

**BOARD OF EDUCATION
OF THE
TOWNSHIP OF EVESHAM
SCHOOL DISTRICT
MARLTON, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	10
Roster of Officials	11
Consultants and Advisors	12
FINANCIAL SECTION	
Independent Auditor's Report	14
Required Supplementary Information - Part I Management's Discussion and Analysis	20
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	30
A-2 Statement of Activities	31
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	33
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Statement of Net Position	36
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	37
B-6 Statement of Cash Flows	38
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	39
B-8 Statement of Changes in Fiduciary Net Position	40
Notes to the Financial Statements	41
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	82
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	93
C-3 Notes to Required Supplementary Information - Part II Budget-to-GAAP Reconciliation	95

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

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the School District's Proportionate Share of the Net Pension Liability - PERS	97
L-2 Schedule of the School District's Contributions – PERS	98
L-3 Schedule of the School District's Proportionate Share of the Net Pension Liability – TPAF	99
L-4 Schedule of the School District's Contributions – TPAF	100
L-5 Notes to the Required Supplementary Information - Part III	101
Required Supplementary Information - Part IV	
M. Schedules Related to Accounting and Reporting for OPEB	
M-1 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	103
M-2 Notes to the Required Supplementary Information - Part IV	104
M-3 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	105
M-4 Notes to the Required Supplementary Information - Part IV	106
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	109
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	115
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	116
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	117
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	118

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

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	120
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	121
G-3 Combining Statement of Cash Flows	122
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	124
H-2 Combining Statement of Changes in Fiduciary Net Position	125
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	126
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	127
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	129
I-2 Schedule of Obligations under Capital Leases	130
I-3 Debt Service Fund Budgetary Comparison Schedule	131
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	134
J-2 Changes in Net Position	135
J-3 Fund Balances - Governmental Funds	137
J-4 Changes in Fund Balances - Governmental Funds	138
J-5 General Fund Other Local Revenue by Source	139
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	141
J-7 Direct and Overlapping Property Tax Rates	142
J-8 Principal Property Taxpayers	143
J-9 Property Tax Levies and Collections	144
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	146
J-11 Ratios of General Bonded Debt Outstanding	147
J-12 Direct and Overlapping Governmental Activities Debt	148
J-13 Legal Debt Margin Information	149

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

	Page
STATISTICAL SECTION (Unaudited) (Cont'd)	
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	151
J-15 Principal Employers	152
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	154
J-17 Operating Statistics	155
J-18 School Building Information	156
J-19 Schedule of Required Maintenance Expenditures by School Facility	157
J-20 Insurance Schedule	158
SINGLE AUDIT SECTION	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17
K-2 Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08-OMB	160
K-3 Schedule of Expenditures of Federal Awards, Schedule A	162
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	164
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	166
Schedule of Findings and Questioned Costs:	
K-6 Summary of Auditor's Results	168
K-7 Schedule of Current Year Findings	170
K-8 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	173

INTRODUCTORY SECTION



Evesham Township School District

Meland Administration Building, 25 South Maple Avenue, Marlton, NJ 08053

www.evesham.k12.nj.us · (856) 983-1800 · Fax # (856) 983-2939

John Scavelli, Jr., Superintendent
John Recchinti, Business Administrator

Danielle T. Magulick, Director of Curriculum & Instruction
Richard G. Dantine, Jr., Director of Personnel

February 12, 2019

Honorable President and Members of the
Board of Education and Citizens of Evesham Township
25 South Maple Avenue
Marlton, New Jersey 08053-2096

Dear Board Members and Constituents:

The comprehensive annual financial report of the Evesham Township School District for the fiscal year ending 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 Evesham Township 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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2018 and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended. All disclosures necessary to enable readers of these statements to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- **Introductory Section** – This section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart for the School District.
- **Financial Section** – The financial section begins with the Independent Auditor's Report, and includes the Management's Discussion and Analysis (MD&A), the Basic Financial Statements and corresponding Notes which provide an overview of the financial position of the District, operating results, and other schedules detailing budgetary information.
- **Statistical Section** – The statistical section includes economic and demographic information, fiscal trends and capacity of the district. It is presented in a multi-year format.
- **Single Audit Section** – Annually, the District is required to undergo an annual single audit in conformity with provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, along with findings and recommendations, are included in the single audit section of this report.

Making the world a better place,
one student at a time

1. **REPORTING ENTITY AND ITS SERVICES:** The Evesham Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 as amended by GASB Statement No. 39. The Evesham Township School District and its nine schools constitute the district's reporting entity.

The District is well known for its high quality of education and is one of the larger K-8 districts in the State of New Jersey. The programs and services provided to grades Pre-K through 8 is comprehensive. This range of programs includes general education, programs for gifted and talented students, as well as those for students with disabilities both within and outside the district. Seven elementary school and two middle schools comprise the instructional facilities of the district. Effective for the 2017-2018 school year, the district implemented the final phase of the elementary School Consolidation Plan and reduced the number of operating elementary schools to six. The Evans Elementary School is now rented to two educational entities.

The Evesham Township School District Board of Education is comprised of nine volunteers, each elected to three-year terms. The Board meets regularly on the fourth Thursday of every month with the exception of July. Additionally, the Board divides its work amongst various committees, most of which also meet on a monthly basis at different times.

2. **INSTRUCTIONAL PROGRAM:** The Office of Curriculum and Instruction guides the development, implementation and evaluation of all instructional program offerings in the Evesham Township School District. This includes a variety of tasks such as curriculum writing and revisions, professional development offerings, development of budget, delegation and oversight of funds related to staff development and curriculum, and the writing of grants and required state reports to document progress and to obtain special funding. In addition, the curriculum department shares in the responsibility of teacher evaluations, hiring of new staff, and oversight of various student assessments. Representatives of this department attend meetings with the NJ Department of Education, Lenape Regional Curriculum Consortium, and Burlington County Curriculum Consortium in order to stay abreast of changes occurring within the state and network with other local districts.

