers over 64 square miles and is considered the largest school districts in Atlantic County. Egg Harbor Township is home to a diverse population, with housing ranging from million dollar homes to federally funded housing units. The population consists of 47% white students, 24% Hispanic, 14% Asian, 11% black, 4% multi-racial. District data shows that at least 55 different languages are spoken in students' homes.

The district is governed by a nine-member Board of Education elected at large. Their mission is to partner with the student, family, and community to provide a safe learning environment that addresses rigorous and relevant 21st Century Learning standards and best practices. These standards and best practices look to develop academic scholarship, integrity, leadership, citizenship, and the unique learning style of each students while encouraging them to develop a strong work ethic and to act responsibly in their school community and everyday society. The district operates its own transportation, custodial, maintenance, technology, and food service departments.

2) **ECONOMIC CONDITION AND OUTLOOK:** The severe economic down-turn has continued to have an impact on our school district. The past explosive growth in residential real estate development from 2000 through 2010 was followed by a recession in this area for the last five years causing many foreclosed homes in Egg Harbor Township. There was also significant job loss with about half of the casinos in Atlantic City significantly changed. Some have become hotels only where some have changed ownership and names to market new clientele.

To help offset the expected decrease in residential tax retables, the Township has passed an ordinance for tax abatement program for commercial development. Walmart and it's shopping center opened in 2018 and more development is expected with two casinos re-opening during the summer of 2018.

The NextGen Aviation and Technology Park, located at the Federal Aviation Administration's William J. Hughes Technical Center in Egg Harbor Township, was expected to add 2,000 new, stable, high-paying engineering and technical jobs to start, with more to follow. However, the park has faced continued difficulties, ranging from attracting tenants to alleged financial mismanagement by a top development official. The park and Richard Stockton College signed a memorandum of understanding that marks the end of one of the park's major hurdles and provides it with an established development partner. The college is supplementing the park's expenses for three to five years, and in exchange, the college would benefit from research opportunities and student internships.

The district has some exposure to the federal budget, as the Federal Aviation Administration employs about 3,500 people. The Air National Guard and US Coast Guard are also top employers in the district.

3) **MAJOR INITIATIVES:** During the 2017-2018 school year the Egg Harbor Township School District began to implement a focus on student success, climate and culture, and community partnerships by implementing the following mission statement and district goals:

Mission Statement:

To build a culture and climate that embraces, engages and educates individual students and their learning needs.

District Goals:

- A. Improve Student Achievement – Prioritize Literacy for all; meet the social and emotional learning needs of individuals; create innovative learning experiences with STREAM education.
- B. Support Climate and Culture – Administrators, teachers, students, parents and community members will support positive learning environments, where all are recognized and rewarded for achievement, progress, good character, work ethic and a respect for diversity.
- C. Enhance Community Pride – Reach out to the community by creating partnerships and cultivating relationships with all stakeholders.

The district implemented a variety of program components and emphasized the use of student achievement data in both the formative and summative forms as well as through local, state and federal assessment tools and data. The Egg Harbor Township Board of Education and Administration continue to navigate the challenging times in our 21st Century and we will work to prepare students for the vast global society. We believe that this can be accomplished by building relationships with student and their families where we look to embrace their needs, engage students by providing relevant learning experiences, and offering an education that includes rigorous learning opportunities aligned with best practices and relevant resources.

Curriculum and professional development activities:

The curriculum is standards-driven and aligned to the New Jersey Student Learning Standards. A balanced literacy framework guides instruction in reading and writing. Math emphasizes problem -solving and authentic investigations. Science is aligned to the Next Generation Science standards and encompasses S.T.R.E.A.M. and the engineering design process. Social Studies is aligned to standards and offers relevant learning opportunities. World Languages curriculum offers instruction in Latin, German, Spanish, and French as well as a chance for students to earn a Seal of Biliteracy in their language of choice and Global Learning experiences during a study abroad summer program. Physical Education, Health, and Fine and Performing Arts are required courses for students to provide fitness, exploration, and to reveal student talent. Career and Technical Education program provides courses in computers, coding, technology, consumer science, woodworking, electricity, and automotive technology. Our high school offers four year learning academies in Medical Science, Law and Business, and Communications. These academies offer relevant learning experiences in career related courses and prepare students for higher education and career opportunities.

Professional Learning Communities (PLCs) provide time to collaborate to focus on student learning, creation of common assessments, data analysis, and discuss strategies for improved learning.

The District continues to use a modified version of the ***Charlotte Danielson Framework for Teaching and Learning*** (as agreed upon through collaboration with the District Evaluation Advisory Committee).

Partnerships have been developed with Atlantic Cape Community College, Richard Stockton College of NJ and Rowan University for teacher preparation. Additional partnerships include Southern Regional

Institute & Educational Technology Training Center (SRI&ETTC) and online and on-site professional development course offerings from New Jersey Education Association.

Information Technology Services

- Egg Harbor Township is a Google (GAFE – Google Applications For Education) school district and continues to expand the use of Google Tools for teaching and learning. The phasing in of Chromebooks will look to meet the district's vision of 1:1 framework for learning with technology.
- The district regularly conducts building level and district level technology training and coordination with the cooperation from the Southern Regional Institute & Educational Technology Training Center (SRI&ETTC). Our district hosts and facilitates any requests from the ETTC in order to have our faculty and staff be able to participate in technology training within our own district facilities. The ITS Department conducted in-house department training covering the GSuite to assist us in supporting staff questions and the product.
- The community/district broadcast channel, EHT TV97 has continued to provide excellent programming during the 2017-18 school year. These productions range from various High School sports and performing arts productions, informative sessions such as the “Superintendent’s Round Table”, and Township productions such as the “Mayor’s Forum” and the filming of town hall meetings.
- The department utilizes the Telvue Video Message Board System and digital video servers for video programming. This also includes PEGTV video archives for distribution on the internet, live internet distribution of the EHTTV video channels and other emergency management features through the new interface. During the 2017-2018 school year, EHT TV responded quickly to emergency snow closures, township notifications and information, as well as school events and programming.
- The district conducted the PARCC tests District wide through the use of the District computer labs, network servers, and internet service.
- The district focused on security projects involved the replacement of the District Surveillance system and the altering of school lobbies.

Individuals with Disabilities Education Act (IDEIA)

FY 2018

July 1, 2017- June 30, 2018

Grant Implementation

FY 2018 IDEIA funds paid for in out of district tuition placements for EHT disabled students from pre-school through grade 12. Funds also were used to pay for substitutes for teachers to attend annual review meetings as well as to provide for CST services throughout the summer and to fund the Extended School Year program for those students who exhibit significant regression and require a long time to recoup the information.

IDEA funds also were used to pay for professional development in the area of literacy and reading instruction for middle and high school special education staff and for Crisis Prevention training (CPI) of all new special education staff.

ESSA-NCLB

FY 2018

July 1, 2017-June 30, 2018

Title I, II-A, III

Grant Implementation

An **ESSA-NCLB** program team facilitated the grant application development as well as program articulation, implementation, and supervision under Title I, II-A, III and III-Immigrant. Student achievement goals focused on the improvement of learning for the identified at-risk population in the areas of English Language Arts (ELA) and Mathematics.

Below are some focused programs funded by ESSA-NCLB funds approved by the Board of Education:

1. An after school program at Miller School for Title I students in order to enhance reading and math academic achievement. This program ran for 2 hours per week from January through April. Transportation services home from the after-school program was paid by Title I funds.
2. A morning school program at Davenport School for Title I students in order to enhance reading academic achievement. This program ran for 2 hours per week from January through April.
3. Title I parent coordinators were hired at Davenport Primary/Elementary School and Miller Elementary School to educate Title I parents regarding the reading and math curricula and pacing guides in each grade level. They also instructed parents in PARCC, helping children with homework, and how to meaningfully participate in parent-teacher conferences. Mandated Title I Needs Assessment, Parent-Student-Teacher compact, Parent's Right to Know and District/Building Board Policies on Parental Involvement were also discussed and received parental input.
4. The Egg Harbor Township ESSA/NCLB website was improved to increase parent, teacher, student and administrator knowledge of ESSA/NCLB. PARCC results and Understanding PARCC results, as well as, the addition of Google translate for parents who are non-English speakers were added and other academic websites were updated to increase parent participation and knowledge of ESSA/NCLB, along with various resources. PARCC websites were added to increase parental awareness of the standards and test skills needed by their children.
5. A Title I Summer Program was designed to improve the ELA and math achievement for all eligible Title I students to ensure continuity.

Title IIA funds were utilized for professional development activities and supplies. Activities covered areas specific to math and ELA, and data analysis.

Title III funds were utilized to pay for two split funded English Language Learners (ELL) teachers as well as for instructional supplies. During 2017-2018, ELL students district-wide, received ELL services consistent with Title III. We continue to implement a four year "cycle" for coursework with ELL high school students. This is designed to help ELL students meet required state test standards as well as the revised WIDA standards which are assessed by the ACCESS testing, additional state testing for ELL students.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal controls 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). Internal control 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 awards 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 awards 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 accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are 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 Accounting 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) **DEBT ADMINISTRATION:** At June 30, 2018, the District's outstanding debt issues included \$72,045,000 in bonds. The proceeds of these bond issues were to provide funds for capital improvement to the District's buildings. These improvements include repairs and renovations to the High School, Davenport, Slaybaugh and Swift elementary schools, additions to the High School and Swift elementary school, the construction of two new elementary schools as well as another addition to the High School, boiler and chiller replacements, window replacements, roof replacements, solar panel installation, upgrades to the high school athletic complex, and the construction of a fueling canopy.

8) **OTHER INFORMATION:**

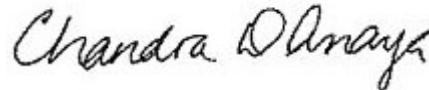
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, LLC, CPAs was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and New Jersey OMB Circular 15-08. 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 the single audit are included in the single audit section of this report.

9) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Egg Harbor Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Kimberly A. Guccio, Ed. D.
Superintendent



Chandra D. Anaya, CPA
School Business Administrator/
Board Secretary

EGG HARBOR TOWNSHIP BOARD OF EDUCATION

EGG HARBOR TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Pete Castellano, President	2018
Amber Umphlett, Vice-President	2018
Ray R. Ellis, Jr.	2019
John "Jack" Haines	2018
Marita Sullivan	2019
Terre Alabarda	2018
Lou Della Barca	2019
Amy Summer	2019
Tamika Gilbert-Floyd	2020
 <u>Other Officials</u>	
Kimberly Gruccio, Ed.D., Superintendent	
Chandra D. Anaya, CPA, Board Secretary/Business Administrator	
Amy Houck-Elco, Esq., Solicitor	

**EGG HARBOR TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors**

Architect

The Spiezle Group
120 Sanhican Drive
Trenton, NJ 08618

Audit Firm

Ford Scott & Associates, LLC
Certified Public Accountants
1535 Haven Avenue
Ocean City, NJ 08226

Attorney

Cooper Levenson April Neidleman Wagenheim
1125 Atlantic Avenue
Atlantic City, NJ 08401

Engineer

Polistina & Associates
6684 Washington Avenue
Egg Harbor Township, NJ 08234

Bond Counsel

McManimon & Scotland, LLC
One Riverfront Plaza, 4th Floor
Newark, NJ 07102

Official Depository

OceanFirst Bank
1184 Ocean Heights Avenue
Egg Harbor Township, NJ 08234

Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Egg Harbor Township School District
County of Atlantic, 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 Egg Harbor Township School District, Egg Harbor Township, New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor Township School District, Egg Harbor Township, New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Egg Harbor Township School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB's Circular 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB's Circular 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 January 31, 2019 on our consideration of the Egg Harbor Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Egg Harbor Township School District's internal control over financial reporting and compliance.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 31, 2019

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Required Supplementary Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Egg Harbor Township School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- In the District's Governmental Activities, the net position of the District decreased \$5,079,139. This decrease is the result of the District realizing expenditures in excess of revenues. The State of New Jersey continued to defer both June state aid payments until July 2018.
- The State of New Jersey reimbursed the District \$11,420,109 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. Also, the State of New Jersey paid \$4,871,854 on behalf of the District for TPAF Pension and Post-Employment Benefits Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- In accordance with New Jersey State Statutes, the unassigned fund balance of the general fund is limited to the greater of 2% of the total general fund expenditures or \$250,000. Any excess is required to be designated as Restricted Fund Balance – Excess Surplus and included in next year's budget as budgeted fund balance. As of June 30, 2018 the District had excess surplus of \$10,688,061, or approximately 8.4% of the district's general fund budget, of which \$5,858,642 was applied to the 2018-19 budget.
- During the fiscal year ended June 30, 2018, the District's General Fund revenue realized was \$470,743 less than total expenditures. The District realized more revenue due to unanticipated tuition revenue, unanticipated miscellaneous revenue, as well as an increase in property tax revenue. The District's 2017-18 budget anticipated using \$6,313,178 of surplus.
- In the District's business-type activities, net position decreased \$114,700 during fiscal year 2018 as compared to a net decrease of \$49,022 in fiscal year 2017. The decrease is attributable to the excess costs incurred in the Food Service program. In addition, to keep costs down, the food service program continued to enter into consortiums for the purchase of food and supplies. During the 2018 and 2017 fiscal years, the General Fund did not transfer funds to the Food Service Fund to cover operating deficits. The Enterprise Fund also includes the Kids Klub latchkey program which operated at a loss of \$49,852 for the fiscal year ended June 30, 2018.

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OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management’s discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District’s government, reporting on the District’s operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the District operates like businesses, such as the food service area.
 - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the formation in the financial statements. The following schedule shows how the required parts of this annual report are arranged and relate to one another.

The following table summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

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**Major Features of Egg Harbor Township Board of Education's
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service and latchkey	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short- term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

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

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees' unemployment compensation plan. It is also responsible for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities

from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. During the 2017-2018 school year, net position for governmental activities decreased by \$5,079,139. This net decrease is due to the overall increase in revenue, in particular property taxes levied on properties within the District offset by depreciation expense. The expenditures of the District remained stable between the 2018 and 2017 fiscal years. The financial condition of the District, excluding depreciation expense, improved during the 2018 fiscal year with \$4,829,419 in excess fund balance available to apply to the 2020 fiscal year budget.

The business-type activities net position decreased due to an excess of expenditures over revenue primarily in the Latchkey Program. Program revenue decreased by \$120,939 due to decreases in both the food service and after school program participation. Expenditures increased by \$1,199 primarily due to increased costs in the food service program.

	Governmental Activities	Business- Type Activities	Total 2018	Governmental Activities	Business- Type Activities	Total 2017
Current and other assets	\$17,914,681	1,178,682	19,093,363	\$16,473,054	1,273,239	17,746,293
Capital assets	168,600,315	258,567	168,858,882	175,189,256	227,654	175,416,910
Total assets	186,514,996	1,437,249	187,952,245	191,662,310	1,500,893	193,163,203
Deferred outflows of resources	17,741,360		17,741,360	20,966,255		20,966,255
Long-term liabilities	128,137,191	53,988	128,191,179	141,123,177	29,064	141,152,241
Other liabilities	3,075,930	127,684	3,203,614	2,681,096	101,552	3,154,649
Total liabilities	131,213,121	181,672	131,394,793	143,804,273	130,616	143,934,889
Deferred inflows of resources	10,514,642		10,514,642	1,216,560		1,216,560
Net position						
Invested in capital assets	90,630,148	258,567	90,888,715	94,537,783	227,654	94,765,437
Restricted	387,165		387,165	335,375		335,375
Unrestricted	(28,488,720)	997,010	(27,491,710)	(28,846,773)	1,142,623	(27,704,150)
Total net position	\$62,528,593	1,255,577	63,784,170	\$67,607,732	1,370,277	68,978,009

Changes in net position. The total governmental activities revenue of the District increased by \$7,686,418 when compared to the prior fiscal year. During the 2018 fiscal year, the District realized an increase in taxes levied on the property owners of the Township, as well as additional state aid revenue related to the implementation of GASB 68. The local tax levy is 44.81% of total revenues. The municipality levies this tax on properties located in the Township and remits the collections on a monthly basis to the District.

Approximately 23.63% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors. The District expenses are primarily related to instruction, administration, and plant operations.

Governmental Activities

	2018		2017	
	Amount	Percentage	Amount	Percentage
Property taxes	81,181,571	44.81%	\$80,120,297	46.19%
Federal and State aid				
Unrestricted	42,802,324	23.63%	41,803,805	24.10%
Restricted	3,179,765	1.76%	3,269,108	1.88%
Tuition	1,100,072	0.61%	757,355	0.44%
Operating grants and Contributions	52,322,651	28.88%	46,519,012	26.82%
Other	570,294	0.31%	1,000,682	0.57%
Totals	181,156,677	100.00%	\$173,470,259	100.00%

The following schedule summarizes the governmental and business-type activities of the District during the 2018 and 2017 fiscal years.

	Govern- Mental Activities	Business- Type Activities	2018 Total	Govern- Mental Activities	Business- Type Activities	2017 Total
Revenues						
Program revenue						
Charges for srvs	\$1,100,072	1,367,390	2,467,462	\$757,355	1,439,164	2,196,519
Federal grants	4,271,930	2,010,806	6,282,736	3,532,315	2,057,424	5,589,739
State grants and Entitlements	48,050,721	34,089	48,084,810	42,986,697	36,636	43,023,333
General revenues						
Property taxes	81,181,571		81,181,571	80,120,297		80,120,297
State aid Entitlements	45,982,089		45,982,089	45,072,913		45,072,913
Other	570,294	2,050	572,344	1,000,682	1,642	1,002,324
Total revenues	181,156,677	3,414,335	184,571,012	\$173,470,259	3,534,866	177,005,125

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	Governmental Activities	Business- Type Activities	2018 Total	Governmental Activities	Business- Type Activities	2017 Total
Expenses						
Instruction:						
Regular	\$72,213,619		72,213,619	\$70,490,116		70,490,116
Special Education	18,030,639		18,030,639	17,501,382		17,501,382
Other special instr.	3,831,228		3,831,228	3,772,492		3,772,492
Other Instruction	2,417,604		2,417,604	2,369,267		2,369,267
Nonpublic school programs	194,769		194,769	194,888		194,888
Support services:						
Tuition	4,918,423		4,918,423	4,862,379		4,862,379
Student & instr related services	31,061,444		31,061,444	28,170,831		28,170,831
School admin srvs	9,020,644		9,020,644	8,816,177		8,816,177
General & business admin services	6,039,246		6,039,246	5,701,273		5,701,273
Plant operations & maintenance	19,893,048		19,893,048	18,712,027		18,712,027
Pupil transport	14,841,206		14,841,206	14,027,054		14,027,054
Interest on Long Term Debt	3,685,474		3,685,474	3,966,799		3,966,799
Business-type Activities		3,585,087	3,585,087		3,583,888	3,583,888
Total expenses	186,147,344	3,585,087	189,732,431	178,584,685	3,583,888	182,168,573
Excess/(Deficit)						
Before special Items	(4,990,667)	(170,752)	(5,161,419)	(5,114,426)	(49,022)	(5,163,448)
Special items	(88,472)	56,052	(32,420)	(3,470,059)		(3,470,059)
Increase/(Decrease) in net position	(5,079,139)	(114,700)	(5,193,839)	(\$8,584,485)	(49,022)	(8,633,507)

Business-type Activities

Operating revenues of the District's business-type activities decreased \$120,939 from the previous year while expenses increased by \$1,199. Factors contributing to these results included:

- Slight decrease in student participation in the school lunch programs, however there was an increase in the number of families eligible for free and reduced lunches.
- Costs in the latch key program decreased in 2017-18.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year ended June 30, 2018, the governmental funds reported a combined fund balance of \$14,782,856, which is \$578,194 lower than the beginning of the year. This decrease is due to additional revenues realized during the fiscal year, in particular additional taxes and tuition revenue, offset by current year expenditures.