Supervisors of Instruction are responsible for interpreting and applying current research in curriculum, teaching and learning for both general and special education students, evaluating student performance on district and state assessments, writing and/or revising curriculum, selecting instructional materials, providing professional development, and recommending the adoption of new programs. They oversee the operation of all departments within the district. All curricula are developed in-house by curriculum supervisors in conjunction with teacher and building-level administrators.

DISTRICT-WIDE CURRICULUM

The District provides instructional offerings in line with the New Jersey Student Learning Standards that enable students to develop intellectually, socially, physically, and emotionally. Below are brief descriptions of our various instructional offerings that come directly from our curriculum documents.

Applied Design & Technology

The Applied Design and Technology program in the Evesham Township School District emphasizes real-life experiences for students. By its nature, applied design and technology is hands-on. By definition, applied design and technology is problem solving. By design, applied design and technology is interdisciplinary. In the technology classroom, students try to solve problems incorporating knowledge from a variety of disciplines. The ideal learning environment is one where knowledge, information, skills, and processes from a variety of disciplines are drawn upon to solve challenging, real-world problems.

Comprehensive Health & Physical Education

Comprehensive Health and Physical Education is a vital part of the total school curriculum, as it contributes to the optimum development of the individual. As we prepare our students to be 21st Century learners, health literacy has emerged as an integral education component. The mission of the program is to empower students to assume lifelong responsibility to develop physical, mental, and emotional and social wellness by providing knowledge of health and physical education concepts and skills.

Computers

The philosophy of the Evesham Township School District is to integrate technology in all aspects of the school curriculum. We believe technology should be utilized as a tool to facilitate students' development of skills and strategies necessary for risk-taking, problem-solving, critical thinking and self-directed learning. As digital learners, our students will engage in authentic activities that facilitate exploration, interaction, and global communication in an effort to prepare them for success in a dynamic global society.

Family and Consumer Science

The mission of the Family and Consumer Science Program is to prepare students to be competent, confident, and caring citizens who make responsible and responsive decisions to manage their personal, family, and career lives. This program empowers individuals to manage the challenges of living and working in a globally diverse society, with a unique focus on families, work, and their interrelationships.

Language Arts Literacy

The Evesham Township School Districts' Language Arts/Literacy Curriculum is designed to prepare students to develop literacy skills and competencies in order to be equipped with the knowledge and decision making skills necessary to assume their roles as active and informed citizens. Our Language Arts Curriculum actively engages learners in experiences that help them to construct and refine their knowledge about literacy in its various forms. Strategies and structures of the literacy classroom are reflective of best practices in literacy instruction.

Library/Media

The mission of the Evesham Township School District's library/media program is to ensure that students and staff effectively utilize a full range of resources including print, multimedia, and electronic sources. Our goal is to promote in our youth the powers of literacy, nurture an appreciation for reading, and develop critical thinking skills necessary for self-directed learning. An effective media program is integral to the total educational experience and plays an essential role in all academic instruction.

Mathematics

The Evesham Township School District Mathematics Curriculum is designed to prepare students to develop mathematical literacy in order to be equipped with the knowledge and decision-making skills necessary to assume their role as active and deliberate citizens. A mathematically literate individual is one who is able to “explore, conjecture, and to reason logically as well as use a variety of mathematical methods effectively to solve problems.” Our Mathematics Curriculum actively engages students in meaningful problem solving experiences and embraces a workshop approach to instruction.

Preschool

The Evesham Township Preschool program is designed to provide a developmentally appropriate preschool curriculum that aligns with the New Jersey Department of Education Preschool Teaching and Learning Standards. In addition, it provides comprehensive individualized education experiences for children ages three to five years old that have varying degrees and types of disabilities. The program’s curriculum targets all areas of children’s social, emotional, speech/language, literacy, motor and cognitive growth. Within this framework, the curriculum also provides for sensory integration development, which sets a foundation for early learning.

Science

The Evesham Township Schools Science Curriculum is designed to prepare students to develop scientific literacy in order to be equipped with information and decision-making skills necessary to assume their role as concerned citizens. Scientific literacy is more than a cursory understanding of science content; it is the understanding that content and process are inextricably linked. Our Science Curriculum actively engages students in scientific inquiry processes such as conducting investigations, collecting evidence, interpreting and analyzing data and defending conclusions.

Social Studies

The Evesham Township Schools Social Studies Curriculum is designed to prepare students to be active citizens in our democratic society. Our primary mission is to develop in students, social understanding and civic efficacy. This will enable them to responsibly and responsibly make informed decisions for the public good within our culturally diverse society and interdependent world.

Visual and Performing Arts (Arts and Music)

Education in the visual arts benefits both students and society. Fundamental to our philosophy is the belief that every child has a desire and capacity for self-expression. It cultivates the whole child, gradually building many kinds of literacy. Education in the visual arts develops intuition, reasoning, imagination and dexterity into unique forms of expression and communication. Creative expression and music appreciation are integrated with all subject areas of learning. This provides exposure to a plethora of cultural and individual diversities across time.

World Language

In the 21st Century, students must be able to participate in culturally appropriate ways in face-to-face interactions with members of other cultures so that they may be productive members of the diverse communities in which we all live. The ability to communicate is at the heart of knowing another language. Language that is introduced and taught in meaningful contexts enables the learner to acquire competency in using language for real-world communicative purposes. The goal of communicative-based language instruction is to prepare students for authentic language use.

Staff Development

Professional development in the Evesham Township School District encompasses all types of facilitated learning opportunities, ranging from formal coursework and conferences to informal meetings and learning opportunities situated in practice. There are a variety of approaches to professional development, including coaching, in-services, lesson study, mentoring, grade level/department meetings, workshops, professional learning communities, reflective supervision, and technical assistance. These programs may be formal or informal, individualized or group-based. The state of NJ requires educators to document their own professional growth by accumulating professional development hours annually.

The district's Curriculum Department provides an extensive fall and spring professional development calendar that includes a wide variety of professional development opportunities focused on student learning and improved classroom practices. Approximately 30 – 40 workshops are offered on each calendar. The majority of the offerings are given by in-house Curriculum Supervisors at no additional cost to the district. This also includes technology workshops given by the District's Technology Coordinator/Supervisors. Supervisors and the Technology Coordinator combine their unique knowledge of the district with content area expertise to develop workshops based on the needs of teachers and students.

The Curriculum Department also coordinates with the Lenape Regional Curriculum Consortium to provide an annual professional development day, which targets staff members in the related arts and special services areas.

In addition, building-based workshops are also arranged and offered at the school level on an as needed basis. These professional development offerings are coordinated between the Curriculum Department and the individual school buildings. Building-based workshops are given by key personnel and are designed to address the needs of individual buildings. Workshop presenters include but are not limited to PLC/RC Facilitators, Principals, Reading Specialists, Tier III Coordinators, Math and Technology Coaches.

The Special Education Department also organizes and offers workshops specific to particular areas of need and/or interest in this area.

3. **ENROLLMENT TRENDS:** The following details the change in average daily enrollment of the district over the last ten years.

Average Daily Enrollment Per Year Data

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2017-18	4,425	-0.09%
2016-17	4,429	-0.83%
2015-16	4,466	-1.96%
2014-15	4,556	-0.76%
2013-14	4,591	0.86%
2012-13	4,552	-3.60%
2011-12	4,722	-0.08%
2010-11	4,726	-2.44%
2009-10	4,844	-0.92%
2008-09	4,889	-1.03%

4. **ECONOMIC CONDITION AND OUTLOOK:** The current economic condition has been difficult for many local businesses and families within the community. Ratables in the Township have slightly increased in 2018. Total bonded indebtedness is \$8,150,000, as compared to a borrowing capacity of \$158,319,115.

5. **LONG TERM PLANNING AND MAJOR INITIATIVES:** Public school districts are faced with increasing challenges these days. The Evesham Township School District recognizes the need for community involvement and has individual school-level planning committees that provide for a wide variety of community activities. Throughout the 2017-18 school year, the district continued to implement the final objectives of GOALS 2017, a community-wide Strategic Planning Initiative involving parents, teachers, board members and administrators, as well as the community. The process identified many areas of focus over a five year period. Those areas are as follows:

- a. **Curriculum, Instruction, & Assessment** – A major focus of the district’s long-term planning continued to be the high quality programs it offers, as well as an assessment of the successes of those programs. Integrating technology, and a culture supporting continuous professional development for our staff will support our existing and future high quality educational programs.
- b. **Fiscal Resources & District Operations** – Maintaining fiscal responsibility and maximizing efficiencies wherever possible are an underlying focus of the district’s mission. In order to accomplish the goal of efficiency and effectiveness, the district will continue to monitor future enrollment projections, as well as expand current “green” initiatives and shared service opportunities with our partner local government agencies.
- c. **School Culture & Communication** – It is important for the district to maintain the positive school climates that it has enjoyed for decades. The development of Professional Learning Communities and Responsive Classroom practices are a key to maintaining the school environment. Additionally, the district will continue to enhance its presence on the web through the use of social media and increased web-based communication. Other goals include the establishment of a deliberate public relations outreach program to showcase the district’s accomplishments to the community.

The district plans to hold strategic planning sessions and it is anticipated that a strategic plan, Vision 2024, will be completed in the spring of 2019. This plan will encompass the time period 2019-2024.

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

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

- 7. BUDGETARY CONTROLS:** In addition to internal accounting controls, the Evesham Township School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. 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 which are tracked 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 assignments of fund balance as of June 30, 2018.

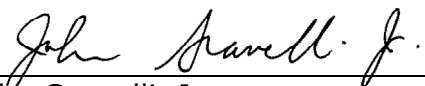
- 8. ACCOUNTING SYSTEM AND REPORTS:** The Evesham Township School District's accounting records reflect generally accepted accounting principles in the United States of America, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

- 9. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the basic financial statements, the Evesham Township School District continues to meet its responsibility for sound financial management.

- 10. DEBT ADMINISTRATION:** As of June 30, 2018, the district's outstanding debt issues were \$8,150,000, which is only 5.15% of the district's Debt Limit.

11. **CASH MANAGEMENT:** The investment policy of the Evesham Township School District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The district requires all deposits of public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
12. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, workers compensation, professional liability, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in report J-20.
13. **OTHER INFORMATION:** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was approved by the Board to complete this audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules are 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.
14. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Evesham 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 Business Office staff.

Respectfully submitted,



 John Scavelli, Jr.
 Superintendent of Schools



 John Recchinti
 Board Secretary

2017-2018 Professional Staff Chart

Evesham Township School District

Board of Education

Board Secretary

Superintendent

Director of Personnel

Director of Curriculum & Instruction

School Business Administrator

Curriculum Subject Area Supervisors
 Classroom Teachers
 Special Education Teachers
 ESL Teachers
 Reading Specialists
 Reading Recovery Teachers
 School Counselors
 Nurses
 Media Specialists
 Related Arts Teachers
 World Language Teachers
 Gifted & Talented Teachers
 Long Term Substitutes
 Intervention Specialists

Director of Special Services & Child Study Teams
 Supervisor of Special Education
 Social Workers
 Psychologists
 LDTC
 Special Education Teachers
 Speech Teachers
 Behavioral Specialist

Principals
 Vice Principals & Elem Asst Principal
 Classroom Teachers
 Special Education Teachers
 ESL Teachers
 Speech Teachers
 Reading Specialists
 Reading Recovery Teachers
 School Counselors
 Nurses
 Media Specialists
 Related Arts Teachers
 World Language Teachers
 Gifted & Talented Teachers
 Interpreters
 Long Term Substitutes
 Intervention Specialists