The business-type enterprise fund reported a combined net position of \$1,255,577 as of June 30, 2018. This is \$114,700 lower than the prior fiscal year. Although the district saw significant savings in the cost of food and other supplies the revenue realized through operating these programs was not sufficient to offset those savings.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, 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, as a Type II School District that has elected to have November elections, requires approval by the voters only when statutory limits are exceeded. Transfers of appropriations may be made by Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the board and under certain circumstances require approval by the County Executive Superintendent of Schools. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by \$1,518,566. This is a result of additional extraordinary aid as well as realizing additional miscellaneous revenue and tuition. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions and capital leases, actual expenditures were below the budgeted appropriations by \$6,528,377. The most significant variances occurred as a result of the continued decreases in tuition costs to special services school districts, savings in energy costs, decreases in transportation costs, and decreases in employee health benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$168,858,882, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$6,558,028, or 4%, over last year. The decrease is due largely to current year depreciation expense.

	<u>Govern- Mental Activities</u>	<u>Business- Type Activities</u>	<u>2018 Total</u>	<u>Govern- Mental Activities</u>	<u>Business- Type Activities</u>	<u>2017 Total</u>
Land	\$1,837,900		1,837,900	\$1,837,900		1,837,900
Const in Progress	605,946		605,946	267,803		267,803
Buildings & Bldg improv	157,396,451		157,396,451	164,413,025		164,413,025
Machinery & equipment	3,251,115	258,567	3,509,682	3,502,564	227,654	3,730,218
Vehicles	5,508,903		5,508,903	5,167,964		5,167,964
Total	\$168,600,315	258,567	168,858,882	\$175,189,256	227,654	175,416,910

During the 2018 fiscal year the district continued to upgrade facilities and equipment for use throughout the district. These upgrades included renovations and upgrades at various schools, as well as the District as a whole. In addition, the District continued construction on the high school field house and concession stand renovations and expansion. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-term Debt

All bonds are authorized in accordance with State law by the voters of the District. At the end of the current fiscal year, the District had total bonded debt outstanding of \$72,045,000 and obligations under capital leases of \$5,925,167.

	Balance 6/30/17	Issued	Retired/ Adjusted	Balance 6/30/18
Governmental Activities:				
Bonds payable	77,570,000		5,525,000	72,045,000
Obligations under				
Capital leases	3,081,473	4,246,907	1,403,213	5,925,167
Compensated absences				
Payable	1,266,965	200,000	295,013	1,171,952
Prem on Refunding Bonds	2,059,992		5,041	2,054,951
Net Pension Liability	57,144,747		10,204,626	46,940,121
Total Governmental Activities	<u>141,123,177</u>	<u>4,446,907</u>	<u>17,432,893</u>	<u>128,137,192</u>
Business-Type Activities				
Compensated absences				
Payable	29,064	34,129	9,206	53,988
Total Business-Type Activities	<u>29,064</u>	<u>34,129</u>	<u>9,206</u>	<u>53,988</u>
Total	<u>141,152,241</u>			<u>128,191,180</u>

More detailed information about the District’s long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The student population in the District has increased by over 1000 students over the past 12 years, reflecting a 15% enrollment growth, second highest in the state. This enrollment growth has resulted in a significant strain on the school district and the local taxpayers and despite slight decreases in student enrollments during the past three years, the District continues to provide a thorough and efficient education with significant under-funding of state support. Under the school funding formula, the District’s categorical state aid for 2018-19 was \$43,930,259 reflecting a \$2.09 million dollar increase from 2017-2018.

The district’s 2018-19 tax levy was not required to be approved by the voters due to the district moving the annual election to November, in accordance with State statute. The statute provides districts the option to move their school elections to the general election in November, and tax levies within the 2% statutory cap in increases did not require voter approval. The 2018-19 tax levy is \$77,128,026, which is an increase of about 2.0% over the 2017-18 tax levy and less than the 2% statutory cap due to an increase in state aid that was partially allocated by the Board for tax relief. The District’s state aid of \$2,091,917 increased due to additional funding provided in July of 2018.

In addition, the district’s share of state aid continues to be reduced because of revenue growth caps. The 2017-18 state aid calculated and uncapped should be \$69,824,611, but the actual aid received was \$43,930,259. Under the school funding formula, the required local share to be raised by taxes for 2018-19 was \$58,097,486. The actual tax levy was \$77,128,026, which reflects an additional tax burden of \$17,518,226 resulting from many years of flat funding and state aid caps, coupled with the mandated growth as a Pinelands High Density Growth area. The housing market and economy has slowed down the rate of student growth, but many developments have been approved and can be built out as the economy recovers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 13 Swift Drive, Egg Harbor Township, New Jersey 08234.

DISTRICT - WIDE FINANCIAL STATEMENTS

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,588,360	959,039	14,547,399
Receivables, net	1,459,334		1,459,334
Internal balances	18,392	(18,392)	-
Due from other governments	1,305,350	161,413	1,466,763
Due from Bank	1,543,245		1,543,245
Inventory		76,622	76,622
Capital assets not being depreciated			
Construction in progress	605,946		605,946
Land	1,837,900		1,837,900
Capital assets, net	166,156,469	258,567	166,415,036
Total Assets	<u>186,514,996</u>	<u>1,437,249</u>	<u>187,952,245</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on bond issue refunding	3,602,236		3,602,236
Deferred outflows related to pensions	14,139,124		14,139,124
Total Deferred Outflows of Resources	<u>17,741,360</u>	<u>-</u>	<u>17,741,360</u>
LIABILITIES			
Accounts payable	1,413,894	29,149	1,443,043
Other liabilities	1,553,079	39,228	1,592,307
Due to Trust & Agency			-
Payable to state government	24,087		24,087
Unearned revenue	84,870	59,307	144,177
Noncurrent liabilities:			
Due within one year	7,353,431		7,353,431
Due beyond one year	73,843,639	53,988	73,897,627
Net Pension Liability	46,940,121		46,940,121
Total liabilities	<u>131,213,121</u>	<u>181,672</u>	<u>131,394,793</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on bond issue refunding	1,092,496		1,092,496
Deferred inflows related to pensions	9,422,146		9,422,146
Total Deferred Inflows of Resources	<u>10,514,642</u>	<u>-</u>	<u>10,514,642</u>
NET POSITION			
Invested in capital assets, net of related debt	90,630,148	258,567	90,888,715
Restricted for:			
Debt service	36,643		36,643
Capital projects	191,281		191,281
Other purposes	159,241		159,241
Unrestricted	(28,488,720)	997,010	(27,491,710)
Total net position	<u>\$ 62,528,593</u>	<u>1,255,577</u>	<u>63,784,170</u>

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 55,217,624	16,995,994	1,100,072	21,959,609	(49,153,937)		(49,153,937)
Special education	13,696,240	4,334,399		4,802,862	(13,227,777)		(13,227,777)
Other special instruction	2,875,602	955,627		1,058,911	(2,772,318)		(2,772,318)
Other instruction	1,934,554	483,050		535,259	(1,882,345)		(1,882,345)
Nonpublic school programs	194,769				(194,769)		(194,769)
Support services:							
Tuition	4,918,423	-		-	(4,918,423)		(4,918,423)
Student & instruction related services	23,558,205	7,503,239		9,449,262	(21,612,182)		(21,612,182)
School administrative services	6,411,893	2,608,751		2,890,706	(6,129,938)		(6,129,938)
General and business administrative services	4,487,275	1,551,971		1,719,709	(4,319,537)		(4,319,537)
Plant operations and maintenance	14,797,944	5,095,104		5,645,783	(14,247,265)		(14,247,265)
Pupil transportation	10,996,223	3,844,983		4,260,550	(10,580,656)		(10,580,656)
Unallocated benefits	43,373,118	(43,373,118)					
Interest on long-term debt	3,685,474				(3,685,474)		(3,685,474)
Total governmental activities	<u>186,147,344</u>	<u>-</u>	<u>1,100,072</u>	<u>52,322,651</u>	<u>(132,724,621)</u>	<u>-</u>	<u>(132,724,621)</u>
Business-type activities:							
Food Service	3,265,814		1,097,969	2,044,895		(122,950)	(122,950)
Child Care	319,273		269,421	-		(49,852)	(49,852)
Total business-type activities	<u>3,585,087</u>	<u>-</u>	<u>1,367,390</u>	<u>2,044,895</u>	<u>(132,724,621)</u>	<u>(172,802)</u>	<u>(172,802)</u>
Total primary government	<u>\$ 189,732,431</u>	<u>-</u>	<u>2,467,462</u>	<u>54,367,546</u>	<u>(132,724,621)</u>	<u>(172,802)</u>	<u>(132,897,423)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					75,615,712		75,615,712
Taxes levied for debt service					5,565,859		5,565,859
Federal and State aid not restricted					42,802,324		42,802,324
Federal and State aid restricted					3,179,765		3,179,765
Investment Earnings					2,000	2,050	4,050
Miscellaneous Income					568,294		568,294
Other financing sources/(uses):							
Gain/(Loss) on disposal of capital assets					(88,472)	56,052	(32,420)
Adjustment to Capital Assets					-	-	-
Bond Issue Costs					-	-	-
Cancellation of prior year liability					-	-	-
Total general revenues and special items					<u>127,645,482</u>	<u>58,102</u>	<u>127,703,584</u>
Change in Net Position					<u>(5,079,139)</u>	<u>(114,700)</u>	<u>(5,193,839)</u>
Net Position—beginning					<u>67,607,732</u>	<u>1,370,277</u>	<u>68,978,009</u>
Net Position—ending					<u>\$ 62,528,593</u>	<u>1,255,577</u>	<u>63,784,170</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 13,322,957	-	206,281	59,122	13,588,360
Receivables, net	349,523	1,109,811			1,459,334
Due from other funds	783,833		-		783,833
Receivables from other governments	1,291,992	13,358	-	-	1,305,350
Total assets	<u>15,748,305</u>	<u>1,123,169</u>	<u>206,281</u>	<u>59,122</u>	<u>17,136,877</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,094,567	319,327	-		1,413,894
Due to other governments		24,087			24,087
Due to other funds	-	750,441	15,000	-	765,441
Other liabilities	65,729				65,729
Unearned revenue	33,077	29,314		22,479	84,870
Total liabilities	<u>1,193,373</u>	<u>1,123,169</u>	<u>15,000</u>	<u>22,479</u>	<u>2,354,021</u>
Fund Balances:					
Restricted for:					
Excess Surplus	4,829,419				4,829,419
Excess Surplus - Designated for Subsequent Year's Expenditures	5,858,642				5,858,642
Capital Reserve Fund	2,674,801				2,674,801
Maintenance Reserve Fund	392,000				392,000
Capital Projects			191,281		191,281
Debt service fund				36,643	36,643
Assigned to:					
Encumbrances	159,241				159,241
Designated for subsequent year's expenditures	640,829			-	640,829
Unassigned, reported in:					
General fund	-				-
Total Fund balances	<u>14,554,932</u>	<u>-</u>	<u>191,281</u>	<u>36,643</u>	<u>14,782,856</u>
Total liabilities and fund balances	<u>\$ 15,748,305</u>	<u>1,123,169</u>	<u>206,281</u>	<u>59,122</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	168,600,315
SREC balances not liquidated by September 30 of the subsequent year are not recorded as assets on the fund statements	-
Capital Lease proceeds held in trust by the Bank.	1,543,245
Deferred inflow of resources	
Gain on 10/1/04 refunding bond issue	(1,092,496)
Deferred outflows of resources	
Loss on 1/6/16 refunding bond issue	1,999,539
Loss on 6/1/16 refunding bond issue	1,528,053
Loss on 12/1/12 refunding bond issue	74,644
Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds	(42,223,143)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bond payable	(72,045,000)
Premium on Refunding Bonds	(2,054,951)
Capital leases	(5,925,167)
Accrued interest payable	(1,487,350)
Compensated absences	(1,171,952)
Net position of governmental activities	<u>\$ 62,528,593</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$ 75,615,712			5,565,859	81,181,571
Tuition Charges	1,100,072				1,100,072
Interest	2,000				2,000
Miscellaneous	568,294			-	568,294
Local sources		4,266			4,266
State sources	58,862,935	216,911		3,179,765	62,259,611
Federal sources	231,352	4,040,578			4,271,930
Total revenues	<u>136,380,365</u>	<u>4,261,755</u>	<u>-</u>	<u>8,745,624</u>	<u>149,387,744</u>
EXPENDITURES					
Current:					
Regular instruction	35,602,862	2,909,027			38,511,889
Special education instruction	9,426,133				9,426,133
Other special instruction	1,934,150				1,934,150
Other instruction	1,458,668				1,458,668
Nonpublic school programs		194,769			194,769
Support services and undistributed costs:					
Tuition	4,918,423				4,918,423
Student & instruction related services	15,031,192	1,135,071			16,166,263
School administrative services	3,841,837				3,841,837
Other administrative services	2,958,324				2,958,324
Plant operations and maintenance	9,778,417				9,778,417
Pupil transportation	7,208,272				7,208,272
Unallocated Benefits	43,373,118				43,373,118
Debt service:					
Principal				5,525,000	5,525,000
Interest and other charges				3,328,075	3,328,075
Capital outlay	5,566,619	22,888	-		5,589,507
Total expenditures	<u>141,098,015</u>	<u>4,261,755</u>	<u>-</u>	<u>8,853,075</u>	<u>154,212,845</u>
Excess (Deficiency) of revenues over expenditures	<u>(4,717,650)</u>	<u>-</u>	<u>-</u>	<u>(107,451)</u>	<u>(4,825,101)</u>
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	4,246,907				4,246,907
Increase in capital reserve	2,728,203				2,728,203
Deposit to Capital Reserve	(2,405,365)				(2,405,365)
Withdrawal from Capital Reserve	(322,838)				(322,838)
Increase in Maintenance reserve	-				-
Deposit to Maintenance Reserve	-				-
Cancellation of prior year receivable					-
Total other financing sources and uses	<u>4,246,907</u>		<u>-</u>	<u>-</u>	<u>4,246,907</u>
Net change in fund balances	(470,743)	-	-	(107,451)	(578,194)
Fund balance—July 1	15,025,675	-	191,281	144,094	15,361,050
Fund balance—June 30	<u>\$ 14,554,932</u>	<u>-</u>	<u>191,281</u>	<u>36,643</u>	<u>14,782,856</u>

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

Total net change in fund balances - governmental funds (from B-2) \$ (578,194)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	(8,638,534)	
	Loss on disposition of capital assets	(88,472)	
	Capital outlays	<u>2,138,065</u>	(6,588,941)

Proceeds of capital leases are recognized as a revenue and expenditure in the governmental funds, however the funds had not been received by June 30 and are recognized as a receivable in the statement of activities.

1,543,245

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

6,928,213

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. Capital lease proceeds

(4,246,907)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a subtraction in the reconciliation. (-)

81,742

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

	District pension contributions	1,868,041	
	Cost of benefits earned, net of employee contributions	<u>(4,285,351)</u>	(2,417,310)

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

		95,013	
Compensated absences		124,064	
Amortization of gain on 2004 refunding bond issue		(10,176)	
Amortization of loss on 2016 refunding bond issue		(14,929)	
Amortization of premium on 2016 refunding bond issue		5,041	

Change in net position of governmental activities \$ (5,079,139)

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds		Total
	Food Service	Non-Major Fund Latchkey Program	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 800,169	158,870	959,039
Accounts receivable	144,341	17,072	161,413
Inventories	76,622		76,622
Total current assets	<u>1,021,132</u>	<u>175,942</u>	<u>1,197,074</u>
Noncurrent assets:			
Furniture, machinery & equipment	1,464,311		1,464,311
Less accumulated depreciation	<u>(1,205,744)</u>		<u>(1,205,744)</u>
Total noncurrent assets	<u>258,567</u>	<u>-</u>	<u>258,567</u>
Total assets	<u><u>1,279,699</u></u>	<u><u>175,942</u></u>	<u><u>1,455,641</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,414	14,735	29,149
Interfund payable	18,392	-	18,392
Student Deposits	39,228		39,228
Deferred revenue	59,307	-	59,307
Total current liabilities	<u>131,341</u>	<u>14,735</u>	<u>146,076</u>
Noncurrent liabilities:			
Compensated absences	53,988		53,988
Total noncurrent liabilities	<u>53,988</u>	<u>-</u>	<u>53,988</u>
Total liabilities	<u>185,329</u>	<u>14,735</u>	<u>200,064</u>
NET POSITION			
Invested in capital assets	258,567		258,567
Unrestricted	835,803	161,207	997,010
Total net position	<u>\$ 1,094,370</u>	<u>161,207</u>	<u>1,255,577</u>