**Evesham Township School District
Marlton, New Jersey**

**Roster of Officials
June 30, 2018**

Members of the Board of Education

**Term
Expires**

Joe Fisicaro Jr, President	2018
Trish Everhart, Vice President	2019
Jeff Bravo	2018
William McGoey	2018
Dennis Mehigan	2019
Nichole Stone	2019
Elaine Barbagiovanni	2020
Janis Knoll	2020
Lea Ryan	2020

Other Officials

John Scavelli, Jr., *Superintendent of Schools*

John J. Recchinti, *School Business Administrator/
Board Secretary*

Danielle Magulick, *Director of Curriculum & Instruction*

Richard G. Dantinne, *Director of Personnel*

**Evesham Township School District
Marlton, New Jersey**

**Consultants and Advisors
June 30, 2018**

Architects

Wayne A. Neville, AIA
430 Commerce Lane – Suite C
West Berlin, NJ 08091

Independent Auditors

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043-2493

Attorney

Cooper Levenson
1125 Atlantic Avenue
Atlantic City, NJ 08401

Official Repositories

TD Bank
336 West Route to
Marlton, NJ 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Evesham School District
County of Burlington
Marlton, New Jersey 08053

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Evesham School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Evesham School District, in the County of Burlington, State of 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statement No. 75, net position as of June 30, 2017 on the statement of activities has been restated, as discussed in note 20 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios, and schedule of funding progress for health benefits plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Evesham School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Cont'd)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019 on our consideration of the Township of Evesham 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 solely 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 the effectiveness of the Township of Evesham School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Evesham School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 14, 2019

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Evesham School District
County of Burlington
Marlton, New Jersey 08053

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Evesham School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 14, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 14, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The management's discussion and analysis of Evesham Township School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2018 and 2017. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2018:

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more through discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The assets of the Evesham Township School District exceeded its liabilities at the close of the most recent fiscal year by \$22,671,003 (net position).
- The School District's total net position increased by \$1,915,507. This increase is primarily attributable to the Evesham Township School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$5,390,810 an increase of \$1,263,801 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund is \$391,528, which is an increase of \$721,075 in comparison with the prior year.
- The Evesham Township School District's total bonded debt decreased by \$4,175,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

The School District has three kinds of funds:

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

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017.

TABLE 1
Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 13,146,250	\$ 12,356,730	\$ 789,520	6.39%
Capital Assets	<u>61,238,970</u>	<u>62,816,458</u>	<u>(1,577,488)</u>	<u>-2.51%</u>
Total Assets	<u>74,385,220</u>	<u>75,173,188</u>	<u>(787,968)</u>	<u>-1.05%</u>
Deferred Outflows of Resources:				
Related to Pensions and OPEB	9,876,498	13,882,136	(4,005,638)	-28.85%
Deferred Loss on Refunding	<u>410,338</u>	<u>613,282</u>	<u>(202,944)</u>	<u>-33.09%</u>
Total Deferred Outflows of Resources	<u>10,286,836</u>	<u>14,495,418</u>	<u>(4,208,582)</u>	<u>-29.03%</u>
Liabilities:				
Long-Term Liabilities	45,376,245	59,286,152	(13,909,908)	-23.46%
Other Liabilities	<u>3,652,009</u>	<u>2,674,964</u>	<u>977,045</u>	<u>36.53%</u>
Total Liabilities	<u>49,028,253</u>	<u>61,961,116</u>	<u>(12,932,863)</u>	<u>-20.87%</u>
Deferred Inflow of Resources:				
Related to Taxes	4,946,510	6,487,062	(1,540,552)	100.00%
Related to Pensions and OPEB	<u>8,026,289</u>	<u>413,117</u>	<u>7,613,172</u>	<u>1842.86%</u>
Total Deferred Inflows of Resources	<u>12,972,799</u>	<u>6,900,179</u>	<u>6,072,620</u>	<u>88.01%</u>
Net Position:				
Net Investment in Capital Assets	51,082,257	48,851,529	2,230,727	4.57%
Restricted	3,013,579	2,740,049	273,530	9.98%
Unrestricted (Deficit)	<u>(31,424,833)</u>	<u>(30,784,268)</u>	<u>(640,565)</u>	<u>2.08%</u>
Total Net Position	<u>22,671,003</u>	<u>20,807,310</u>	<u>1,863,693</u>	<u>8.96%</u>
Restatement to Record the School District's				
Deferred Inflows of Resources per GASB 75		(102,083)	102,083	-100.00%
Deferred Outflows of Resources per GASB 75		<u>50,269</u>	<u>(50,269)</u>	<u>-100.00%</u>
Total Net Position (Restated)	<u>\$ 22,671,003</u>	<u>\$ 20,755,496</u>	<u>\$ 1,915,507</u>	<u>9.23%</u>

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

Table 2 provides an illustration of the impact that GASBS 68 and 71 had to the School District's Net Position.

TABLE 2
Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 9,831,475	\$ 13,882,136	\$ (4,050,661)	-29.18%
Less: Net Pension Liability	(32,864,550)	(43,500,778)	10,636,228	24.45%
Less: Deferred Inflows Related to Pensions	<u>(7,934,858)</u>	<u>(413,117)</u>	<u>(7,521,741)</u>	<u>-1820.73%</u>
	<u>\$ (30,967,933)</u>	<u>\$ (30,031,759)</u>	<u>\$ (936,174)</u>	<u>3.12%</u>

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2018 and 2017.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 3,027,420	\$ 3,004,236	\$ 23,185	0.77%
Operating Grants and Contributions	31,327,347	39,589,609	(8,262,262)	-20.87%
General Revenues:				
Property Taxes	60,903,410	60,035,046	868,364	1.45%
Grants and Contributions	15,146,159	15,193,056	(46,897)	-0.31%
Other	2,722,381	1,888,739	833,642	44.14%
Total Revenues	<u>113,126,717</u>	<u>119,710,686</u>	<u>(6,583,969)</u>	<u>-5.50%</u>
Expenses:				
Instruction:				
Regular	21,642,005	20,643,758	998,247	4.84%
Special Education	10,599,906	9,733,275	866,631	8.90%
Other Instruction	1,587,988	1,703,544	(115,556)	-6.78%
Other Special Instruction	426,220	425,806	414	0.10%
Tuition	2,343,430	2,657,514	(314,084)	-11.82%
Student Services:				
Student and Instruction Related	9,481,682	9,797,395	(315,713)	-3.22%
School Administrative Services	2,289,906	2,396,550	(106,644)	-4.45%
General and Business Administrative Services	2,146,266	1,991,346	154,920	7.78%
Plant Operations and Maintenance	7,311,360	6,651,284	660,076	9.92%
Pupil Transportation	3,666,645	3,719,434	(52,789)	-1.42%
Unallocated Benefits	43,715,969	52,806,059	(9,090,091)	-17.21%
Reimbursed TPAF Pension and Social Security	2,400,545	2,367,333	33,212	1.40%
Transfer to Charter Schools	17,064	26,425	(9,361)	-35.42%
Interest on Long-Term Debt	353,702	529,367	(175,666)	-33.18%
Unallocated Depreciation	75,136	67,865	7,272	10.71%
Food Service	1,213,364	1,279,798	(66,433)	-5.19%
Childcare Program	1,940,121	1,956,255	(16,134)	-0.82%
Total Expenses	<u>111,211,310</u>	<u>118,753,008</u>	<u>(7,541,698)</u>	<u>-6.35%</u>
Increase (Decrease) in Net Position	<u>1,915,407</u>	<u>957,678</u>	<u>957,730</u>	<u>100.01%</u>
Beginning Net Position	<u>20,755,496</u>	<u>19,849,632</u>	<u>905,864</u>	<u>4.56%</u>
Ending Net Position	<u>22,670,903</u>	<u>20,807,310</u>	<u>1,863,593</u>	<u>8.96%</u>
Restatement to Record the School District's				
Deferred Inflows of Resources per GASB 75		(102,083)	102,083	-100.00%
Deferred Outflows of Resources per GASB 75		50,269	(50,269)	-100.00%
Ending Net Position (Restated)	<u>\$ 22,670,903</u>	<u>\$ 20,755,496</u>	<u>\$ 1,915,407</u>	<u>9.23%</u>

The table above includes revenues and expenses related to Governmental Accounting Standards Board (GASB) Statement No. 75 for the 2018 and 2017 fiscal years.

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

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

Governmental Activities

In 2017-2018, Governmental Activities Revenues were \$109,856,092 or 97.11% of total revenues.

In 2016-2017, Governmental Activities Revenues were \$116,454,370 or 97.28% of total revenues.

The \$6,598,278 decrease in Governmental Activities Revenues from FY 2016-2017 to FY 2017-2018 was mainly related to the implementation of GASB 75.

In 2017-2018, General Revenues - Property Taxes of \$60,903,410 made up 55.44%, and General Revenues – Grants and Contributions of \$31,032,604 made up 28.25% of total revenues.

In 2016-2017, General Revenues - Property Taxes of \$60,035,046 made up 51.55%, and General Revenues – Grants and Contributions of \$25,757,137 made up 22.18% of total revenues.

In 2017-2018, the School District's Governmental Activities expenditures decreased by \$7,459,131 or 6.46%. This decrease was primarily attributable to a decrease in GASB 75 OPEB Expense and a decrease in GASB 68 Pension Expense.

Business-Type Activities

In 2017-2018 Business-Type Activities Revenues were \$3,270,424 or 2.89% of total revenues. In 2016-2017 Business-Type Activities Revenues were \$3,256,216 or 3.07% of total revenues.

Charges for Services for Business-Type Activities were \$2,975,681 in 2017-2018 compared to \$2,957,663 in 2016-2017, a 0.61% increase.

Expenses for Business-Type Activities were \$3,153,385 in 2017-2018 compared to \$3,236,053 in 2016-2017, a 2.55% decrease.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$73,094,024, which was equal to the original budget.

The 2017-2018 General Fund Tax Levy was \$57,515,145, an increase of \$926,903 or 1.64% from the 2016-2017 General Fund Tax Levy of \$56,588,242.

During fiscal year 2018, the School District budgeted revenue of \$57,515,145 for property taxes (local tax levy), \$13,669,426 for state aid and \$36,598 of federal aid.

The School District also received \$2,395,743 and \$7,771,840 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Pension Contributions, Long-term Disability Insurance and Non-Contributory Insurance, respectively. The Evesham Township School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension, Medical, Pension Contributions, Long-term Disability Insurance and Non-Contributory Insurance of \$2,395,743 and \$7,771,840 respectively.

The final budgetary basis expenditure appropriation estimate was \$75,482,572, which was equal to the original budget.

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

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

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$5,390,810, an increase of \$1,263,801 in comparison with the prior year.

Of the combined ending fund balances of \$5,390,810, \$391,530 constitutes unassigned fund balance. The remainder of fund balance of \$4,999,280 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had \$635,289 in unrestricted net position.

CAPITAL ASSETS

The Evesham Township School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$61,238,970 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. There was a net decrease in the Evesham Township School District's investment in capital assets for the current fiscal year of 3.04%. The net decrease was the result of depreciation expense. Table 4 reflects the capital assets.

TABLE 4
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 9,930,682	\$ 9,930,682
Construction in Progress		2,092,288
Land Improvements	420,997	467,698
Building and Improvements	47,979,993	47,806,829
Furniture, Fixtures and Equipment	<u>2,907,299</u>	<u>2,518,961</u>
 Total Capital Assets	 <u>\$ 61,238,970</u>	 <u>\$ 62,816,458</u>

Depreciation expense was \$3,110,821 for fiscal year ended 2018 and \$3,071,934 for fiscal year ended 2017.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Evesham Township School District had total bonded debt outstanding of \$8,150,000. The entire Evesham Township School District's bonded debt is governmental as opposed to business-type. The 2019 adopted budget has an appropriation of \$4,345,000 representing the payment of the annual principal. The 2005 and 2013 refunding bonds will mature on March 1, 2019 and December 1, 2020, respectively.