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund		Total
	Food Service	Non-Major Fund Latchkey Program	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 1,026,763		1,026,763
Daily sales - non-reimbursable programs	46,534		46,534
Special functions	24,672		24,672
Latchkey program revenue		269,421	269,421
Total operating revenues	<u>1,097,969</u>	<u>269,421</u>	<u>1,367,390</u>
Operating expenses:			
Cost of sales - Reimbursable	1,282,659		1,282,659
Cost of sales - Non-Reimbursable	19,432		19,432
Salaries	1,420,912	249,961	1,670,873
Employee benefits	441,429	35,090	476,519
General supplies & materials	76,243	34,222	110,465
Depreciation	25,139		25,139
Total Operating Expenses	<u>3,265,814</u>	<u>319,273</u>	<u>3,585,087</u>
Operating (loss)	<u>(2,167,845)</u>	<u>(49,852)</u>	<u>(2,217,697)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	34,089		34,089
Federal sources:			
National school lunch program	1,513,626		1,513,626
National school breakfast program	260,515		260,515
Special milk program	5,845		5,845
Food distribution program	230,820		230,820
Gain on disposal of fixed assets	56,052		56,052
Interest and investment revenue	1,728	322	2,050
Total nonoperating revenues	<u>2,102,675</u>	<u>322</u>	<u>2,102,997</u>
(Loss) before contributions & transfers	<u>(65,170)</u>	<u>(49,530)</u>	<u>(114,700)</u>
Other financing sources:			
Cancellation off prior year liability	-		-
Change in net position	(65,170)	(49,530)	(114,700)
Total net position—beginning	<u>1,159,540</u>	<u>210,737</u>	<u>1,370,277</u>
Total net position—ending	<u>\$ 1,094,370</u>	<u>161,207</u>	<u>1,255,577</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		Total
	Food Service	Non-Major Fund Latchkey Program	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,132,557	269,421	1,401,978
Payments to employees	(1,420,912)	(249,961)	(1,670,873)
Payments for employee benefits	(416,505)	(35,090)	(451,595)
Payments to suppliers	(76,243)	(20,749)	(96,992)
Payments to cost of sales	(1,111,075)		(1,111,075)
Net cash (used for) operating activities	<u>(1,892,178)</u>	<u>(36,379)</u>	<u>(1,928,557)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	37,085		37,085
Federal Sources	1,762,737		1,762,737
Payments from other funds	-	-	-
Net cash provided by/(used for) non-capital financing activities	<u>1,799,822</u>	<u>-</u>	<u>1,799,822</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	-
Net cash (used for) capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,728	322	2,050
Net cash provided by investing activities	<u>1,728</u>	<u>322</u>	<u>2,050</u>
Net (decrease) in cash and cash equivalents	(90,628)	(36,057)	(126,685)
Balances—beginning of year	890,797	194,927	1,085,724
Balances—end of year	<u>800,169</u>	<u>158,870</u>	<u>959,039</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:			
Operating (loss)	(2,167,845)	(49,852)	(2,217,697)
Adjustments to reconcile (loss) to net cash (used for) operating activities			
Depreciation and net amortization	25,139		25,139
Federal commodities	230,820		230,820
(Increase) in receivables	(4,640)	-	(4,640)
(Increase) in inventories	(13,235)		(13,235)
(Decrease) in accounts payable	(41,365)	13,473	(27,892)
Increase in student deposits	39,228		39,228
Increase in deferred revenue	14,796		14,796
Increase in compensated absences	24,924		24,924
Total adjustments	<u>275,667</u>	<u>13,473</u>	<u>289,140</u>
Net cash (used for) operating activities	<u>\$ (1,892,178)</u>	<u>(36,379)</u>	<u>(1,928,557)</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 1,262,706	581,266
Due from Employees	-	206
	<u>1,262,706</u>	<u>581,472</u>
LIABILITIES		
Payable to student groups		429,604
Conduit activities payable		131,003
Payroll deductions and withholdings		20,865
	<u>-</u>	<u>581,472</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>\$ 1,262,706</u>	
Reserved for scholarships		

The accompanying notes are an integral part of these financial statements

Exhibit B-8

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

		Unemployment Compensation Trust
ADDITIONS		
Contributions:		
Plan member	\$	122,127
Total Contributions		122,127
Investment earnings:		
Interest		2,413
Net investment earnings		2,413
Total additions		124,540
DEDUCTIONS		
Transferred to Education Foundation		
Unemployment claims		51,994
Total deductions		51,994
Change in net position		72,546
Net position—beginning of the year		1,190,160
Net position—end of the year	\$	1,262,706

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

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Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Egg Harbor Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Egg Harbor Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

The Egg Harbor Township School District is a Type II district located in the County of Atlantic, 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-12. The Egg Harbor Township School District had an enrollment at June 30, 2018 of 7,340 students.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue, capital projects, and debt service activities are classified as governmental activities. The District's food service and Kids Klub (latchkey) program are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as on-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School districts must report all governmental funds a major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

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.

- d. **Debt service** funds are 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.

Fund Balances – Governmental Funds

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

- **Nonspendable** – 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:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an 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.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

Food Services Fund – provides for the operation of food services in all schools within the school district.

Latchkey – accounts for the operation of an after-school program for all children within the district.

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments), private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned in the Capital Projects Fund is recognized in the District's General Fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	67,817
Supplies		<u>8,805</u>
	\$	<u><u>76,622</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food service inventory on June 30, 2018 is \$59,307.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

Infrastructure assets include roads, parking lots, underground pipe, etc. All infrastructure assets are reported in the financial statements and are being depreciated over their useful lives.

Egg Harbor Township School District
Notes to Financial Statements
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5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes 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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

6. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All funds internal activity is eliminated when carried to the Government-wide statements.

Egg Harbor Township School District
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9. 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 for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2.2(f). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the Executive County Superintendent of Schools. The Board of Education approved the following significant budgetary appropriation transfers during the 2018 fiscal year:

<u>Account Name</u>	<u>Amount</u>
Salaries of Teachers – Grades 9-12	(\$200,000)
Undistributed Instruction	
Purchased Professional – Educational Services	401,985
General Supplies	168,609
Special Education - Instruction	
Learning and/or Language Disabilities – Salaries of Teachers	(321,380)
Multiple Disabilities – Salaries of Teachers	277,000
Resource Room/Resource Center – Salaries of Teachers	180,000
Preschool Disabilities – Full Time – Other Salaries for Instruction	294,010
Undistributed Expenditures - Instruction	
Tuition to Other LEAs Within the State – Regular	132,238
Tuition to County Voc. School Dist. – Special	125,460
Tuition to CSSD & Regional Day Schools	(468,278)
Tuition to Private Schools for the Disabled – Within State	(282,398)
Undistributed Expenditures – Other Support Services	
Students – Related Services – Purch. Prof. – Educ. Services	301,002
Students – Extra Services	
Salaries	(207,987)
Purchased Professional – Educational Services	379,337
Child Study Team – Salaries of Secretarial & Clerical Assistants	116,961
Undistributed Expenditures – Student Transportation Services	
Lease Purchase Payments – School Buses	189,153
Contracted Services – (Between Home & School) – Joint Agree.	179,611
Contracted Services (Special Ed Students) – Joint Agree.	(404,032)
Unallocated Benefits	
Health Benefits	(1,745,007)
Other Employee Benefits	475,000
Equipment – Undistributed Expenditures – Security	322,840

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 one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of

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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.

10. 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.

11. Tuition Payable

Tuition charges for the fiscal year 2017/18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the original budgetary expenditures by program.

14. Pensions

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

F. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

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In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 “Leases”. This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District’s financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements”. This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District’s financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District’s financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, “Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61”. This statement, which is effective for fiscal period beginning after December 15, 2018, will not have any effect on the District’s financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2018, the District had no investments.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) which mandates the collateralization of all government deposits, or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$1,293,230 of the District’s bank balance of \$18,098,879 was exposed to custodial credit risk.

**Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018**

NOTE 4. CAPITAL ASSETS

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

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Construction in progress	\$267,803	338,143		605,946
Land	1,837,900			1,837,900
Total capital assets not being depreciated	<u>2,105,703</u>	<u>338,143</u>		<u>2,443,846</u>
Bldg and bldg improve	289,763,904	348,418		290,112,322
Machinery & equipment	13,153,330	398,454	(1,082,192)	12,469,592
Vehicles	11,986,540	1,053,050	(240,672)	12,798,918
Total at historical cost	<u>314,903,774</u>	<u>1,799,922</u>	<u>(1,322,864)</u>	<u>315,380,832</u>
Less accum depr	<u>(141,820,221)</u>	<u>(8,638,534)</u>	<u>1,234,392</u>	<u>(149,224,363)</u>
Total capital assets being depr, net of accum depr	<u>173,083,553</u>	<u>(6,838,612)</u>	<u>(88,472)</u>	<u>166,156,469</u>
Governmental activities capital assets, net	<u><u>\$175,189,256</u></u>	<u><u>(6,500,469)</u></u>	<u><u>(88,472)</u></u>	<u><u>168,600,315</u></u>
Business-type activities:				
Equipment	\$403,463		1,060,848	1,464,311
Less accum depr for:				
Equipment	<u>(175,809)</u>	<u>(25,140)</u>	<u>(1,004,795)</u>	<u>(1,205,744)</u>
Business-type activities capital assets, net	<u><u>\$227,654</u></u>	<u><u>(25,140)</u></u>	<u><u>56,053</u></u>	<u><u>258,567</u></u>

Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$	3,385,057
Special education		863,273
Other special instruction		190,330
Other instruction		96,208
Student & instruction related services		1,494,404
School administrative expenses		519,580
General and business administration		309,103
Plant operations and maintenance		1,014,781
Student transportation services		765,798
	\$	<u><u>8,638,534</u></u>

Egg Harbor Township School District
Notes to Financial Statements
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No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$3,328,075.

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Egg Harbor Township Board of Education on October 28, 1997 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. During the 2008 fiscal year, the District transferred \$2,140,725 from the unreserved fund balance in order to fund the capital reserve fund. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the 2018 fiscal year is as follows:

Beginning balance, July 1	\$	592,274
Raised in budget		1,500,000
Deposits – by resolution		905,365
Withdrawals		
Board resolution – 12/19/17 – HS CCTV Upgrade Project		(322,838)
Ending balance, June 30	\$	<u><u>2,674,801</u></u>

NOTE 6. MAINTENANCE RESERVE ACCOUNT

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. Per resolution made on June 27, 2017, the district established a Maintenance Reserve Account and transferred current year surplus of \$392,000 to Maintenance Reserve. As of June 30, 2018 the District has reserved \$392,000 for maintenance.

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Notes to Financial Statements
June 30, 2018**

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$322,838 to the capital outlay accounts. The transfer was made from the general fund capital reserve account to fund the CCTV Upgrade Project at the High School.

NOTE 8. GENERAL LONG-TERM DEBT

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

	Balance		Amounts		
	06-30-17	Issued	Retired	Balance	Due Within
				6-30-18	One year
Governmental Activities					
Bonds & loans payable:					
School bonds	\$77,570,000		5,525,000	72,045,000	5,755,000
Obligations under capital Leases	3,081,473	4,246,907	1,403,213	5,925,167	1,593,667
	<u>80,651,473</u>	<u>4,246,907</u>	<u>6,928,213</u>	<u>77,970,167</u>	<u>7,348,667</u>
Other liabilities:					
Compensated absences Payable	1,266,965	200,000	295,013	1,171,952	
Premium on Refunding Bonds	2,059,992		5,041	2,054,951	4,764
Net Pension Liability	57,144,747		10,204,626	46,940,121	
Governmental activities long-Term liabilities	<u>141,123,177</u>	<u>4,446,907</u>	<u>17,432,893</u>	<u>128,137,191</u>	<u>7,353,431</u>
Business-type Activities:					
Compensated absences Payable	29,064	34,129	9,206	53,988	
Business-type activities long-Term-liabilities	<u>\$29,064</u>	<u>34,129</u>	<u>9,206</u>	<u>53,988</u>	

Bonds and loans payable are budgeted and paid through the general fund operating budget.

A. Bonds Payable:

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

Long-term debt as of June 30, 2018 consisted of the following:

\$50,735,000 Refunding Bonds dated October 1, 2004 payable in annual installments on January 15, 2005 and each July 15 thereafter commencing in 2012 and continuing through 2025. Semi-annual interest payments are due, at rates ranging from 3.00% to 5.75%, on January 15 and July 15, commencing January 15, 2005. The total savings to the District was \$1,588,925, or 3.021% as a result of

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

refunding the 2001 bond issue. The refunding bonds are not subject to redemption prior to their stated maturities. The balance remaining as of June 30, 2018 was \$33,095,000.

\$27,924,000 School bonds dated 9/15/08 payable in annual installments beginning 9/15/12 and continuing through 9/15/28. Interest is paid semiannually at varying rates between 4.00% per annum and 4.25% per annum. Bonds maturing on or after 9/15/19 are redeemable at the option of the Board in whole or in part, on any date on or after 9/15/18 at par, plus unpaid accrued interest to the date fixed for redemption. On June 1, 2016 the District, through a refunding bond issue, called the bonds maturing on 9/15/19 through 9/15/28 totaling \$18,950,000. The balance remaining as of June 30, 2018 was \$1,465,000.

On November 15, 2012 the District issued \$6,805,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance in September 2012 which provided for the refunding of all or a portion of the callable portion of the \$23,052,000 issue dated April 1, 2005. The total savings to the District was \$403,186, or 6.03% as a result of refunding the 2005 bond issue. The callable portion refunded includes the bonds maturing on April 1, 2016 and annually thereafter through April 1, 2024 and total \$6,685,000. Semi-annual interest payments are due, at rates ranging from 2.00% to 4.00%, on April 1 and October 1, commencing April 1, 2013. The bonds will mature annually on April 1, commencing in 2013 through 2024. Refunding bonds maturing on or after April 1, 2023 are subject to redemption prior to maturity at the option of the Board on any date on or after April 1, 2022. The balance remaining as of June 30, 2018 was \$4,225,000.

On January 6, 2016 the District issued \$14,365,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance in November 2015 which provided for the refunding of all or a portion of the callable portion of the \$15,410,000 issue dated December 5, 2006. The total savings to the District was \$1,013,330, or 7.05% as a result of refunding the 2006 bond issue. The callable portion refunded includes the bonds maturing on April 1, 2017 and annually thereafter through April 1, 2030 and total \$14,675,000. Semi-annual interest payments are due, at rates ranging from 2.00% to 5.00%, on April 1 and October 1, commencing April 1, 2016. The bonds will mature annually on April 1, commencing in 2016 through 2030. Refunding bonds maturing on or after April 1, 2026 are subject to redemption prior to maturity at the option of the Board on any date on or after April 1, 2025. The balance remaining as of June 30, 2018 was \$14,140,000.

On June 1, 2016 the District issued \$19,320,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance in April 2016 which provided for the refunding of all or a portion of the callable portion of the \$27,924,000 issue dated September 15, 2008. The total savings to the District was \$1,138,616, or 6.01% as a result of refunding the 2008 bond issue. The callable portion refunded includes the bonds maturing on September 15, 2019 and annually thereafter through September 15, 2028 and total \$18,950,000. Semi-annual interest payments are due, at rates ranging from 2.00% to 5.00%, on March 15 and September 15, commencing September 15, 2016. The bonds will mature annually on September 15, commencing in 2016 through 2028. The balance remaining as of June 30, 2018 was \$19,120,000. Principal and interest due on serial bonds outstanding is as follows:

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Notes to Financial Statements
June 30, 2018**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2019	\$ 5,755,000	3,062,750	8,817,750
2020	6,040,000	2,784,663	8,824,663
2021	6,330,000	2,483,525	8,813,525
2022	6,620,000	2,182,950	8,802,950
2023	6,905,000	1,847,738	8,752,738
2024-2028	31,985,000	4,209,069	36,194,069
2029-2030	8,410,000	302,525	8,712,525
	<u>\$ 72,045,000</u>	<u>16,873,219</u>	<u>88,918,219</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018 the Board had authorized but not issued bonds in the amount of \$1,357.

C. Capital Leases Payable:

The District is leasing various equipment, vehicles, and facilities totaling \$8,983,057 under capital leases. Semiannual lease payments are made to First Niagara, SunTrust Leasing Co., U.S. Bank Corp., and TD Equipment Finance, and include interest at a rate of 1.430% to 1.810% per annum. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2018.

	<u>Amount</u>
Year ending June 30,	
2019	\$ 1,593,667
2020	1,660,843
2021	1,165,934
2022	881,028
2023	<u>881,027</u>
Total minimum lease payments	6,182,499
Less amount representing interest	<u>257,332</u>
Present value of lease payments	<u>\$ 5,925,167</u>

The following schedule lists the equipment, along with the accumulated depreciation, that has been obtained through capital leases:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Remaining Value</u>
Transportation Equipment	\$ 3,786,562	1,101,328	2,685,234
Equipment	5,196,495	916,144	4,280,351
Transportation Equipment	<u>\$ 8,983,057</u>	<u>2,017,473</u>	<u>6,965,584</u>

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-rpts-home.shtml>.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 23.85% and the PERS rate is 13.37% of covered payroll. The School District's contributions to

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TPAF for the years ending June 30, 2018, 2017, and 2016 were \$7,528,775, \$5,610,972, and \$3,929,349, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2018, 2017, and 2016 were \$1,910,313, \$1,729,747, and \$1,587,450, respectively, equal to the required contributions for each year.

The Board's total payroll for the years ended June 30, 2018, 2017, and 2016 was \$74,644,384, \$74,587,967, and \$71,322,257, covered payroll was \$54,138,997, \$52,830,893, and \$51,825,604 for TPAF; and \$14,784,203, \$14,455,418, and \$13,586,006 for PERS.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

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Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 10. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At June 30, 2018, the District reported a liability of \$46,940,121 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.20164666560%, which was an increase of 4.51% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,285,351. 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	\$ 1,105,278	
Changes of assumptions	9,456,817	9,422,146
Net difference between projected and actual earnings on pension plan investments	319,631	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,257,398	
District contributions subsequent to the measurement date	1,868,041	
	<hr/>	<hr/>
Total	<u>\$ 16,007,165</u>	<u>9,422,146</u>

**Egg Harbor Township School District
Notes to Financial Statements
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\$1,868,041 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,			
<u> </u>			
2018	\$	3,752,704	
2019		5,452,120	
2020		3,238,538	
2021		(4,329,738)	
2022		(3,396,646)	
Total	\$	<u>4,716,978</u>	

Actuarial Assumptions

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

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

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

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

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assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	6.50%
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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

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Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participated employers 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-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 56,316,814	46,940,121	39,138,294

Pension plan fiduciary net position.

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

NOTE 11. TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		336,336,183
Total	\$	336,336,183

The net pension liability was measured as of June 30, 2017 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

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Notes to Financial Statements
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For the year ended June 30, 2018, the District recognized pension expense of \$23,299,668 and revenue of \$23,299,668 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,200,467	575,568
Changes of assumptions	66,736,142	58,288,794
Net difference between projected and actual earnings on pension plan investments	1,703,577	
Changes in proportion and differences between District contributions and proportionate share of contributions	11,541,446	
District contributions subsequent to the measurement date	5,601,536	
Total	\$ 87,783,168	58,864,362

\$5,601,536 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 7,312,735
2019	11,612,511
2020	9,709,685
2021	5,444,025
2022	6,171,978
Thereafter	(16,933,665)
Total	\$ 23,317,269

**Egg Harbor Township School District
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Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

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

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

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

Long-Term Expected Rate of Return

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

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Notes to Financial Statements
June 30, 2018**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
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 market 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ -	-	-

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Notes to Financial Statements
June 30, 2018**

Pension plan fiduciary net position.

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

NOTE 12. LABOR CONTRACTS

As of June 30, 2018, the District's employees are organized in two collective bargaining units.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
EHT Education Association	All regularly employed certified personnel, secretarial, and clerical personnel, and paraprofessional. This contract also includes regularly employed custodial, grounds, maintenance, and cafeteria personnel, except supervisors.	June 30, 2019
Principals' and Supervisors' Association	All certified administrative personnel, excluding the Superintendent, Asst Superintendents, Business Administrator, and all employees considered confidential by law.	June 30, 2018

In addition to the above contracts, the Board of Education has entered into individual employment agreements with the Superintendent, Assistant Superintendents, Business Administrator and Central Office employees. The expiration of these contracts will vary depending on the position.