Township of Evesham School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2017-2018 school year, the Evesham Township School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources in the governmental funds. 66.46% of total revenue is from local tax levy and 29.77% of the Evesham Township School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Evesham Township Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Evesham Township School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to John Recchinti, Business Administrator/ Board Secretary at the Evesham Township School District, 25 South Maple Avenue, Marlton, New Jersey 08053.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 7,937,740.34	\$ 1,498,049.10	\$ 9,435,789.44
Receivables, net	1,335,165.35	28,659.74	1,363,825.09
Restricted Cash and Cash Equivalents	2,295,722.12		2,295,722.12
Inventory		50,913.41	50,913.41
Capital Assets, net (Note 6)	<u>61,053,687.08</u>	<u>185,282.75</u>	<u>61,238,969.83</u>
Total Assets	<u>72,622,314.89</u>	<u>1,762,905.00</u>	<u>74,385,219.89</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	9,831,475.00		9,831,475.00
Related to Other Post Employment Benefits (Note 11)	45,023.00		45,023.00
Deferred Loss on Refunding	<u>410,337.87</u>		<u>410,337.87</u>
Total Deferred Outflows	<u>10,286,835.87</u>	<u>-</u>	<u>10,286,835.87</u>
LIABILITIES:			
Accounts Payable			
Related to Pensions	1,423,745.00		1,423,745.00
Other	73,092.50		73,092.50
Internal Balances	(883,090.33)	883,090.33	
Security Deposits Payable	110,985.00		110,985.00
Payable to Other Governments	72,980.00		72,980.00
Accrued Interest	63,930.80		63,930.80
Unearned Revenue	1,857,341.02	49,934.57	1,907,275.59
Noncurrent Liabilities (Note 7):			
Due within One Year	5,408,784.64	2,074.43	5,410,859.07
Due beyond One Year	<u>39,958,151.38</u>	<u>7,234.08</u>	<u>39,965,385.46</u>
Total Liabilities	<u>48,085,920.01</u>	<u>942,333.41</u>	<u>49,028,253.42</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Taxes	4,946,510.00		4,946,510.00
Related to Pensions	7,934,858.00		7,934,858.00
Related to Other Post Employment Benefits (Note 11)	<u>91,431.00</u>		<u>91,431.00</u>
	<u>12,972,799.00</u>	<u>-</u>	<u>12,972,799.00</u>
NET POSITION:			
Net Investment in Capital Assets	50,896,973.90	185,282.75	51,082,256.65
Restricted for:			
Capital Projects	1,312,851.29		1,312,851.29
Other Purposes	1,700,728.13		1,700,728.13
Unrestricted (Deficit)	<u>(32,060,121.57)</u>	<u>635,288.84</u>	<u>(31,424,832.73)</u>
Total Net Position	<u>\$ 21,850,431.75</u>	<u>\$ 820,571.59</u>	<u>\$ 22,671,003.34</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 21,642,004.98	\$ 51,739.69	\$ 367,222.62		\$ (21,642,004.98)		\$ (21,642,004.98)
Special Education	10,599,906.28				(10,180,943.97)		(10,180,943.97)
Other Special Instruction	1,587,988.29				(1,587,988.29)		(1,587,988.29)
Other Instruction	426,220.15				(426,220.15)		(426,220.15)
Tuition	2,343,429.52		1,038,345.00		(1,305,084.52)		(1,305,084.52)
Support Services:							
Student and Instruction Related Services	9,481,682.09		444,010.21		(9,037,671.88)		(9,037,671.88)
School Administrative Services	2,289,905.97				(2,289,905.97)		(2,289,905.97)
General and Business Administrative Services	2,146,265.68				(2,146,265.68)		(2,146,265.68)
Plant Operations and Maintenance	7,311,359.99				(7,311,359.99)		(7,311,359.99)
Pupil Transportation	3,666,645.48				(3,666,645.48)		(3,666,645.48)
Unallocated Benefits	43,715,968.78		26,663,865.00		(17,052,103.78)		(17,052,103.78)
Reimbursed TPAF and Social Security	2,400,545.26		2,400,545.26				
Transfer to Charter Schools	17,064.00				(17,064.00)		(17,064.00)
Interest on Long Term Debt	353,701.69		118,615.85		(235,085.84)		(235,085.84)
Unallocated Depreciation	75,136.28				(75,136.28)		(75,136.28)
Total Governmental Activities	108,057,824.44	51,739.69	31,032,603.94	-	(76,973,480.81)	-	(76,973,480.81)
Business-Type Activities:							
Food Service	1,213,264.36	1,015,795.66	294,743.25			\$ 97,274.55	\$ 97,274.55
Childcare Program	1,940,120.85	1,959,885.08				19,764.23	19,764.23
Total Business-Type Activities	3,153,385.21	2,975,680.74	294,743.25	-	-	117,038.78	117,038.78
Total Government	\$ 111,211,209.65	\$ 3,027,420.43	\$ 31,327,347.19	-	(76,973,480.81)	117,038.78	(76,856,442.03)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					57,515,145.00		57,515,145.00
Taxes Levied for Debt Service					3,388,265.00		3,388,265.00
Federal and State Aid Not Restricted					13,997,461.08		13,997,461.08
Federal and State Aid Restricted					1,148,697.60		1,148,697.60
Miscellaneous Income					2,722,360.75		2,722,360.75
Total General Revenues					78,771,949.43		78,771,949.43
Change in Net Position					1,798,468.62	117,038.78	1,915,507.40
Net Position -- July 1 (Restated)					20,051,963.13	703,532.81	20,755,495.94
Net Position -- June 30					\$ 21,850,431.75	\$ 820,571.59	\$ 22,671,003.34