NOTE 13. OTHER POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

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Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the following:

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality

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table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

Changes in the Total OPEB liability reported by the State of New Jersey:

Balance at 6/30/16	\$	57,831,784,184
Changes for the year:		
Service cost		2,391,878,884
Interest		1,699,441,736
Changes in assumptions or other inputs		(7,086,599,129)
Contributions: Member		45,748,749
Benefit payments		<u>(1,242,412,566)</u>
Net changes		<u>(4,191,942,326)</u>
Balance at 6/30/17	\$	<u><u>53,639,841,858</u></u>

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

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability (School Retirees)	63,674,362,200.00	53,639,841,858.00	45,680,364,953.00

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

The following presents the total OPEB liability of the State, as well as what the State's total OPB 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>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	44,113,584,560.00	53,639,841,858.00	66,290,599,457.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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For the year ended June 30, 2018, the board of education recognized OPEB expense of \$18,933,477 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education'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. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032.00
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,190,373,242.00	
Total	\$ 1,190,373,242.00	6,343,769,032.00

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

Year ended June 30,	
2019	\$ (742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
2023	(742,830,097.00)
Thereafter	(2,629,618,547.00)
Total	\$ (6,343,769,032.00)

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

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Notes to Financial Statements
June 30, 2018

NOTE 14. SPECIAL PAY DEFERRAL PLAN

Effective July 1, 2003 the District implemented a Special Pay Deferral Plan in accordance with Section 403(b) of the Internal Revenue Code. This plan will allow employees who are 50 years of age or older and have a minimum accumulated leave of \$1,000 to contribute the value of these benefits to a Tax-Sheltered Custodial Account for distribution after the participant reaches age 70 1/2. Distribution may be made in the form of a life annuity, 50% qualified joint and survivor annuity, installments, or as a lump sum distribution.

NOTE 15. DEFERRED COMPENSATION

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

Equitable	Vanguard
Lincoln Investment Planning	Retirement Annuity Consultants, Inc.
Siracusa Benefits Program	TSA Consulting Group

NOTE 16. COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

NOTE 17. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, there are potential legal proceedings that may have a material affect on the accompanying financial statements.

NOTE 18. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) – Of the \$14,554,932 General Fund balance at June 30, 2018, \$159,241 is committed for encumbrances (actual encumbrances of \$1,045,251 less deficit in unassigned fund balance of \$886,010); \$10,688,061 is restricted as excess surplus in accordance with NJSA 18A:7F-7 (\$5,858,642 of the total restricted for excess surplus has been appropriated and included as anticipated

**Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018**

revenue for the year ending June 30, 2019); \$2,674,801 has been restricted in the Capital Reserve Account; \$392,000 has been restricted in the Maintenance Reserve Account; \$640,829 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$0 is unassigned.

Debt Service Fund – Of the \$36,643 Debt Service Fund balance at June 30, 2018, \$36,643 is restricted in accordance with N.J.S.A. 7F-41c(2).

NOTE 19. CALCULATION OF EXCESS SURPLUS

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$10,688,061, of which \$5,858,642 has been included in the 2018-19 budget.

NOTE 20. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation and State Aid to fund the District operations and debt service. During the 2017-18 fiscal year, 98% of the Districts operations were funded through property taxes and State aid.

NOTE 21. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2018 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	None	122,127	51,994	1,262,707
2016-2017	None	124,374	60,155	1,190,160
2015-2016	None	119,772	84,126	1,125,941

Worker’s Compensation Fund – Through February 1, 1999, the District retained risk through an established self-funded workers compensation fund with Berkley Risk Managers, Inc. Premiums were paid into the fund and were available to pay claims, claim reserves and administrative costs of the program. The Board currently maintains traditional insurance for its worker’s compensation coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

**Egg Harbor Township School District
Notes to Financial Statements
June 30, 2018**

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The workers compensation account is reported in the general fund. Only amounts that are current liabilities have been included as a charge against the budget line item. For the fiscal year ended June 30, 2018, \$0 was charged to the worker's compensation budget line item. The balance of estimated unpaid claims and settlement expense as of June 30, 2018 and 2017 was \$65,729 and \$128,008, respectively. There is a potential contingent liability that exceeds the amount the District has in the worker's compensation fund.

Fiscal Year Ended	Balance Beginning of Year	Received From Carrier	Claims Incurred	Claims Paid	Balance End of Year
6/30/18	128,008	52,776	-	115,055	65,729
6/30/17	88,728	43,190	-	3,910	128,008
6/30/16	18,743	70,677	-	692	88,728

NOTE 22. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2018, several interfunds remained on the various balance sheets of the Egg Harbor Township Board of Education.

	From	To
General Fund:		
Special Revenue Fund	750,441	
Capital Projects Fund	15,000	
Debt Service Fund		
Enterprise Fund	18,392	
Special Revenue Fund:		
General Fund		750,441
Capital Projects Fund:		
General Fund		15,000
Enterprise Fund:		
General Fund		18,392
	<u>\$783,833</u>	<u>783,833</u>

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies. It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 23. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 31, 2019, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

Required Supplementary Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 75,615,712		75,615,712	75,615,712	-
Tuition - Individuals	90,000		90,000	146,150	56,150
Tuition - Other LEA's within the State	430,000		430,000	953,922	523,922
Rents and Royalties	20,000		20,000	55,241	35,241
Interest Earned on Capital Reserve Funds	2,000		2,000	2,000	-
Miscellaneous	283,000	-	283,000	513,053	230,053
Total - Local Sources	76,440,712	-	76,440,712	77,286,078	845,366
State Sources:					
Equalization Aid	34,666,444		34,666,444	34,666,444	-
Categorical Special Education Aid	4,443,028		4,443,028	4,443,028	-
Categorical Transportation Aid	891,571		891,571	891,571	-
Under Adequacy Aid	70,558		70,558	70,558	-
Categorical Security Aid	1,547,671		1,547,671	1,547,671	-
Extraordinary Aid	300,000		300,000	794,810	494,810
PARCC Readiness	74,015		74,015	74,015	-
Per Pupil Growth Aid	74,015		74,015	74,015	-
Professional Learning Community Aid	71,040		71,040	71,040	-
Nonpublic School Transportation Aid	-		-	85,972	85,972
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	7,528,775	7,528,775
On-Behalf TPAF Post-Retirement Medical Contribution (non-budgeted)	-		-	4,862,676	4,862,676
On-Behalf TPAF Long-Term Disability Ins. Contribution (non-budgeted)	-		-	9,178	9,178
Reimbursed TPAF Social Security Contributions (non-budgeted)	-		-	3,891,334	3,891,334
Total - State Sources	42,138,342	-	42,138,342	59,011,087	16,872,745
Federal Sources:					
Medical Assistance Program	138,934		138,934	231,352	92,418
ARRA/SEMI Unrestricted	-		-	-	-
Total - Federal Sources	138,934	-	138,934	231,352	92,418
Total Revenues	118,717,988	-	118,717,988	136,528,517	17,810,529

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	355,543	25,000	380,543	379,948	595
Kindergarten	881,714	-	881,714	871,726	9,988
Grades 1-5	11,047,470	65,030	11,112,500	11,041,894	70,606
Grades 6-8	7,979,284	-	7,979,284	7,939,474	39,810
Grades 9-12	11,117,457	(200,000)	10,917,457	10,809,344	108,113
Regular Programs - Home Instruction:					
Salaries of Teachers	198,087	90,500	288,587	200,472	88,115
Purchased Professional - Educational Services	29,909	-	29,909	3,613	26,296
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	268,936	82,000	350,936	350,732	204
Purchased Professional - Educational Services	1,118,657	401,985	1,520,642	1,508,827	11,815
Other Purchased Services	20,500	-	20,500	5,716	14,784
General Supplies	1,037,649	168,609	1,206,258	1,118,068	88,190
Textbooks	89,502	(21,900)	67,602	59,799	7,803
Total Regular Programs	34,144,708	611,224	34,755,932	34,289,613	466,319
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	502,656	(321,380)	181,276	105,350	75,926
General Supplies	9,392	(6,132)	3,260	2,054	1,206
Textbooks	2,057	(1,000)	1,057	351	706
Total Learning and/or Language Disabilities	514,105	(328,512)	185,593	107,755	77,838
Auditory Impairments					
Salaries of Teachers	149,382	42,500	191,882	191,583	299
Other Salaries for Instruction	121,844	-	121,844	53,564	68,280
General Supplies	2,000	-	2,000	493	1,507
Total Auditory Impairments	273,226	42,500	315,726	245,640	70,086
Multiple Disabilities					
Salaries of Teachers	1,008,944	277,000	1,285,944	1,285,031	913
General Supplies	13,265	12,005	25,270	24,510	760
Textbooks	1,080	-	1,080	1,079	1
Total Multiple Disabilities	1,023,289	289,005	1,312,294	1,310,620	1,674

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	6,798,787	180,000	6,978,787	6,978,766	21
Other Salaries for Instruction	89,945	5	89,950	89,947	3
General Supplies	53,432	(7,522)	45,910	42,497	3,413
Textbooks	1,697	-	1,697	1,082	615
Total Resource Room/Resource Center	6,943,861	172,483	7,116,344	7,112,292	4,052
Preschool Disabilities - Part Time					
Salaries of Teachers	84,592	(84,592)	-	-	-
Other Salaries for Instruction	53,510	(53,510)	-	-	-
General Supplies	5,300	(5,300)	-	-	-
Total Preschool Disabilities - Part Time	143,402	(143,402)	-	-	-
Preschool Disabilities - Full Time					
Salaries of Teachers	287,920	84,592	372,512	347,687	24,825
Other Salaries for Instruction	-	294,010	294,010	293,796	214
General Supplies	2,200	6,909	9,109	8,343	766
Total Preschool Disabilities - Full Time	290,120	385,511	675,631	649,826	25,805
Total Special Education - Instruction	9,188,003	417,585	9,605,588	9,426,133	179,455
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,338,103	(94,016)	1,244,087	1,206,835	37,252
General Supplies	3,024	350	3,374	3,336	38
Total Basic Skills/Remedial - Instruction	1,341,127	(93,666)	1,247,461	1,210,171	37,290
Bilingual Education - Instruction:					
Salaries of Teachers	725,534	-	725,534	722,384	3,150
Purchased Professional - Educational Services	4,000	-	4,000	-	4,000
General Supplies	7,977	(1,850)	6,127	1,595	4,532
Total Bilingual Education - Instruction	737,511	(1,850)	735,661	723,979	11,682

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
School Sponsored Cocurricular Activities - Instruction:					
Salaries	265,503	22,540	288,043	287,948	95
Purchased Services	6,390	(98)	6,292	5,343	949
Supplies and Materials	10,800	7,500	18,300	8,187	10,113
Other Objects	1,000	-	1,000	480	520
Total School Sponsored Cocurricular Activities - Instruction	283,693	29,942	313,635	301,958	11,677
School-Sponsored Athletics - Instruction					
Salaries	388,299	63,882	452,181	442,770	9,411
Purchased Services	22,490	-	22,490	22,112	378
Supplies and Materials	115,756	9,000	124,756	116,565	8,191
Other Objects	22,309	20,000	42,309	40,503	1,806
Transfers to Cover Deficit (Agency Funds)	76,058	(29,000)	47,058	43,500	3,558
Total School-Sponsored Athletics - Instruction	624,912	63,882	688,794	665,450	23,344
Alternative Education Program					
Salaries	476,384	1,000	477,384	477,384	-
Purchased Professional & Technical Services	19,200	(1,182)	18,018	2,380	15,638
General Supplies	16,910	-	16,910	10,486	6,424
Textbooks	1,950	-	1,950	1,010	940
Total Alternative Education Program	514,444	(182)	514,262	491,260	23,002
Total Instruction	46,834,398	1,026,935	47,861,333	47,108,564	752,769
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	195,579	132,238	327,817	316,918	10,899
Tuition to Other LEAs Within the State - Special	127,489	(72,000)	55,489	2,622	52,867
Tuition to County Voc. School Dist. - Regular	1,212,520	20,700	1,233,220	1,233,220	-
Tuition to County Voc. School Dist. - Special	9,000	125,460	134,460	134,460	-
Tuition to CSSD & Regional Day Schools	1,628,618	(468,278)	1,160,340	1,038,815	121,525
Tuition to Private Schools for the Disabled - Within State	2,196,357	(282,398)	1,913,959	1,841,972	71,987
Tuition to Private Schools Disabled & Other LEAs-Special - Outside State	83,530	-	83,530	330	83,200
Tuition - State Facilities	350,086	-	350,086	350,086	-
Total Undistributed Expenditures - Instruction	5,803,179	(544,278)	5,258,901	4,918,423	340,478

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	267,001	-	267,001	261,296	5,705
Other Purchased Services	6,388	-	6,388	386	6,002
Supplies and Materials	2,950	-	2,950	2,365	585
Total Undistributed Expenditures - Attendance and Social Work	276,339	-	276,339	264,047	12,292
Undistributed Expenditures - Health Services:					
Salaries	942,904	3,585	946,489	935,360	11,129
Purchased Professional and Technical Services	49,560	3,319	52,879	36,141	16,738
Supplies and Materials	18,140	(1,000)	17,140	16,150	990
Total Undistributed Expenditures - Health Services	1,010,604	5,904	1,016,508	987,651	28,857
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	1,192,020	(52,156)	1,139,864	1,113,738	26,126
Purchased Professional - Educational Services	211,094	301,002	512,096	498,488	13,608
Supplies and Materials	27,341	(11,664)	15,677	14,402	1,275
Total Undistributed Expenditures - Other Support Services - Students - Related Services	1,430,455	237,182	1,667,637	1,626,628	41,009
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	3,503,487	(207,987)	3,295,500	3,233,651	61,849
Purchased Professional - Educational Services	457,835	379,337	837,172	832,997	4,175
Supplies and Materials	30,000	(20,705)	9,295	9,295	-
Total Undistributed Expenditures - Other Support Services - Extra Services	3,991,322	150,645	4,141,967	4,075,943	66,024

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Guidance					
Salaries of Other Professional Staff	2,110,461	-	2,110,461	2,032,269	78,192
Salaries of Secretarial and Clerical Assistants	214,679	-	214,679	212,980	1,699
Other Purchased Professional and Technical Services	17,822	-	17,822	15,202	2,620
Other Purchased Services	2,652	-	2,652	-	2,652
Supplies and Materials	23,292	(1,171)	22,121	19,738	2,383
Total Undistributed Expenditures - Other Support Services - Guidance	2,368,906	(1,171)	2,367,735	2,280,189	87,546
Undistributed Expenditures - Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	2,192,684	-	2,192,684	2,142,673	50,011
Salaries of Secretarial and Clerical Assistants	327,580	116,961	444,541	404,147	40,394
Other Salaries	-	1,000	1,000	1,000	-
Other Purchased Professional and Technical Services	12,800	43,896	56,696	53,893	2,803
Miscellaneous Purchased Services	29,655	18,000	47,655	42,787	4,868
Supplies and Materials	39,405	3,591	42,996	32,260	10,736
Total Undistributed Expenditures - Other Support Services - Child Study Teams	2,602,124	183,448	2,785,572	2,676,760	108,812
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	1,048,976	-	1,048,976	1,047,669	1,307
Salaries of Other Professional Staff	365,174	-	365,174	357,746	7,428
Total Undistributed Expenditures - Improv. of Instr. Services	1,414,150	-	1,414,150	1,405,415	8,735

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	878,381	16,850	895,231	879,056	16,175
Salaries of Technology Coordinators	96,109	1	96,110	96,109	1
Purchased Professional and Technical Services	312,136	(36,622)	275,514	228,873	46,641
Other Purchased Services	28,745	(9,233)	19,512	12,492	7,020
Supplies and Materials	208,330	(10,445)	197,885	188,094	9,791
Other Objects	17,550	-	17,550	16,233	1,317
Total Undistributed Expenditures - Educational Media Services - School Library	1,541,251	(39,449)	1,501,802	1,420,857	80,945
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	127,429	100	127,529	127,500	29
Salaries of Other Professional Staff	107,745	-	107,745	36,924	70,821
Purchased Professional - Educational Services	152,788	(26,756)	126,032	95,308	30,724
Other Purchased Services	11,000	22,152	33,152	31,509	1,643
Supplies and Materials	5,600	-	5,600	2,461	3,139
Total Undistributed Expenditures - Instructional Staff Training Srvc	404,562	(4,504)	400,058	293,702	106,356
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	723,474	-	723,474	648,424	75,050
Legal Services	257,515	11,400	268,915	268,866	49
Audit Fees	37,750	-	37,750	36,000	1,750
Architectural/Engineering Services	45,000	(11,400)	33,600	10,124	23,476
Other Purchased Professional Services	30,500	33,156	63,656	37,655	26,001
Communications/Telephone	234,137	-	234,137	227,087	7,050
Other Purchased Services	428,555	(61,236)	367,319	335,503	31,816
General Supplies	14,403	651	15,054	14,996	58
BOE In-House Training/Meeting Supplies	9,500	26,481	35,981	12,815	23,166
Miscellaneous Expenditures	19,600	-	19,600	13,466	6,134
BOE Membership Dues and Fees	37,000	-	37,000	29,333	7,667
Total Undistributed Expenditures - Support Services - Gen. Admin.	1,837,434	(948)	1,836,486	1,634,269	202,217

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison on Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Dir	2,055,558	1,000	2,056,558	2,032,049	24,509
Salaries of Other Professional Staff	507,921	(4,705)	503,216	448,110	55,106
Salaries of Secretarial and Clerical Assistants	1,156,366	4,002	1,160,368	1,091,645	68,723
Purchased Professional and Technical Services	66,226	948	67,174	62,374	4,800
Other Purchased Services	135,984	-	135,984	115,894	20,090
Supplies and Materials	49,628	695	50,323	46,664	3,659
Other Objects	55,900	-	55,900	45,101	10,799
Total Undistributed Expenditures - Support Serv. - School Admin.	4,027,583	1,940	4,029,523	3,841,837	187,686
Undistributed Expenditures - Central Services					
Salaries	661,749	-	661,749	635,781	25,968
Purchased Technical Services	48,250	-	48,250	46,999	1,251
Miscellaneous Purchased Services (400-500 series)	229,708	(1,000)	228,708	212,752	15,956
Supplies and Materials	15,500	1,000	16,500	9,230	7,270
Other Objects	8,000	-	8,000	4,897	3,103
Total Undistributed Expenditures - Central Services	963,207	-	963,207	909,659	53,548
Undistributed Expenditures - Administrative Information Technology					
Salaries	324,238	320	324,558	320,268	4,290
Purchased Technical Services	41,991	9,530	51,521	49,484	2,037
Supplies and Materials	55,987	(11,098)	44,889	44,644	245
Total Undistributed Expenditures - Admin. Information Technology	422,216	(1,248)	420,968	414,396	6,572
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	692,587	1,000	693,587	677,075	16,512
Cleaning, Repair, and Maintenance Services	470,120	86,544	556,664	517,545	39,119
General Supplies	190,668	(27,743)	162,925	140,782	22,143
Other Objects	2,600	-	2,600	2,013	587
Total Undistributed Expenditures - Required Maint for School Facilities	1,355,975	59,801	1,415,776	1,337,415	78,361