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 7,937,740.34		\$ 610,250.00	\$ 1,685,472.12	\$ 10,233,462.46
Receivables, net:					
Interfunds Receivable:					
Enterprise Funds	883,090.33				883,090.33
Special Revenue Fund	508,890.95				508,890.95
Fiduciary Funds	210,261.95				210,261.95
Receivables from Other Governments:					
Federal		\$ 598,201.99			598,201.99
State of NJ -- Extraordinary Aid	345,550.00				345,550.00
State of NJ -- FICA	116,410.84				116,410.84
State of NJ -- Nonpublic Transportation Aid	34,622.00				34,622.00
Other Receivables	29,602.23	516.34			30,118.57
Total Assets	<u>\$ 10,066,168.64</u>	<u>\$ 598,718.33</u>	<u>\$ 610,250.00</u>	<u>\$ 1,685,472.12</u>	<u>\$ 12,960,609.09</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Security Deposit Payable	\$ 110,985.00				\$ 110,985.00
Accounts Payable	72,939.14	\$ 153.36			73,092.50
Interfunds Payable:					
General Fund		508,890.95			508,890.95
Payable to State Government		72,980.00			72,980.00
Unearned Revenue	155,175.00	16,694.02			171,869.02
Total Liabilities	<u>339,099.14</u>	<u>598,718.33</u>	<u>-</u>	<u>-</u>	<u>937,817.47</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Taxes	4,946,510.00	-	-	\$ 1,685,472.00	6,631,982.00
Fund Balances:					
Restricted:					
Capital Reserve	201,125.29				201,125.29
Capital Reserve - Designated for Subsequent Year's Expenditures	501,476.00				501,476.00
Emergency Reserve	328,942.99				328,942.99
Emergency Reserve - Designated for Subsequent Year's Expenditures	338,000.00				338,000.00
Maintenance Reserve	416,470.36				416,470.36
Maintenance Reserve - Designated for Subsequent Year's Expenditures	401,134.00				401,134.00
Capital Projects			\$ 610,250.00		610,250.00
Debt Service				0.12	0.12
Excess Surplus	216,180.78				216,180.78
Assigned:					
Other Purposes	222,424.50				222,424.50
Subsequent Year's Expenditures	1,286,051.00				1,286,051.00
Subsequent Year's Expenditures July 1, 2018 and August 1, 2018	477,227.00				477,227.00
Unassigned (Deficit)	391,527.58				391,527.58
Total Fund Balances	<u>4,780,559.50</u>	<u>-</u>	<u>610,250.00</u>	<u>0.12</u>	<u>5,390,809.62</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,066,168.64</u>	<u>\$ 598,718.33</u>	<u>\$ 610,250.00</u>	<u>\$ 1,685,472.12</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. The cost of the assets is \$116,955,982.36 and the accumulated depreciation is \$55,902,295.28.					61,053,687.08
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and are not reported as liabilities in the funds.					(45,366,936.02)
Governmental funds report the effect of loss on refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.					410,337.87
Interest on long term debt is accrued on the Statement of Net Position regardless when due.					(63,930.80)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.					(1,423,745.00)
Deferred Outflows of Resources - Related to Pensions					9,831,475.00
Deferred Outflows of Resources - Other Post Employment Benefits					45,023.00
Deferred Inflows of Resources - Related to Pensions					(7,934,858.00)
Deferred Inflows of Resources - Other Post Employment Benefits					(91,431.00)
Net Position of governmental activities					<u>\$ 21,850,431.75</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 57,515,145.00			\$ 3,388,265.00	\$ 60,903,410.00
Other Local Revenue	2,774,120.44	\$ 68,447.18	\$ 610,250.00		3,452,817.62
State Sources	24,077,962.40	268,551.21	35,653.45	1,231,660.00	25,613,827.06
Federal Sources	87,081.94	1,579,701.44			1,666,783.38
Total Revenues	84,454,309.78	1,916,699.83	645,903.45	4,619,925.00	91,636,838.06
EXPENDITURES:					
Regular Instruction	20,028,912.53				20,028,912.53
Special Education Instruction	9,618,843.33	367,222.62			9,986,065.95
Other Special Instruction	1,587,988.29				1,587,988.29
Other Instruction	426,220.15				426,220.15
Tuition	1,305,084.52	1,038,345.00			2,343,429.52
Support Services and Undistributed Costs:					
Student and Instruction Related Services	9,037,671.88	444,010.21			9,481,682.09
School Administrative Services	2,289,905.97				2,289,905.97
Other Administrative Services	2,231,947.19				2,231,947.19
Plant Operations and Maintenance	6,408,348.15				6,408,348.15
Pupil Transportation	3,756,236.90				3,756,236.90
Unallocated Benefits	16,022,647.78	67,122.00			16,089,769.78
Reimbursed TPAF Pension and Social Security	10,167,583.26				10,167,583.26
Transfer to Charter Schools	17,064.00				17,064.00
Debt Service:					
Principal				4,175,000.00	4,175,000.00
Interest				444,925.00	444,925.00
Capital Outlay					
Total Expenditures	84,431,787.27	1,916,699.83	-	4,619,925.00	90,968,412.10
Excess (Deficiency) of Revenues over Expenditures	22,522.51	-	645,903.45	-	668,425.96
OTHER FINANCING SOURCES (USES):					
Capital Projects Transferred to Capital Reserve	157,337.40		(157,337.40)		595,375.00
Assets Acquired Under Capital Leases	595,375.00				
Net Change in Fund Balances	775,234.91	-	488,566.05	-	1,263,800.96
Fund Balance -- July 1	4,005,324.59	-	121,683.95	0.12	4,127,008.66
Fund Balance -- June 30	\$ 4,780,559.50	-	\$ 610,250.00	\$ 0.12	\$ 5,390,809.62