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries	4,217,471	1,602	4,219,073	4,101,858	117,215
Cleaning, Repair and Maintenance Services	213,639	(6,044)	207,595	191,656	15,939
Rental of Land & Building Other than Lease Purch Agmt	724,350	10,133	734,483	734,483	-
Other Purchased Property Services	184,800	-	184,800	162,475	22,325
Insurance	480,588	-	480,588	395,337	85,251
Miscellaneous Purchased Services	2,003	-	2,003	1,908	95
General Supplies	403,132	(21,343)	381,789	349,280	32,509
Energy (Natural Gas)	532,500	-	532,500	474,865	57,635
Energy (Electricity)	1,641,772	-	1,641,772	1,299,637	342,135
Energy (Oil)	5,000	(2,081)	2,919	-	2,919
Other Objects	2,800	-	2,800	331	2,469
Total Undistributed Expenditures - Custodial Services	8,408,055	(17,733)	8,390,322	7,711,830	678,492
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	391,651	7,000	398,651	388,570	10,081
Cleaning, Repair and Maintenance Services	28,466	14,000	42,466	34,231	8,235
General Supplies	111,409	(23,668)	87,741	80,895	6,846
Total Undistributed Expenditures - Care & Upkeep of Grounds	531,526	(2,668)	528,858	503,696	25,162
Undistributed Expenditures - Security					
Salaries	200,828	6,705	207,533	204,660	2,873
Cleaning, Repair and Maintenance Services	20,000	(1,200)	18,800	6,713	12,087
General Supplies	10,623	3,481	14,104	14,103	1
Other Objects	1,000	-	1,000	-	1,000
Total Undistributed Expenditures - Security	232,451	8,986	241,437	225,476	15,961
Total Undistributed Expenditures - Oper & Main of Plant Services	10,528,007	48,386	10,576,393	9,778,417	797,976
Undistributed Expenditures - Student Transportation Services:					
Sal for Pupil Transp (Between Home and School)-Reg.	2,290,697	13,500	2,304,197	2,105,389	198,808
Sal for Pupil Transp (Between Home and School)-Sp Ed	254,204	66,000	320,204	319,288	916
Sal for Pupil Transp (Other than Bet. Home & School)	182,975	6,100	189,075	187,917	1,158
Other Purchased Professional and Technical Services	24,238	200	24,438	21,467	2,971
Cleaning, Repair, and Maintenance Services	262,200	-	262,200	129,396	132,804
Lease Purchase Payments - School Buses	530,664	189,153	719,817	719,817	-

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Contracted Services - (Between Home and School) - Joint Agree.	492,181	179,611	671,792	671,433	359
Contracted Services - (Between Home and School) - Vendors	18,000	-	18,000	16,760	1,240
Contracted Services - (Special Ed Students) - Vendors	50,000	(50,000)	-	-	-
Contracted Services - (Special Ed Students) - Joint Agree.	2,473,162	(404,032)	2,069,130	1,943,934	125,196
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	92,903	17,000	109,903	106,333	3,570
Contracted Services - Aid in Lieu of Payments - Charter School	54,577	(22,300)	32,277	26,459	5,818
Contracted Services - Aid in Lieu of Payments - Choice School	31,824	5,300	37,124	35,785	1,339
Miscellaneous Purchased Services - Transportation	163,945	-	163,945	155,626	8,319
Supplies and Materials	8,402	-	8,402	5,345	3,057
Transportation Supplies	1,075,709	-	1,075,709	753,468	322,241
Miscellaneous Expenditures	9,947	98	10,045	9,855	190
Total Undistributed Expenditures - Student Transportation Serv.	8,015,628	630	8,016,258	7,208,272	807,986
Unallocated Benefits:					
Social Security Contributions	1,350,600	16,861	1,367,461	1,336,719	30,742
Other Retirement Contributions - PERS	2,010,112	-	2,010,112	1,916,187	93,925
Other Retirement Contributions - Regular	59,711	-	59,711	51,479	8,232
Workmen's Compensation	1,422,534	-	1,422,534	1,355,648	66,886
Health Benefits	23,405,494	(1,745,007)	21,660,487	21,128,957	531,530
Tuition Reimbursement	101,975	-	101,975	53,424	48,551
Other Employee Benefits	665,569	475,000	1,140,569	1,026,246	114,323
Unused Sick Payment to Terminated/Retired Staff	219,934	-	219,934	212,495	7,439
Total Unallocated Benefits	29,235,929	(1,253,146)	27,982,783	27,081,155	901,628
On-behalf TPAF Pension Contributions (non-budgeted)				7,528,775	(7,528,775)
On-Behalf TPAF Post-Retirement Medical Contribution (non-budgeted)				4,862,676	(4,862,676)
On-Behalf TPAF Long-Term Disability Ins. Contribution (non-budgeted)				9,178	(9,178)
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,891,334	(3,891,334)
Total On-behalf Contributions	-	-	-	16,291,963	(16,291,963)
Total Undistributed Expenditures	75,872,896	(1,216,609)	74,656,287	87,109,583	(12,453,296)
Total Current Expense	122,707,294	(189,674)	122,517,620	134,218,147	(11,700,527)
Capital Outlay:					
Interest Deposit to Capital Reserve	2,000	-	2,000	2,000	-
Total Interest Deposit to Capital Reserve	2,000	-	2,000	2,000	-

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Equipment:					
Undistributed Expenditures:					
Grades 1-5	3,050	5,400	8,450	7,938	512
Grades 9-12	-	6,861	6,861	6,861	-
Undist. Expend. - Instruction	-	-	8,640	-	-
Undist. Expend. - Non-Instruction	-	8,640	8,640	8,640	-
Undist. Expend. - Admin Info Tech.	132,979	81,649	214,628	214,627	1
Undist. Expend. - Required Maint for School Facilities	-	57,395	57,395	23,279	34,116
Undist. Expend. - Custodial Services	7,500	6,551	14,051	2,725	11,326
Undist. Expend. - Care and Upkeep of Grounds	36,000	10,089	46,089	46,088	1
Undist. Expend. - Security	24,000	322,840	346,840	316,319	30,521
Undist. Expend. - Student Trans. - Non Ins	37,000	-	37,000	-	37,000
Total Equipment	240,529	499,425	739,954	626,477	113,477
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	173,692	-	173,692	142,456	31,236
Construction Services	1,753,717	13,087	1,766,804	5,638	1,761,166
Other Objects - Debt Service Assessment	543,141	-	543,141	543,141	-
Total Facilities Acquisition and Construction Services	2,470,550	13,087	2,483,637	691,235	1,792,402
Assets Acquired Under Capital Leases (non-budgeted):					
Undistributed Expenditures:					
Instructional Equipment	-	-	-	3,430,137	(3,430,137)
Transportation	-	-	-	816,770	(816,770)
Total Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	4,246,907	(4,246,907)
Total Capital Outlay	2,713,079	512,512	3,225,591	5,566,619	(2,341,028)
Transfer to Charter Schools	1,344,311	-	1,344,311	1,313,249	31,062
Total Expenditures	126,764,684	322,838	127,087,522	141,098,015	(14,010,493)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,046,696)	(322,838)	(8,369,534)	(4,569,498)	3,800,036

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Other Financing Sources (Uses):					
Transfers Out:					
Increase in Capital Reserve	-	-		2,726,203	(2,726,203)
Withdrawal from Capital Reserve	-	322,838	322,838	(322,838)	645,676
Deposit to Capital Reserve				(2,405,365)	2,405,365
Interest Deposit to Capital Reserve				2,000	(2,000)
Capital Leases (non-budgeted)				4,246,907	4,246,907
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,046,696)	-	(8,046,696)	(322,591)	8,369,781
Fund Balances, July 1	18,755,498	-	18,755,498	18,755,498	-
Fund Balances, June 30	\$ 10,708,802	-	10,708,802	18,432,907	8,369,781

Reconciliation of Fund Balance:

Restricted Fund Balance:

Reserve for Excess Surplus	4,829,419
Excess Surplus-Designated for Subsequent Year's Expenditures	5,858,642
Reserve for Capital Reserve	2,674,801
Reserve for Maintenance Reserve	392,000

Assigned Fund Balance:

Year-end Encumbrances	1,045,251
Designated for Subsequent Year's Expenditures	640,829

Unassigned Fund Balance

2,991,965

18,432,907

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

(3,877,975)

\$ 14,554,932

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	-	4,863	4,863	4,863	-
Total - Local Sources	-	4,863	4,863	4,863	-
State Sources:					
Nonpublic aid	149,721	91,218	240,939	216,911	(24,028)
Total - State Sources	149,721	91,218	240,939	216,911	(24,028)
Federal Sources:					
Title I	962,315	350,747	1,313,062	1,261,800	(51,262)
Title II	90,403	143,256	233,659	151,958	(81,701)
Title III	39,451	7,320	46,771	44,322	(2,449)
Title IV - 21st Century	-	500,000	500,000	308,453	(191,547)
Impact Aid	-	88,375	88,375	88,375	-
I.D.E.A., Part B	1,534,082	396,723	1,930,805	1,906,983	(23,822)
Vocational Education	64,598	(6,895)	57,703	56,691	(1,012)
Total - Federal Sources	2,690,849	1,479,526	4,170,375	3,818,582	(351,793)
Total Revenues	2,840,570	1,575,607	4,416,177	4,040,356	(375,821)
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,156,767	199,639	1,356,406	1,233,018	123,388
Purchased Professional and Technical Services	129,851	90,577	220,428	184,620	35,808
Other Purchased Services (400-500 series)	1,534,888	48,796	1,583,684	1,583,684	-
General Supplies	-	75,292	75,292	47,044	28,248
Textbooks	19,064	-	19,064	18,932	132
Other objects	-	13,490	13,490	9,783	3,707
Total instruction	2,840,570	427,794	3,268,364	3,077,081	191,283

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Program Directors		439,772	439,772	363,990	75,782
Personal Services - Employee Benefits		354,713	354,713	337,369	17,344
Purchased Technical Services		192,525	192,525	116,142	76,383
Travel		20,809	20,809	20,354	455
Other purchased Services (400-500 series)		78,908	78,908	77,496	1,412
Supplies & Materials		32,073	32,073	25,036	7,037
Other Objects		-	-	-	-
Total support services	-	1,118,800	1,118,800	940,387	178,413
Facilities acquisition and construction services:					
Instructional Equipment		15,600	15,600	15,508	92
Noninstructional Equipment		13,413	13,413	7,380	6,033
Total facilities acquisition and construction services	-	29,013	29,013	22,888	6,125
Transfers to Charter Schools		-	-	-	-
Total expenditures	2,840,570	1,575,607	4,416,177	4,040,356	375,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 136,528,517	4,040,356
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		228,954
Current year		(7,555)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,729,823	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,877,975)</u>	
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>136,380,365</u>	<u>4,261,755</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	141,098,015	4,040,356
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		228,954
Current year		(7,555)
Pension expense recognized for GAAP but not for budgetary purposes.	<u>-</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 141,098,015</u>	<u>4,261,755</u>

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Required Supplementary Information
Part III

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.2016466656%	0.1929449075%	0.1846447919%	0.1823522927%	0.176276842%
District's proportionate of the net pension liability (asset)	\$ 46,940,121	\$ 57,144,747	\$ 32,618,264	\$ 34,141,337	\$33,690,007
District's covered payroll	\$ 14,455,418	\$ 13,586,006	\$ 12,921,914	\$ 12,372,353	\$12,234,369
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.72%	420.61%	252.43%	275.95%	275.37%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only available for five years. Additional years will be presented as they become available.

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,868,041	\$ 1,587,450	\$ 1,407,927	\$ 1,328,210	\$1,223,404
Contributions in relation to the contractually required contribution	<u>\$ 1,868,041</u>	<u>\$ 1,587,450</u>	<u>\$ 1,407,927</u>	<u>\$ 1,328,210</u>	<u>\$1,223,404</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,455,418	\$ 13,586,006	\$ 12,921,914	\$ 12,372,353	\$12,234,369
Contributions as a percentage of covered-employee payroll	12.92%	11.68%	10.90%	10.74%	10.00%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only available for five years. Additional years will be presented as they become available.

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Five Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>336,336,183</u>	<u>386,076,269</u>	<u>253,846,482</u>	<u>259,337,251</u>	<u>244,617,946</u>
Total	<u>\$ 336,336,183</u>	<u>\$ 386,076,269</u>	<u>\$ 253,846,482</u>	<u>\$ 259,337,251</u>	<u>\$244,617,946</u>
District's covered payroll	\$ 52,830,893	\$ 51,825,604	\$ 50,023,842	\$ 49,227,235	\$49,131,489
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only available for five years. Additional years will be presented as they become available.

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 281,709,974</u>	<u>303,957,290</u>
Total	<u>\$ 281,709,974</u>	<u>303,957,290</u>
District's covered payroll	67,286,311	65,411,610
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

SPECIAL REVENUE FUND

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic Textbooks	Compensatory Education	Nonpublic Auxiliary Aid		Home Instruction	Examination & Classification	Nonpublic Handicapped Aid		Supplemental Instruction	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Total State Funds
			ESL				Corrective Speech						
REVENUES:													
State Sources	\$ 18,932	63,781	903		806	35,668	4,106	25,533	32,844	12,196	22,142	216,911	
Federal Sources													
Local Sources													
Total revenues	<u>18,932</u>	<u>63,781</u>	<u>903</u>		<u>806</u>	<u>35,668</u>	<u>4,106</u>	<u>25,533</u>	<u>32,844</u>	<u>12,196</u>	<u>22,142</u>	<u>216,911</u>	
EXPENDITURES:													
Instruction:													
Salaries of teachers		63,781	903		806	35,668	4,106	25,533				129,991	
Purchased prof. and technical services												806	
Other purchased services										12,196		12,196	
General supplies												18,932	
Textbooks	18,932												
Other objects													
Total instruction	<u>18,932</u>	<u>63,781</u>	<u>903</u>		<u>806</u>	<u>35,668</u>	<u>4,106</u>	<u>25,533</u>		<u>12,196</u>		<u>161,925</u>	
Support services:													
Salaries of program directors												8,929	
Personal services- employee benefits												683	
Purchased technical services									32,844			32,844	
Purchased property services													
Miscellaneous purchased services													
Travel													
Supplies and materials											5,150	5,150	
Other Objects													
Total support services									32,844		14,762	47,606	
Facilities acquisition and const. serv.:													
Instructional equipment													
Noninstructional equipment													
Total facilities acquisition and construction services													
Transfer to charter schools													
Total expenditures	<u>\$ 18,932</u>	<u>63,781</u>	<u>903</u>		<u>806</u>	<u>35,668</u>	<u>4,106</u>	<u>25,533</u>	<u>32,844</u>	<u>12,196</u>	<u>22,142</u>	<u>216,911</u>	

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Title I Part A	Title II Part A	Title III English Language Enhancement	Title III Immigrant	Carl D. Perkins Vocational	Impact Aid	21st Century CLC Program	Total Federal Funds
REVENUES:										
State Sources	\$ 1,833,937	73,046	1,261,800	151,958	36,454	7,868	56,691	88,375	308,453	3,818,582
Federal Sources										
Local Sources										
Total revenues	<u>1,833,937</u>	<u>73,046</u>	<u>1,261,800</u>	<u>151,958</u>	<u>36,454</u>	<u>7,868</u>	<u>56,691</u>	<u>88,375</u>	<u>308,453</u>	<u>3,818,582</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers	72,356	28,851	923,549	30,446	20,000	7,309	6,239	59,622	118,034	1,229,721
Purchased prof. and technical services		12,312						4,650	982	54,629
Other purchased services	1,581,958	2,890			4,933		3,677		22,102	1,581,958
General supplies	600									34,202
Textbooks										
Other objects							656		9,127	9,783
Total instruction	<u>1,654,914</u>	<u>44,053</u>	<u>923,549</u>	<u>30,446</u>	<u>24,933</u>	<u>7,309</u>	<u>10,572</u>	<u>64,272</u>	<u>150,245</u>	<u>2,910,293</u>
Support services:										
Salaries of program directors	138,252	21,150	38,096	50,345	3,921		9,341	5,320	88,636	355,061
Personal services- employee benefits	16,112	3,825	270,857	3,852	6,600	559	715	18,783	15,383	336,686
Purchased technical services				60,968			1,080		21,250	83,298
Purchased property services										
Miscellaneous purchased services	24,659		23,007	2,518	1,000		1,891		24,421	77,496
Travel							17,584		2,770	20,354
Supplies and materials		4,018	6,291	3,829					5,748	19,886
Other Objects										
Total support services	<u>179,023</u>	<u>28,993</u>	<u>338,251</u>	<u>121,512</u>	<u>11,521</u>	<u>559</u>	<u>30,611</u>	<u>24,103</u>	<u>158,208</u>	<u>892,781</u>
Facilities acquisition and const. serv.:										
Instructional equipment							15,508			15,508
Noninstructional equipment										
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,508</u>	<u>-</u>	<u>-</u>	<u>15,508</u>
Transfer to charter schools										
Total expenditures	\$ <u>1,833,937</u>	<u>73,046</u>	<u>1,261,800</u>	<u>151,958</u>	<u>36,454</u>	<u>7,868</u>	<u>56,691</u>	<u>88,375</u>	<u>308,453</u>	<u>3,818,582</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Workforce Investment Board (WIB)	Total All Other Funds	Totals
REVENUES:			
State Sources	-	-	216,911
Federal Sources	-	-	3,818,582
Local Sources	4,863	4,863	4,863
Total revenues	4,863	4,863	4,040,356
EXPENDITURES:			
Instruction:			
Salaries of teachers	3,297	3,297	1,233,018
Purchased prof. and technical services	920	-	184,620
Other purchased services	646	646	1,583,684
General supplies	-	-	47,044
Textbooks	-	-	18,932
Other objects	-	-	9,783
Total instruction	4,863	4,863	3,077,081
Support services:			
Salaries of program directors	-	-	363,990
Personal services- employee benefits	-	-	337,369
Purchased technical services	-	-	116,142
Miscellaneous purchased services	-	-	77,496
Travel	-	-	20,354
Supplies and materials	-	-	25,036
Other Objects	-	-	-
Total support services	-	-	940,387
Facilities acquisition and const. serv.:			
Instructional equipment	-	-	15,508
Noninstructional equipment	-	-	7,380
Total facilities acquisition and construction services	-	-	22,888
Transfer to charter schools	-	-	-
Total expenditures	4,863	4,863	4,040,356

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CAPITAL PROJECTS FUND

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**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
Year Ended June 30, 2018**

Number	Issue/Project Title	Original Date	Appropriations	Expenditures to Date		Unexpended Balance
				Prior Years	Current Year	
SP#200324	Construction of elementary school	3/28/00	\$ 21,670,374	21,479,093	-	191,281
SP#1310-005-08-1000	Various Repairs and Renovations at Swift/Slaybaugh Elementary Schools Roof Project	4/15/08	1,479,500	1,479,500	-	-
SP#1310-035-10-1003	Various Repairs and Renovations at Slaybaugh Elementary	8/26/10	953,771	953,771	-	-
N/A	Swift Elementary School Modular Building Project	6/11/13	483,800	483,800	-	-
Totals			<u>\$ 24,587,445</u>	<u>24,396,164</u>	<u>-</u>	<u>191,281</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2018

Revenues and other Financing Sources

State sources -	
School Facilities Grant Program	\$ -
NJ Department of Treasury Grant	-
NJ Economic Development Authority	-
Bond proceeds and transfers	-
Township of Egg Harbor	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total revenues	<u>-</u>

Expenditures and other Financing Uses

Salaries	-
Purchased professional and technical services	-
Legal services	-
Land and improvements	-
Construction services	-
Equipment purchases	-
Total expenditures	<u>-</u>

Excess (deficiency) of revenues over (under) expenditures	-
Fund balance - beginning	191,281
Fund balance - ending	<u>\$ 191,281</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Construction of Dr. Joyanne D. Miller Elementary School
From Inception and for the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and other Financing Sources				
State sources -				
School Facilities Grant Program			-	
NJ Department of Treasury Grant			-	
NJ Economic Development Authority			-	
Bond proceeds and transfers	\$ 21,670,374		21,670,374	21,670,374
Township of Egg Harbor			-	
Transfer from capital reserve			-	
Transfer from capital outlay			-	
Total revenues	<u>21,670,374</u>	<u>-</u>	<u>21,670,374</u>	<u>21,670,374</u>
Expenditures and other Financing Uses				
Salaries			-	
Purchased professional and technical services	74,592		74,592	74,592
Legal services	21,528		21,528	21,528
Contingency	57,505		57,505	57,505
Construction services	20,555,254		20,555,254	20,746,535
Furniture & equipment purchases	770,214		770,214	770,214
Total expenditures	<u>21,479,093</u>	<u>-</u>	<u>21,479,093</u>	<u>21,670,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 191,281</u>	<u>-</u>	<u>191,281</u>	<u>-</u>
Additional project information:				
Project number	SP-200324			
Grant Date	N/A			
Bond Authorization Date	3/28/00			
Bonds Authorized	21,800,000			
Bonds Issued	21,800,000			
Original Authorized Cost	21,800,000			
Additional/Reduction in Authorized Cost	(129,626)			
Revised Authorized Cost	21,670,374			
Percentage Increase over Original Authorized Cost	-0.59%			
Percentage Completion	100.00%			
Original target completion date	9/1/03			
Revised target completion date	6/30/17			

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Projects Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Swift and Slaybaugh Elementary Schools Roof Project
From Inception and for the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and other Financing Sources				
State sources -				
School Facilities Grant Program			-	
NJ Department of Treasury Grant			-	
NJ Economic Development Authority			-	
Bond proceeds and transfers	\$ 1,479,500		1,479,500	1,897,650
Township of Egg Harbor			-	
Transfer from capital reserve			-	
Transfer from capital outlay			-	
Total revenues	<u>1,479,500</u>	<u>-</u>	<u>1,479,500</u>	<u>1,897,650</u>
Expenditures and other Financing Uses				
Salaries			-	
Purchased professional and technical services	51,570	-	51,570	97,230
Legal services			-	
Contingency			-	
Construction services	1,427,930		1,427,930	1,800,420
Furniture & equipment purchases			-	
Total expenditures	<u>1,479,500</u>	<u>-</u>	<u>1,479,500</u>	<u>1,897,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Additional project information:

Project number	01-1310-005-08-1000
Grant date	N/A
Bond Authorization Date	4/15/08
Bonds Authorized	
Bonds Issued	-
Original Authorized Cost	1,479,500
Additional Authorized Cost	-
Revised Authorized Cost	1,479,500
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	77.96%
Original target completion date	6/30/09
Revised target completion date	6/30/17

FIDUCIARY FUNDS

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2018

	Trust		Agency			Total Agency
	Unemployment Compensation	Total Trusts	Student Activity	Conduit	Payroll	
ASSETS:						
Cash and cash equivalents	\$ 1,262,706	1,262,706	429,604	131,003	20,659	581,266
Due from Employees					206	206
Total Assets	<u>1,262,706</u>	<u>1,262,706</u>	<u>429,604</u>	<u>131,003</u>	<u>20,865</u>	<u>581,472</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Payroll deductions and withholdings			429,604		20,865	20,865
Due to student groups						429,604
Conduit activities payable				131,003		131,003
Total Liabilities	<u>-</u>	<u>-</u>	<u>429,604</u>	<u>131,003</u>	<u>20,865</u>	<u>581,472</u>
Net Position						
Reserved - Trust	1,262,706	1,262,706				
Unemployment						
Total net position	<u>1,262,706</u>	<u>1,262,706</u>				
Total net position	<u>\$ 1,262,706</u>	<u>1,262,706</u>				

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
June 30, 2018

H-2

	<u>Unemployment Compensation Trust</u>	<u>Total Trusts</u>
OPERATING REVENUES:		
Local sources:		
Interest on investments	\$ 2,413	2,413
Employee Contributions	<u>122,127</u>	<u>122,127</u>
Total operating revenues	<u>124,540</u>	<u>124,540</u>
OPERATING EXPENSES:		
Payments of unemployment claims	<u>51,994</u>	<u>51,994</u>
Total operating expenses	<u>51,994</u>	<u>51,994</u>
Operating (Loss)	<u>72,546</u>	<u>72,546</u>
Net Income	<u>72,546</u>	<u>72,546</u>
Net position, July 1	<u>1,190,160</u>	<u>1,125,941</u>
Net position, June 30	<u><u>\$ 1,262,706</u></u>	<u><u>1,198,487</u></u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Elementary and Middle Schools	\$ 137,092	122,992	132,163	127,921
Athletic Fund	72	36,886	24,583	12,375
High School Students	276,258	483,435	472,985	286,708
Eagle's Nest School Store	490	1		491
Alternative School (Grades 7-12)	1,191	1,778	860	2,109
Total all schools	\$ 415,103	645,092	630,591	429,604

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

H-4a

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS:				
Cash and cash equivalents	\$ 27,341	82,085,378	82,092,060	20,659
Due from Employees		206		206
Total assets	<u>26,780</u>	<u>82,085,584</u>	<u>82,092,060</u>	<u>20,865</u>
LIABILITIES:				
Payroll deductions and withholdings	27,341	82,085,562	82,092,038	20,865
Due to general fund	-	22	22	-
Total liabilities	<u>\$ 26,780</u>	<u>82,085,584</u>	<u>82,092,060</u>	<u>20,865</u>

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Agency Fund - Conduit
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

H-4b

OPERATING REVENUES:

Local sources:	
Contributions	<u>\$ 28,525</u>
Total operating revenues	<u>28,525</u>

OPERATING EXPENSES:

Purchased professional services	<u>50,250</u>
Total operating expenses	<u>50,250</u>
Operating Income	(21,725)
Net position, July 1	<u>152,728</u>
Net position, June 30	<u><u>\$ 131,003</u></u>

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LONG-TERM DEBT

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EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2018

I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Refunded/Retired	Balance June 30, 2018
			Date	Amount					
General Obligation - Refunding Bonds	10/1/04	\$ 50,735,000	7/15/18	3,375,000	5.500%				
			7/15/19	3,570,000	5.500%				
			7/15/20	3,775,000	5.500%				
			7/15/21	3,995,000	5.500%				
			7/15/22	4,220,000	5.500%				
			7/15/23	4,460,000	5.500%				
		7/15/24	4,715,000	5.750%					
		7/15/25	4,985,000	5.750%	\$ 36,290,000		3,195,000	33,095,000	
School Bonds	9/15/08	27,924,000	9/15/18	1,465,000	4.000%	2,865,000	1,400,000	1,465,000	
General Obligation - Refunding Bonds	12/5/12	6,805,000	4/1/19	835,000	3.000%				
			4/1/20	850,000	3.000%				
			4/1/21	850,000	3.000%				
			4/1/23	835,000	4.000%				
			4/1/24	855,000	3.500%	5,070,000		845,000	4,225,000
General Obligation - Refunding Bonds	1/6/16	14,365,000	4/1/19	50,000	2.000%				
			4/1/20	55,000	2.000%				
			4/1/21	55,000	2.000%				
			4/1/22	910,000	5.000%				
			4/1/23	60,000	2.000%				
			4/1/24	65,000	2.000%				
			4/1/25	995,000	5.000%				
			4/1/26	955,000	5.000%				
			4/1/27	2,300,000	4.000%				
			4/1/28	2,515,000	3.000%				
		4/1/29	3,205,000	3.000%	14,195,000		55,000	14,140,000	
		4/1/30	2,975,000	3.000%					
General Obligation - Refunding Bonds	6/1/16	19,320,000	9/15/18	30,000	3.000%				
			9/15/19	1,565,000	4.000%				
			9/15/20	1,650,000	5.000%				
			9/15/21	1,525,000	2.000%				
			9/15/21	190,000	4.000%				
			9/15/22	1,790,000	5.000%				
			9/15/23	1,890,000	5.000%				
			9/15/24	1,970,000	2.000%				
			9/15/25	2,020,000	2.125%				
		9/15/26	2,090,000	4.000%					
		9/15/27	2,170,000	2.375%					
		9/15/28	2,230,000	2.500%	19,150,000		30,000	19,120,000	
					\$ 77,570,000		5,525,000	72,045,000	

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
June 30, 2018

Series	Date of Inception	Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2017	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2018
Blue Bird 54 passenger buses (4)	1/14/14	1.810%	\$ 374,534	151,229		49,508	101,721
U.S. Bancorp 25 passenger wheelchair bus (1) 54 passenger buses (4)	10/29/14	1.495%	468,000	234,419		76,983	157,436
TD Equipment Finance Various Equipment	7/15/15	1.430%	1,766,358	1,056,178		347,073	709,105
54 passenger buses (10)	7/15/15	1.570%	910,000	572,389		139,771	432,618
TD Equipment Finance 54 passenger buses (12)	12/15/16	1.600%	1,217,258	1,067,258		139,944	927,314
TD Equipment Finance Various buses, vehicles & equipment	10/13/17	1.700%	2,703,662	-	2,703,662	450,000	2,253,662
TD Equipment Finance 54 passenger buses (8)	5/31/18	2.950%	816,770	-	816,770	199,934	616,836
ITS Equipment	5/31/18	2.773%	726,475	-	726,475		726,475
				<u>\$ 3,081,473</u>	<u>4,246,907</u>	<u>1,403,213</u>	<u>5,925,167</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,565,859	-	5,565,859	5,565,859	-
Other Miscellaneous	5,565,859	-	5,565,859	5,565,859	-
State Sources:					
Debt Service Aid Type II	3,179,765	-	3,179,765	3,179,765	-
Total - State Sources	3,179,765	-	3,179,765	3,179,765	-
Total Revenues	8,745,624	-	8,745,624	8,745,624	-
EXPENDITURES:					
Regular Debt Service:					
Interest	3,328,075	-	3,328,075	3,328,075	-
Redemption of Principal	5,525,000	-	5,525,000	5,525,000	-
Total Regular Debt Service	8,853,075	-	8,853,075	8,853,075	-
Total expenditures	8,853,075	-	8,853,075	8,853,075	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,451)	-	(107,451)	(107,451)	-
Fund Balance, July 1	144,094	-	144,094	144,094	-
Fund Balance, June 30	<u>36,643</u>	<u>-</u>	<u>36,643</u>	<u>36,643</u>	<u>-</u>

Recapitulation of Fund Balance:

Designated for Subsequent Year's Expenditures	-
Restricted Fund Balance	<u>36,643</u>
	<u>36,643</u>

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Statistical Section

Financial Trends (J-1 through J-5)

These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.

Revenue Capacity (J-6 through J-9)

These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, the property tax.

Debt Capacity (J-10 through J-13)

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information (J-14 and J-15)

These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information (J-16 through J-20)

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

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TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 68,517,439	78,925,882	80,245,144	107,596,509	106,080,616	104,590,050	104,910,948	98,617,866	94,537,783	90,630,148
Restricted	39,309,721	17,240,873	9,181,319	4,661,596	3,937,303	2,635,593	1,685,301	1,077,373	1,916,722	387,165
Unrestricted*	(18,155,066)	(12,189,021)	(2,941,253)	3,448,528	5,512,921	(23,453,834)	(19,965,011)	(23,503,022)	(28,846,773)	(28,488,720)
Total governmental activities net position	89,672,104	83,977,734	86,485,210	115,706,633	115,530,840	83,771,809	86,631,238	76,192,217	67,607,732	62,528,593
Business-type activities										
Net investment in capital assets	154,785	139,764	124,316	113,406	147,741	151,742	169,101	193,910	227,654	258,567
Unrestricted	511,873	912,539	1,339,255	1,628,015	1,338,792	1,301,455	1,244,294	1,225,389	1,142,623	997,010
Total business-type activities net position	666,658	1,052,303	1,463,571	1,741,421	1,486,533	1,453,197	1,413,395	1,419,299	1,370,277	1,255,577
District-wide										
Net investment in capital assets	68,672,224	79,065,646	80,369,460	107,709,915	106,228,357	104,741,792	105,080,049	98,811,776	94,765,437	90,888,715
Restricted	39,309,721	17,240,873	9,181,319	4,661,596	3,937,303	2,635,593	1,685,301	1,077,373	1,916,722	387,165
Unrestricted	(17,643,183)	(11,276,482)	(1,601,998)	5,013,461	6,851,713	10,212,418	(18,720,717)	(22,277,633)	(27,704,150)	(27,491,710)
Total district net position	\$ 90,338,762	85,030,037	87,948,781	117,384,972	117,017,373	117,589,803	88,044,633	77,611,516	68,978,009	63,784,170

Note:
As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 63 and 65, the District has restated the June 30, 2012 Governmental Activities Unrestricted net position. The restatement resulted in an increase of \$68,083 to net position.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 68, the District has restated the June 30, 2014 Governmental Activities Unrestricted net position. The restatement resulted in a decrease of \$32,364,797 to net position.

Source: CAFR Schedule A-1

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 45,612,915	49,702,067	46,770,376	48,007,801	50,851,116	50,450,298	54,824,412	62,992,932	70,490,116	72,213,619
Special education	10,359,391	10,975,613	9,832,790	10,277,868	11,368,892	11,493,725	12,629,713	15,301,873	17,501,382	18,030,639
Other special education	2,845,120	2,857,779	2,388,646	3,194,760	3,139,061	3,252,789	3,499,661	3,597,262	3,772,492	3,831,228
Other instruction	1,627,343	2,305,275	1,610,354	1,795,683	1,925,211	1,771,611	1,892,096	2,199,347	2,369,267	2,417,604
Nonpublic school programs	271,036	327,404	233,225	228,312	89,559	228,199	174,675	141,130	194,888	194,769
Support Services:										
Tuition	5,339,044	4,539,129	4,110,824	5,595,481	6,355,186	6,214,391	7,960,177	8,518,177	4,862,379	4,918,423
Student & instruction related services	14,216,429	15,927,155	15,643,313	17,002,463	19,522,106	19,490,668	22,037,455	26,161,293	28,170,831	31,061,444
General administrative services	4,064,643	4,208,735	3,867,251	3,956,528	4,368,385	4,276,394	4,581,496	5,308,159	5,701,273	6,039,246
School administrative services	4,312,650	5,093,246	5,118,734	5,484,702	6,006,631	5,867,838	6,570,957	7,747,451	8,816,177	9,020,644
Plant operations and maintenance	15,299,962	15,135,986	13,928,061	13,904,927	13,998,124	13,966,789	14,758,183	16,965,477	18,712,027	19,893,048
Pupil transportation	9,113,711	9,696,290	9,371,628	9,806,929	10,075,822	10,273,699	11,138,585	12,675,554	14,027,064	14,841,206
Special Schools	251,555	-	-	-	-	-	-	-	-	-
Interest on long-term debt	4,411,123	5,606,697	4,942,981	4,679,467	4,333,013	4,742,049	4,565,316	4,359,240	3,966,799	3,685,474
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	117,724,922	126,375,376	117,818,183	123,934,921	132,033,106	132,030,450	144,632,726	165,967,895	165,967,895	186,147,344
Business-type activities:										
Food service	3,367,972	3,282,613	2,770,324	2,924,766	3,423,983	3,307,547	3,254,280	3,207,090	3,205,149	3,265,814
Child Care	395,166	354,299	312,264	319,206	342,188	329,321	347,520	350,893	378,739	319,273
Total business-type activities expense	3,763,138	3,636,912	3,082,588	3,243,972	3,766,171	3,636,868	3,601,800	3,557,983	3,583,888	3,585,087
Total district expenses	121,488,060	130,012,288	120,900,771	127,178,893	135,799,277	135,667,318	148,234,526	169,525,878	169,525,878	189,732,431
Program Revenues										
Governmental activities:										
Charges for services:										
Special schools	-	-	-	-	-	-	-	-	-	-
Tuition	117,355	68,362	322,020	503,161	723,162	758,420	786,941	786,941	757,355	1,100,072
Operating grants and contributions	9,126,728	10,533,002	10,733,173	11,672,736	13,904,322	12,593,881	25,360,104	25,360,104	46,519,012	52,322,651
Total governmental activities program revenues	9,244,083	10,601,364	11,055,193	12,175,897	14,627,484	13,352,301	26,147,045	26,147,045	47,276,367	53,422,723

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	1,762,168	1,713,237	1,624,980	1,508,441	1,370,924	1,352,940	1,225,494	1,230,505	1,173,642	1,097,969
Child care	402,202	376,114	363,521	338,588	325,824	318,293	311,977	315,708	265,522	269,421
Operating grants and contributions	1,460,900	1,566,779	1,494,938	1,669,251	1,811,708	1,874,069	2,023,917	2,006,187	2,094,060	2,044,895
Total business type activities program revenues	3,625,270	3,656,130	3,483,439	3,516,280	3,508,456	3,545,302	3,561,388	3,552,400	3,533,224	3,412,285
Total district program revenues	12,869,353	14,257,494	14,538,632	15,692,177	18,135,940	16,897,603	29,708,433	29,699,445	50,809,591	56,835,008
Net (Expense)/Revenue										
Governmental activities	(115,774,012)	(106,762,990)	(106,762,990)	(111,759,024)	(118,678,149)	(118,485,681)	(139,820,850)	(118,691,528)	(131,308,318)	(132,724,621)
Business-type activities	(11,642)	573,542	400,851	272,308	(128,412)	(56,498)	3,405	(5,583)	(50,664)	(172,802)
Total district-wide net expense	(115,785,654)	(106,189,448)	(106,362,139)	(111,486,716)	(118,806,561)	(118,542,179)	(139,817,445)	(118,697,111)	(131,358,982)	(132,897,423)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	59,739,242	63,470,098	63,300,938	64,566,957	67,204,500	69,175,095	71,015,418	72,986,000	74,445,720	75,615,712
Taxes levied for debt service	4,178,493	4,892,610	5,208,360	5,115,855	5,738,984	5,731,780	5,711,491	5,751,186	5,674,577	5,565,859
Unrestricted grants and contributions	37,998,580	37,396,131	36,430,511	39,589,730	40,238,195	40,929,772	40,923,098	40,948,861	41,803,805	42,802,324
Federal and state aid restricted	3,297,657	4,051,939	3,176,748	30,542,358	3,250,869	3,253,736	3,259,532	3,262,441	3,269,108	3,179,765
Transportation charges										
Investment earnings	571,745	393,742	428,608	94,849	40,643	37,315	41,339	55,169	75,759	2,000
Miscellaneous income	280,371	29,240	1,048,988	573,821	926,211	1,340,948	397,613	979,474	924,923	568,294
Special items	157,653	203,043	(323,687)	433,797	(167,573)	(1,186,731)	(3,381)	(1,651,769)	(3,470,059)	(88,472)
Transfers	(385,033)	(357,161)								
Total governmental activities	105,838,708	110,079,642	109,270,466	140,917,367	117,231,829	119,281,915	121,345,110	122,331,362	122,723,833	127,645,482
Business-type activities:										
Investment earnings	7,917	9,266	10,417	5,542	2,827	2,265	1,912	1,753	1,642	2,050
Special items	55,419					55,965	(1,302)	9,734	-	56,052
Transfers	385,033	357,161	-	-	-	-	-	-	-	-
Total business-type activities	448,369	366,427	10,417	5,542	2,827	58,230	610	11,487	1,642	58,102
Total district-wide	106,287,077	110,446,069	109,280,883	140,922,909	117,234,656	119,340,145	121,345,720	122,342,849	122,725,475	127,703,584

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
3,316,652	2,507,476	29,158,343	(1,446,320)	2,507,476	29,158,343	3,639,834	(10,439,021)	(8,584,485)	(5,079,139)	
939,969	411,268	277,850	(125,585)	411,268	277,850	5,904	5,904	(49,022)	(114,700)	
\$ 4,256,621	2,918,744	29,436,193	(1,571,905)	2,918,744	29,436,193	3,645,738	(10,433,117)	(8,633,507)	(5,193,839)	

Change in Net Position
 Governmental activities
 Business-type activities
 Total district

Source: CAFR Schedule A-2

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted			3,288,889	5,918,996	9,035,850	15,672,131	16,822,512	16,019,118	13,156,094	13,754,862
Committed			5,092,461	5,388,432	3,379,001	-	-	-	-	-
Assigned			301,863	471,036	152,937	-	347,890	735,069	1,869,581	800,070
Unassigned					(0)	(195,438)	-	-	-	-
Reserved	10,924,049	7,164,472								
Unreserved	(1,002,958)	(1,187,551)								
Total general fund	9,921,091	5,976,921	8,683,213	11,778,464	12,567,788	15,476,693	17,170,402	16,754,187	16,754,187	14,554,932
All Other Governmental Funds										
Restricted			2,225,921	2,731,142	3,149,561	453,308	191,301	246,833	335,375	227,924
Committed					749,999	2,144,542	1,132,546	95,471	-	-
Assigned			2,876,357	729,708	-	37,743	13,564	-	-	-
Unassigned				2	37,743	-	-	-	-	-
Reserved	9,141,444	3,193,406								
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	10,102,784	3,689,589								
Debt service fund										
Total all other governmental funds \$	19,244,228	6,882,995	5,102,278	3,460,852	3,937,303	2,635,593	1,337,411	342,304	342,304	227,924

The requirements related to reporting fund balances in all governmental funds were modified by the Governmental Accounting Standards Board (GASB) starting with fiscal year ending June 30, 2011.

Source: CAFR Schedule B-1

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 63,917,735	68,362,708	68,509,298	69,682,812	72,943,484	74,906,875	76,726,909	78,737,186	80,120,297	81,181,571
Tuition charges	117,355	68,362	322,020	503,161	723,162	758,420	786,941	717,238	757,355	1,100,072
Transportation charges										
Interest earnings	571,745	393,742	428,608	94,849	40,643	37,315	41,339	33,859	33,859	33,859
Rentals								55,169	75,759	2,000
Miscellaneous	280,371	29,240	1,048,988	573,821	926,211	1,340,948	397,613	731,845	1,104,834	534,435
Local sources	121,697	89,726	70,201	83,696	80,932	36,455	15,751	2,169	22,306	4,266
State sources	47,695,428	42,424,817	46,333,813	76,949,960	53,791,957	53,384,159	54,745,251	56,551,128	59,029,044	62,259,611
Federal sources	2,605,840	9,466,529	3,936,418	4,771,168	3,520,497	3,356,773	3,492,013	3,763,699	3,532,315	4,271,930
Total revenue	115,310,171	120,835,124	120,649,346	152,659,467	132,026,886	133,820,945	136,205,817	140,592,293	144,675,769	149,387,744
Expenditures										
Instruction										
Regular instruction	33,559,452	35,679,871	34,419,675	34,587,035	35,102,304	35,205,925	35,101,944	36,989,169	38,060,970	38,511,889
Special education instruction	7,360,619	7,600,335	6,794,254	7,076,809	7,581,713	7,585,720	7,835,258	8,516,160	9,369,001	9,426,133
Other special instruction	2,017,871	1,926,862	1,648,521	2,197,648	2,032,077	2,075,277	2,057,868	1,939,201	1,941,032	1,934,150
Other instruction	1,155,686	1,757,760	1,243,611	1,355,886	1,417,191	1,313,499	1,316,270	1,423,881	1,409,775	1,458,668
Nonpublic school programs	271,036	327,404	233,225	228,312	89,559	228,199	174,675	141,130	194,888	194,769
Support Services:										
Tuition	3,364,205	2,773,305	2,276,121	3,204,415	3,822,196	3,724,846	4,722,724	4,161,898	4,862,379	4,918,423
Student & instruction related services	10,418,560	11,068,011	10,847,890	11,809,563	13,168,955	13,233,770	13,793,357	14,789,363	14,511,556	16,166,263
General administrative services	2,775,962	2,806,420	2,554,836	2,618,284	2,808,404	2,839,377	2,778,659	2,894,089	2,817,613	2,958,324
School Administrative services	3,061,745	3,073,874	3,125,619	3,367,287	3,501,399	3,509,442	3,622,601	3,726,199	3,851,581	3,841,837
Plant operations and maintenance	10,704,263	10,310,439	9,356,191	9,136,762	8,802,111	9,266,653	8,783,610	9,348,054	9,516,462	9,778,417
Pupil transportation	6,286,850	6,573,305	6,471,752	6,558,242	6,524,541	6,838,838	6,550,746	6,894,685	6,931,748	7,208,272
Unallocated employee benefits	26,248,423	31,065,098	28,222,108	30,220,266	34,608,681	33,907,585	36,239,815	39,221,873	41,783,949	43,373,118
Special Schools	179,675	-								
Capital outlay	11,211,686	13,137,361	3,745,614	30,696,942	2,353,522	3,719,997	4,291,997	5,647,612	3,532,222	5,589,507
Debt service:										
Principal	3,185,000	3,265,000	3,400,000	3,410,000	4,429,226	4,620,000	4,815,000	5,030,000	5,400,000	5,525,000
Interest and other charges	4,172,324	5,688,175	4,985,108	4,817,207	4,522,886	4,365,516	4,193,766	3,956,659	3,445,292	3,328,075
Total expenditures	125,973,357	137,053,220	119,324,525	151,284,658	130,764,765	132,434,644	136,278,290	144,679,973	147,628,468	154,212,845
Excess (Deficiency) of revenues over (under) expenditures	(10,663,186)	(16,218,096)	1,324,821	1,374,809	1,262,121	1,386,301	(72,473)	(4,087,680)	(2,952,699)	(4,825,101)

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Capital leases (non-budgeted)	700,000	255,000	-	-	-	374,534	468,000	2,676,358	1,217,258	4,246,907
Debt service assessment			(400,347)							
Cancellation of prior year receivables										
Cancellation of prior year payables	13,137	14,854	1,101	79,016	3,654	(153,640)	-	-	-	-
Bond proceeds	27,924,000									
Proceeds of refunding debt					6,805,000					
Payment to refunded debt escrow agent					(6,805,000)					
Recoveries for storm damage					398,700					
Insurance					74,883					
FEMA										
Expenses related to storm damage					(398,700)					
Insurance					(74,883)					
FEMA					1,406,400					
Transfers in	1,431,704	106,822	1,657,522	466,600						
Transfers out	(1,816,737)	(463,983)	(1,657,522)	(466,600)	(1,406,400)					
Total other financing sources (uses)	28,252,104	(87,307)	(399,246)	79,016	3,654	220,894	468,000	2,676,358	1,217,258	4,246,907
Net change in fund balances	\$ 17,588,918	(16,305,403)	925,575	1,453,825	1,265,775	1,607,195	395,527	(1,411,322)	(1,735,441)	(578,194)
Debt service as a percentage of noncapital expenditures	6.41%	7.23%	7.25%	6.82%	6.97%	6.98%	6.83%	6.46%	6.46%	5.96%

Source: CAFR Schedule B-2

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Adult Evening School Tuition	Refund of Prior Year Expenditures	Lawsuit Settlements	Use of Facilities	Gain/Loss on Sale of Capital Assets	Easement Fees	Sale of SRECS	Misc.	Total
2009	-	259,784		11,587				9,000	280,371
2010	919	26,492		350				395,221	422,982
2011	1,845	20,054		26,358			998,538	430,802	1,477,597
2012	2,032	17,455		44,143			475,378	34,813	573,821
2013	2,025	10,964	621,319	44,328			196,135	51,440	926,211
2014	2,790	1,046,090		88,597			172,175	17,732	1,327,384
2015		106,761		82,979			184,200	23,653	397,593
2016		26,631		-			564,170	196,594	787,395
2017		22,849		-			675,324	435,371	1,133,544
2018		7,113		-			386,297	119,643	513,053

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Charm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Class I Railroad	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	125,401,800	1,971,682,300	3,875,800	527,000	423,293,700	28,633,700	8,210,400	2,561,624,700	8,210,400	15,300	7,020,900	2,568,660,900	2.58	5,395,212,990
2010	118,169,900	1,988,870,600	3,888,200	527,000	422,623,800	28,633,700	8,210,400	2,570,923,600	8,210,400	15,300	6,851,800	2,577,790,700	2.65	5,359,232,225
2011	113,010,400	1,989,216,200	3,707,300	529,100	427,410,800	28,633,700	8,210,400	2,570,717,900	8,210,400	15,300	6,202,900	2,576,936,100	2.68	5,046,878,378
2012	108,161,300	1,980,745,900	3,730,300	439,800	430,765,500	28,633,700	8,210,400	2,560,686,900	8,210,400	15,300	6,465,890	2,567,168,090	2.52	4,739,095,606
2013	177,625,200	3,022,057,300	5,717,200	535,300	797,608,100	47,398,600	16,192,000	4,067,133,700	16,192,000	15,300	10,299,734	4,077,448,734	1.79	7,045,876,506
2014	166,478,000	3,046,695,000	5,084,900	554,100	798,150,900	43,509,200	16,192,000	4,076,664,100	16,192,000	15,300	8,175,829	4,084,855,229	1.83	4,188,735,879
2015	151,264,300	3,060,824,300	5,457,400	734,300	787,632,800	43,509,200	16,192,000	4,065,614,300	16,192,000	15,300	8,586,762	4,074,216,362	1.90	4,166,224,052
2016	141,631,800	3,079,654,400	5,116,300	819,700	793,693,100	43,509,200	16,192,000	4,060,616,500	16,192,000	15,300	8,434,662	4,089,066,462	1.93	4,189,172,382
2017	144,125,200	3,096,196,000	5,122,700	713,700	755,978,515	43,120,500	16,192,000	4,063,448,615	16,192,000	15,300	8,514,802	4,071,978,717	2.00	4,104,024,465
2018	128,740,600	3,090,670,100	5,577,800	784,400	777,298,250	40,806,400	15,841,500	4,059,719,050	-	-	8,661,779	4,068,380,829	2.02	4,050,620,528

Source: District records Tax list summary & 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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

	Egg Harbor Township Board of Education			Egg Harbor Township	Atlantic County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct			
Fiscal Year Ended June 30,						
2009	2.398	0.182	2.580	0.606	0.624	3.810
2010	2.459	0.189	2.648	0.706	0.619	3.973
2011	2.481	0.201	2.682	0.755	0.664	4.101
2012	2.609	0.224	2.833	0.754	0.641	4.228
2013	1.646	0.167	1.813	0.519	0.481	2.813
2014	1.717	0.141	1.858	0.538	0.508	2.904
* 2015	1.768	0.140	1.908	0.550	0.505	2.963
2016	1.783	0.141	1.924	0.560	0.523	3.007
2017	1.863	0.139	2.002	0.570	0.559	3.131
2018	1.878	0.138	2.016	0.585	0.541	3.142

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

* A revaluation of properties was performed in order to bring the property values in line with their true value. This revaluation was effective for the 2013 tax year.

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.

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
US Realty Financial Corp	28,000,000	1	0.69%			
English Creek LLC	15,500,000	2	0.38%	14,969,291	4	0.58%
AHIP 3008 Properties	15,311,000	3	0.38%			0.00%
Lowe's Home Centers, Inc.	14,700,000	4	0.36%	9,107,402	7	0.35%
Atlantcare Health Services, Inc.	13,682,100	5	0.34%			
Home Depot Development Co of MD	10,500,000	6	0.26%	7,397,113	9	0.29%
Margate Bridge Company	9,710,900	7	0.24%			0.00%
Hidden Creek Golf Club, LLC	9,621,200	8	0.24%			0.00%
The Hebrew Academy of Atlantic City	9,521,200	9	0.23%			0.00%
AHIP 3022 Properties	9,269,900	10	0.23%			0.00%
Trocki Hotels LP			0.00%	10,714,304	6	0.42%
Shore Mall Associates				35,612,808	1	1.39%
Atlantic City Electric Co.				15,655,591	3	0.61%
Harbor Pines Golf LLC				19,693,806	2	0.77%
Cardiff Center LLC				7,557,113	8	0.29%
Bellevue Prop Group (6550 Delillah Rd.)				12,675,801	5	0.49%
Fire Road Associates LLC				7,290,210	10	0.28%
Total	135,816,300		3.34%	140,673,439		5.48%

District Net Assessed Value 2,568,660,900

4,068,380,829

Source: District CAFR & Municipal Tax Assessor
 District Total Taxable Value

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	63,917,735	63,917,735	100%	-
2010	68,362,708	68,362,708	100%	-
2011	68,509,298	68,509,298	100%	-
2012	69,682,812	69,682,812	100%	-
2013	72,943,484	72,943,484	100%	-
2014	74,906,875	74,906,875	100%	-
2015	76,726,909	76,726,909	100%	-
2016	78,737,186	78,737,186	100%	-
2017	80,120,297	80,120,297	100%	-
2018	81,181,571	81,181,571	100%	-

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

Note: 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.

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases		Capital Leases				
2009	111,879,000	3,942,669		55,965		115,877,634	7.33%	2,880
2010	108,614,000	3,264,010		55,965		111,933,975	6.50%	2,583
2011	105,214,000	2,284,177		55,965		107,554,142	6.03%	2,485
2012	101,804,000	1,530,055		55,965		103,390,020	5.63%	2,370
2013	97,495,000	964,674		55,965		98,515,639	5.33%	2,246
2014	92,875,000	856,512		-		93,731,512	5.07%	2,136
2015	88,060,000	826,842		-		88,886,842	4.81%	2,026
2016	82,970,000	2,646,482		-		85,616,482	4.50%	1,951
2017	77,570,000	3,081,473		59,307		80,710,780	4.25%	1,855
2018	72,045,000	5,925,167		-		77,970,167	4.07%	1,801

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	111,879,000		111,879,000	4.36%	2,780
2010	108,614,000		108,614,000	4.21%	2,506
2011	105,214,000		105,214,000	4.08%	2,431
2012	101,804,000		101,804,000	3.97%	2,333
2013	97,495,000		97,495,000	2.39%	2,222
2014	92,875,000		92,875,000	2.27%	2,117
2015	88,060,000		88,060,000	2.16%	2,008
2016	82,970,000		82,970,000	2.03%	1,892
2017	77,570,000		82,970,000	1.90%	1,783
2018	72,045,000		72,045,000	1.77%	1,664

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

b Population data can be found in Exhibit NJ J-13.

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Egg Harbor	\$ 32,854,331	100.00%	32,854,331
Other debt			
Egg Harbor Township Golf Corporation	6,775,000	100.00%	6,775,000
Atlantic County	155,902,988	13.07%	20,374,432
Subtotal, overlapping debt			60,003,763
Township of Egg Harbor School District debt	72,045,000	100.00%	72,045,000
Total direct and overlapping debt	\$		<u>132,048,763</u>

Sources: Township of Egg Harbor Finance Officer and Atlantic County Finance Office

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 Egg Harbor Township. 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.

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis										
	2017	2016	2015							2017	2018
	4,040,418,231	4,096,181,992	4,165,177,338							4,040,418,231	4,096,181,992
	<u>12,301,777,561</u>										<u>4,100,592,520</u>
Average equalized valuation of taxable property											
	Debt limit (4% of average)										
	Net bonded school debt										
	Legal debt margin										
	Average equalized valuation of taxable property										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Debt limit	\$ 197,042,918	204,248,254	199,868,338	189,401,983	178,813,680	173,469,679	169,614,370	168,846,486	165,525,868	164,023,701	
Total net debt applicable to limit	<u>111,879,000</u>	<u>108,614,000</u>	<u>105,214,000</u>	<u>101,804,000</u>	<u>97,495,000</u>	<u>92,875,000</u>	<u>88,060,000</u>	<u>82,970,000</u>	<u>77,570,000</u>	<u>72,045,000</u>	
Legal debt margin	<u>\$ 85,163,918</u>	<u>95,634,254</u>	<u>94,654,338</u>	<u>87,597,983</u>	<u>81,318,680</u>	<u>80,594,679</u>	<u>81,554,370</u>	<u>85,876,486</u>	<u>85,876,486</u>	<u>91,978,701</u>	
Total net debt applicable to the limit as a percentage of debt limit	56.78%	53.18%	52.64%	53.75%	54.52%	53.54%	51.92%	49.14%	46.86%	43.92%	

Source: Abstract of Ratables and District Records CAFR Schedule J-11

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2009	40,239	1,580,950	39,289	6.20%
2010	43,341	1,721,114	39,711	11.00%
2011	43,288	1,782,903	41,187	11.30%
2012	43,628	1,836,695	42,099	11.60%
2013	43,872	1,846,967	42,099	12.20%
2014	43,872	1,846,967	42,099	10.80%
2015	43,851	1,860,379	42,425	9.70%
2016	43,882	1,901,670	43,336	8.70%
2017	43,504	1,900,907	43,695	6.70%
2018	43,296	1,916,021	44,254	6.40%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income is calculated by multiplying per capita income by the population

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, November 17, 2016

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Principal Employers,
Prior Year and Ten Years Ago
Unaudited

Employer	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Federal Aviation Administration	3,500	1	16%	3,500	1	16%
Egg Harbor Township School District	1,168	2	5%	1,168	2	5%
AtlantiCare	546	3	2%	546	3	2%
Air National Guard	400	4	2%	400	4	2%
Boscov's	275	5	1%	275	5	1%
U.S. Coast Guard	255	6	1%	255	6	1%
Home Depot	248	7	1%	248	7	1%
Egg Harbor Township	246	8	1%	246	8	1%
Spencer Gifts	210	9	1%	210	9	1%
Lowe's	208	10	1%	208	10	1%
	<u>7,056</u>		<u>32%</u>	<u>7,056</u>		<u>32%</u>

GASB requires this table present the principal taxpayers for the current year and nine years ago, however information from 2018 was not available. Also, the Township does not update this information on an annual basis, therefore the most recent information is reported.

Source: Township of Egg Harbor Official Statements

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	499.6	491.6	457.6	450.0	454.0	474.0	461.5	466.0	467.5	445.0
Special education	100.8	109.0	107.0	118.5	131.5	160.0	162.0	169.5	176.0	174.0
Vocational	15.4	15.4	14.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Other instruction	99.8	99.9	93.2	51.5	51.5	-	-	-	-	-
Support Services:										
Student & instruction related services	177.0	177.0	168.0	169.0	176.0	227.0	246.0	264.0	283.5	305.0
General administrative services	8.5	8.5	8.0	8.0	8.5	8.5	8.0	9.0	8.5	10.0
School administrative services	49.0	49.0	49.0	50.0	50.5	51.0	52.5	51.5	52.5	49.0
Central services	10.0	10.0	9.0	9.0	9.0	8.0	10.0	10.0	10.0	10.0
Administrative information technology	6.0	6.0	6.0	6.0	6.0	5.0	4.0	5.0	5.0	5.0
Plant operations and maintenance	111.0	106.0	113.0	117.5	122.5	117.5	119.0	127.0	125.0	118.0
Pupil transportation	115.0	115.0	118.0	123.0	120.5	116.5	115.5	111.0	109.5	110.0
Food Service	46.0	44.5	44.5	30.5	30.5	42.0	42.0	42.0	42.0	41.0
Total	1,238.1	1,231.9	1,187.7	1,139.0	1,166.5	1,215.5	1,226.5	1,261.0	1,285.5	1,273.0

1:1 paraprofessionals charged to Support Services: Student & instruction related services were not included as full-time equivalents prior to the 2014 fiscal year.

Source: District Personnel Records

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	7,901	107,404,347	13,594	2.39%	714	11.0:1	9.85:1	11.4:1	7,633	7,370	0.71%	96.55%
2010	7,894	114,962,684	14,563	7.13%	716	10.8:1	9.25:1	12.1:1	7,715	7,464	1.07%	96.75%
2011	7,962	107,193,803	13,463	-7.55%	672	10.6:1	9.00:1	12.2:1	7,924	7,536	2.71%	95.10%
2012	7,866	112,360,509	14,284	6.10%	676	11.9:1	9.65:1	11.2:1	7,732	7,373	-2.42%	95.36%
2013	7,859	119,459,131	15,200	6.41%	691	10.6:1	10.0:1	10.0:1	7,685	7,324	-0.61%	95.30%
2014	7,715	119,729,131	15,519	2.10%	661	11.5:1	11.0:1	10.0:1	7,508	7,174	-2.30%	95.55%
2015	7,639	122,977,527	16,099	3.74%	711	11.5:1	11.0:1	10.0:1	7,489	7,130	-0.25%	95.21%
2016	7,429	130,045,702	17,505	8.74%	695	11.5:1	11.0:1	10.0:1	7,349	6,990	-1.87%	95.11%
2017	7,470	135,250,954	18,106	3.43%	650	11.6:1	11.2:1	10.3:1	7,395	7,026	0.63%	95.01%
2018	7,344	153,841,064	20,948	15.70%	632	11.6:1	11.7:1	11.7:1	7,383	7,014	-0.16%	95.00%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
H. Russell Swift School (1956, 1967, 1970, 2003)										
Square Feet	83,229	83,229	83,229	83,229	83,229	83,229	83,229	83,229	83,229	83,229
Capacity (students)	525	525	525	525	525	525	525	525	525	525
Enrollment	510	467	471	461	448	485	470	438	432	436
E. H. Slaybaugh School (1970, 1989)										
Square Feet	77,430	77,430	77,430	77,430	77,430	77,430	77,430	77,430	77,730	77,730
Capacity (students)	586	586	586	586	586	586	586	586	586	586
Enrollment	432	482	480	438	476	457	413	400	389	405
E. H. Slaybaugh Primary School (2007)										
Square Feet	58,807	58,807	58,807	58,807	58,807	58,807	58,807	58,807	58,807	58,807
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	494	431	456	448	428	402	396	452	466	439
C. J. Davenport School (1976)										
Square Feet	89,718	89,718	89,718	89,718	89,718	89,718	89,718	89,718	89,718	89,718
Capacity (students)	657	657	657	657	657	657	657	657	657	657
Enrollment	424	434	429	428	473	479	506	401	391	375
C. J. Davenport Primary School (2007)										
Square Feet	57,646	57,646	57,646	57,646	57,646	57,646	57,646	57,646	57,646	57,646
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	406	425	434	478	417	402	378	390	387	374
Dr. Joy Miller Elementary School (2003)										
Square Feet	154,538	154,538	154,538	154,538	154,538	154,538	154,538	154,538	154,538	154,538
Capacity (students)	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194	1,194
Enrollment	1,112	1,131	1,197	1,206	1,176	1,140	1,175	1,150	1,140	1,110
<u>Middle School</u>										
Fernwood Avenue (1992)										
Square Feet	203,439	203,439	203,439	203,439	203,439	203,439	203,439	203,439	203,439	203,439
Capacity (students)	1,321	1,321	1,321	1,321	1,321	1,321	1,321	1,321	1,321	1,321
Enrollment	1,045	973	958	986	997	950	934	920	959	970
Alder Avenue (1992, 2007)										
Square Feet	169,174	169,174	169,174	169,174	169,174	169,174	169,174	169,174	169,174	169,174
Capacity (students)	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389
Enrollment	888	897	868	827	883	911	933	891	866	877

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>High School</u>										
EHT High School (1983, 2003., 2012)	321,715	321,715	321,715	444,715	444,715	444,715	444,715	444,715	444,715	444,715
Square Feet	1,680	1,680	1,680	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Capacity (students)	2,441	2,502	2,518	2,458	2,446	2,399	2,323	2,279	2,319	2,309
Enrollment										
Eagle Academy										
Square Feet	6,924	6,924	6,924	6,924	6,924	6,924	6,924	6,924	6,924	6,924
Capacity (students)	60	60	60	60	60	60	60	60	60	60
Enrollment	49	44	54	53	39	22	37	39	37	49
<u>Other</u>										
Central Administration Building (1969)										
(sold in 2016)										
Square Feet	9,744	9,744	9,744	9,744	9,744	9,744	9,744	-	-	-
District Warehouse (1976)										
(sold in 2016)										
Square Feet	1,400	1,400	1,400	1,400	1,400	1,400	1,400	-	-	-
Transportation (1980)										
Square Feet	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495	8,495
Maintenance Building (1980)										
Square Feet	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Grounds Building (1980)										
Square Feet	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360
High School Field House (1995, 2014)										
Square Feet	5,200	5,200	5,200	5,200	5,200	7,400	7,400	7,400	7,400	7,400

Number of Schools at June 30, 2018
 Elementary = 6
 Middle School = 2
 High School = 2

Source: District records, ASSA
 Note: Year of original construction, or major renovation, is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

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

School Facilities	Project # (s)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
H. Russell Swift Elementary School	N/A	\$ 58,768	\$ 76,933	\$ 55,707	\$ 79,675	\$ 91,498	69,403	54,377	93,557	72,007	72,019
E.H. Slaybaugh Elementary School	N/A	157,319	122,615	104,529	103,901	114,872	116,636	117,528	97,662	109,979	123,376
Clayton J. Davenport Elementary School	N/A	116,088	138,505	90,456	101,354	113,232	132,929	128,963	114,387	130,670	113,139
Joy D. Miller Elementary School	N/A	169,159	121,094	119,977	107,967	118,068	117,911	154,280	91,304	137,012	108,894
Fernwood Avenue Middle School	N/A	166,181	158,515	251,170	132,567	125,207	168,401	156,685	157,845	186,965	149,651
Alder Avenue Middle School	N/A	166,110	125,151	199,289	107,601	119,539	116,781	134,686	125,522	149,511	182,960
Eagle Academy	N/A	7,267	8,683	7,778							
Egg Harbor Township High School	N/A	440,310	438,310	323,047	287,826	413,320	274,289	393,555	286,400	294,829	335,473
Total School Facilities		1,281,202	1,189,806	1,151,953	920,891	1,095,736	996,350	1,140,074	966,677	1,080,973	1,085,512
Other Facilities		56,213	59,626	17,351	17,691	7,175	12,509	11,452	16,356	13,513	18,801
Grand Total		\$ 1,337,415	\$ 1,249,432	1,169,304	938,582	1,102,911	1,008,859	1,151,526	983,033	1,094,486	1,104,313

TOWNSHIP OF EGG HARBOR SCHOOL DISTRICT

Insurance Schedule

June 30, 2018

Unaudited

	Coverage	Deductible
Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability	175,000,000	
ACCASBOJIF Self Insured Retention, per occurrence	250,000	
Members District Deductible, per occurrence		500
Perils Included	"All Risk"	
B. Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
A. Limit of Liability	125,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		1,000
Crime		
A. Limit of Liability	500,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		500
General and Automobile Liability		
A. Limit of Liability	20,000,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Workers' Compensation		
A. Limit of Liability	Statutory	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Educator's Legal Liability		
A. Limit of Liability	20,000,000	
ACCASBOJIF Self Insured Retention	175,000	
Members District Deductible		None

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
Unaudited

	Coverage	Deductible
Pollution Legal Liability/Mold Legal Liability		
A. Limit of Liability		
Pollution	3,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		
Pollution		25,000
Mold		100,000
Cyber Liability		
A. Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000
Violent Malicious Acts		
Limit of Liability, each occurrence	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		15,000
Disaster Management Services		
A. Limit of Liability	2,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		15,000
Student Activity Policy		
All Students and Athletes	6,000,000	None
Student Disability	1,500,000	None
Athletic Disability	1,500,000	None

Source: District Records (Coverage is through the Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund (ACCASBOJIF)).

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Egg Harbor Township School District
County of Atlantic
Egg Harbor Township, New Jersey

We have audited, in accordance with the 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor Township School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Egg Harbor Township School District's basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 31, 2019



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Egg Harbor Township School District
County of Atlantic, New Jersey

Report on Compliance for Each Major Federal & State Program

We have audited the Egg Harbor Township School District's compliance with the types of compliance requirements described in the Uniform Guidance and NJ OMB 15-08 that could have a direct and material effect on each of the Egg Harbor Township School District's major federal and state programs for the year ended June 30, 2018. The Egg Harbor Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Egg Harbor Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Egg Harbor Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJ 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 Egg Harbor Township School District's internal control over compliance.

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

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

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

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

January 31, 2019

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2017	Carryover Amount	Cash Received	Budgetary Expenditures		Pass Through to Sub-Recipients	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2018	
									Pass Through	Direct				(Accounts Receivable)	Deferred Revenue
U. S. Department of Agriculture															
Passed-through State Department of Education:															
Emergency Food Program	10.550	171N3004N1099	N/A	256,309	7/1/16 - 6/30/17	44,511	-	245,616	(44,511)	-	-	-	-	59,307	-
Food Distribution Program	10.553	171N3004N1099	N/A	245,616	7/1/17 - 6/30/18	-	-	17,982	(186,309)	-	-	-	-	-	-
National School Breakfast Program	10.553	171N3004N1099	N/A	263,217	7/1/16 - 6/30/17	(17,982)	-	17,982	(260,515)	-	-	-	-	(20,830)	-
National School Lunch Program	10.555	171N3004N1099	N/A	1,523,086	7/1/16 - 6/30/17	(101,387)	-	101,387	(1,513,626)	-	-	-	-	(115,869)	-
National School Lunch Program	10.555	171N3004N1099	N/A	1,523,086	7/1/17 - 6/30/18	(473)	-	473	(5,845)	-	-	-	-	(892)	-
Special Milk Program	10.556	171N3004N1099	N/A	5,006	7/1/16 - 6/30/17	-	-	5,006	-	-	-	-	-	-	-
Special Milk Program	10.556	171N3004N1099	N/A	5,945	7/1/17 - 6/30/18	-	-	5,945	-	-	-	-	-	-	-
Total U.S. Department of Agriculture															
				2,008,353		(75,331)	-	2,008,353	(2,010,806)	-	-	-	-	(137,091)	59,307
U.S. Department of Health and Human Services															
Passed-through State Department of Health and Human Services:															
Medical Assistance Program	93.778	1709NJMAP	N/A	231,362	7/1/17 - 6/30/18	-	-	221,371	(231,352)	(9,981)	-	-	-	-	-
Total General Fund															
				231,362		-	-	221,371	(231,352)	(9,981)	-	-	-	-	-
U.S. Department of Education															
Passed-through State Department of Education:															
Special Education Fund:															
Title I, Part A	84.010	S010A160030	NCLB-1310-17	1,263,087	7/1/16 - 6/30/17	(221,347)	-	221,347	(1,261,800)	-	-	-	-	-	-
Title I, Part A	84.010	S010A160030	NCLB-1310-18	1,313,082	7/1/17 - 6/30/18	(221,347)	-	1,084,565	(1,261,800)	-	-	-	-	(398,582)	-
Total NCLB, Title I, Part A															
Title II, Part A	84.367A	S397A160029	NCLB-1310-17	120,539	7/1/16 - 6/30/17	(25,609)	-	25,609	(151,959)	-	-	-	-	-	-
Title II, Part A	84.367A	S397A170029	NCLB-1310-18	233,659	7/1/17 - 6/30/18	(25,609)	-	117,416	(151,959)	-	-	-	-	(80,151)	-
Total NCLB, Title II, Part A, Innovative Programs															
Title III, English Language Enhancement	84.365A	S365A160030	NCLB-1310-17	42,324	7/1/16 - 6/30/17	(8,394)	-	8,394	(36,454)	-	-	-	-	(11,537)	-
Title III, English Language Enhancement	84.365A	S365A170030	NCLB-1310-18	36,869	7/1/17 - 6/30/18	(607)	-	507	(7,869)	-	-	-	-	(2,656)	-
Title III, Immigrant	84.365	S365A160030	NCLB-1310-17	10,277	7/1/16 - 6/30/17	(9,632)	-	5,212	(7,869)	-	-	-	-	(14,193)	-
Title III, Immigrant	84.365	S365A170030	NCLB-1310-18	9,632	7/1/17 - 6/30/18	(8,901)	-	39,099	(44,322)	-	-	-	-	-	-
Total NCLB, Title III															
ID.E.A. Part B - Basic	84.027	H027A60100	IDEA2017	1,975,603	7/1/16 - 6/30/17	(102,784)	-	102,784	-	-	-	-	-	-	-
ID.E.A. Part B - Basic	84.027	H027A70100	IDEA2018	1,866,225	7/1/17 - 6/30/18	(4,437)	-	1,410,802	(1,833,937)	(423,135)	-	-	-	-	-
ID.E.A. Part B - Preschool	84.173	H173A60114	IDEA2017	69,840	7/1/16 - 6/30/17	(4,437)	-	4,437	(73,046)	(4,405)	-	-	-	-	-
ID.E.A. Part B - Preschool	84.173	H173A70114	IDEA2018	74,580	7/1/17 - 6/30/18	(107,221)	-	68,641	(1,906,953)	(427,540)	-	-	-	-	-
Total IDEA Part B															
Carl Perkins Vocational PL #101-392	84.048	V098A160030	PERK012017	86,131	7/1/16 - 6/30/17	(15,140)	-	15,138	(56,691)	(20,448)	-	-	-	-	59
Carl Perkins Vocational PL #101-392	84.048	V098A170030	PERK012018	56,691	7/1/17 - 6/30/18	(15,140)	-	51,281	(56,691)	(20,448)	-	-	-	-	59
Total Carl Perkins Vocational PL #101-392															
21st Century Community Learning Centers	84.287	S287C70030		500,000	9/1/17 - 8/31/18	-	-	208,737	(308,453)	(99,716)	-	-	-	-	-
21st Century Community Learning Centers	84.287	S287C70030		500,000	9/1/17 - 8/31/18	-	-	208,737	(308,453)	(99,716)	-	-	-	-	-
Temporary Emergency Impact Aid for Displaced Students	84.938C	S938C160035	N/A	89,375	7/1/17 - 6/30/18	-	-	-	(89,375)	(89,375)	-	-	-	-	-
Temporary Emergency Impact Aid for Displaced Students	84.938C	S938C160035	N/A	89,375	7/1/17 - 6/30/18	-	-	-	(89,375)	(89,375)	-	-	-	-	-
Total Special Revenue Fund															
				3,097,799		(978,219)	-	3,097,799	(3,818,592)	(1,109,005)	-	-	-	-	59
Total Federal Financial Awards															
				5,317,517		(453,549)	-	5,317,517	(6,060,740)	(1,256,077)	-	-	-	-	59

The accompanying notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement

Egg Harbor Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2018

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Egg Harbor Township School District. The Board of Education is defined in Note 1(A) to the Board'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 awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payment in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes that payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is (\$148,152) for the general fund and \$221,996 for the special revenue fund. See the following schedule for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

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**Egg Harbor Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
State Assistance:					
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$73,081,888	216,911	3,179,765	34,089	76,512,653
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					-
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(148,152)				(148,152)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$72,933,736</u>	<u>216,911</u>	<u>3,179,765</u>	<u>34,089</u>	<u>76,364,501</u>

**Egg Harbor Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$231,352	3,818,582	2,010,806	6,060,740
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		221,996		221,996
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$231,352</u>	<u>4,040,578</u>	<u>2,010,806</u>	<u>6,282,736</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions and OPEB – GASB 75 represent the amount paid by the State on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	yes	<u> X </u>	no
2) Significant deficiencies identified that are not considered to be material weaknesses?	yes	<u> X </u>	none reported
Noncompliance material to basic financial statements noted?	yes	<u> X </u>	no

Federal Awards Section

Internal Control over major programs:			
1) Material weakness(es) identified?	yes	<u> X </u>	no
2) Significant deficiencies identified	yes	<u> X </u>	none reported
Type of auditor's report on compliance for major programs	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	yes	<u> X </u>	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	<u>21st Century Community Learning Centers</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u>10.550</u>	<u>Child Nutrition Cluster</u>
<u>10.553</u>	<u>Food Distribution Program</u>
<u>10.555</u>	<u>National School Breakfast Program</u>
<u>10.553</u>	<u>National School Lunch Program</u>
<u> </u>	<u>Special Milk Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

NONE

**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

NONE