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,263,800.96
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation Expense	\$ (3,076,069.34)
Capital Outlays	<u>1,533,333.32</u>
	(1,542,736.02)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	4,175,000.00
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	
Amortization of Loss on Refunding Bonds	(202,943.81)
Amortization of Bond Sale Premiums	246,824.29
Asset acquired under capital leases do not effect the statement of net position, however, are reported as a financing source in the governmental funds.	(595,375.00)
Repayment of capital leases 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.	794,959.99
Proceeds from the capital leases is a revenue in the governmental funds, but increases the long-term liabilities in the statement of Net Position and is not reported in the statement of activities.	(610,250.00)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)	47,342.83
In the statement of activities, post employment benefits other than pension are accrued regardless of when due. This accrued liability is not recorded In the governmental funds. The decrease in accrued liability is an addition in the reconciliation. (+)	22,577.00
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 (+).	(748,698.62)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.	<u>(1,052,033.00)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,798,468.62</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Proprietary Funds
Business Type Activities - Enterprise Funds
Combining Statement of Net Position
June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 330,340.51	\$ 1,167,708.59	\$ 1,498,049.10
Accounts Receivable:			
State	830.95		830.95
Federal	17,298.24		17,298.24
Other	1,954.74	8,575.81	10,530.55
Inventories	50,913.41		50,913.41
Total Current Assets	<u>401,337.85</u>	<u>1,176,284.40</u>	<u>1,577,622.25</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, Fixtures and Equipment	1,079,356.66	233,342.45	1,312,699.11
Less Accumulated Depreciation	(970,280.27)	(157,136.09)	(1,127,416.36)
Total Noncurrent Assets	<u>109,076.39</u>	<u>76,206.36</u>	<u>185,282.75</u>
Total Assets	<u>510,414.24</u>	<u>1,252,490.76</u>	<u>1,762,905.00</u>
LIABILITIES:			
Current Liabilities:			
Capital Leases Payable		265.91	265.91
Compensated Absences Payable		1,808.52	1,808.52
Interfund Accounts Payable:			
Due General Fund	19,608.04	863,482.29	883,090.33
Unearned Revenue	43,379.09	6,555.48	49,934.57
Total Current Liabilities	<u>62,987.13</u>	<u>872,112.20</u>	<u>935,099.33</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	7,234.08	7,234.08
Total Liabilities	<u>62,987.13</u>	<u>879,346.28</u>	<u>942,333.41</u>
NET POSITION:			
Net Investment in Capital Assets	109,076.39	76,206.36	185,282.75
Unrestricted	338,350.72	296,938.12	635,288.84
Total Net Position	<u>\$ 447,427.11</u>	<u>\$ 373,144.48</u>	<u>\$ 820,571.59</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Proprietary Funds
Business Type Activities - Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 487,048.60		\$ 487,048.60
School Breakfast Program	6,047.40		6,047.40
Daily Sales - Non-Reimbursable Programs	508,148.45		508,148.45
Child Care Fees -- Regular Program		\$ 1,234,219.08	1,234,219.08
Child Care Fees -- Teddy Bear Academy		725,666.00	725,666.00
Special Functions	14,551.21		14,551.21
	<u>1,015,795.66</u>	<u>1,959,885.08</u>	<u>2,975,680.74</u>
Total Operating Revenues			
OPERATING EXPENSES:			
Salaries	520,733.46	918,310.44	1,439,043.90
Employee Benefits	43,136.02	392,345.31	435,481.33
General Supplies	43,317.75	44,858.94	88,176.69
Depreciation	16,846.14	17,905.98	34,752.12
Administrative Fee	29,079.70		29,079.70
Purchased Professional Services		110,479.49	110,479.49
Purchased Property Services		420,000.00	420,000.00
Cost of Sales - Reimbursable Programs	331,546.11		331,546.11
Cost of Sales - Non-Reimbursable Programs	219,967.51		219,967.51
Miscellaneous	4,947.75	115.74	5,063.49
Utilities		26,281.95	26,281.95
Repairs & Maintenance	3,689.92	9,823.00	13,512.92
	<u>1,213,264.36</u>	<u>1,940,120.85</u>	<u>3,153,385.21</u>
Total Operating Expenses			
Operating Income / (Loss)	<u>(197,468.70)</u>	<u>19,764.23</u>	<u>(177,704.47)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	11,001.48		11,001.48
Federal Sources:			
National School Lunch Program	211,978.35		211,978.35
National School Breakfast Program	13,000.91		13,000.91
Food Distribution Program	58,762.51		58,762.51
	<u>294,743.25</u>	<u>-</u>	<u>294,743.25</u>
Total Nonoperating Revenues (Expenses)			
Change in Net Position	97,274.55	19,764.23	117,038.78
Net Position -- Beginning	<u>350,152.56</u>	<u>353,380.25</u>	<u>703,532.81</u>
Net Position -- Ending	<u>\$ 447,427.11</u>	<u>\$ 373,144.48</u>	<u>\$ 820,571.59</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Proprietary Funds
 Business Type Activities - Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 1,016,455.11	\$ 1,959,807.08	\$ 2,976,262.19
Payments to Employees	(520,733.46)	(909,267.84)	(1,430,001.30)
Payments for Employee Benefits	(43,136.02)	(392,345.31)	(435,481.33)
Payments for Supplies and Services	(643,644.52)	(611,559.12)	(1,255,203.64)
Net Cash Provided by (used for) Operating Activities	<u>(191,058.89)</u>	<u>46,634.81</u>	<u>(144,424.08)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	10,748.29		10,748.29
Federal Sources	283,573.13		283,573.13
Operating Subsidies and Transfers to Other Funds		141,751.95	141,751.95
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>294,321.42</u>	<u>141,751.95</u>	<u>436,073.37</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payment of Capital Leases	-	(3,090.90)	(3,090.90)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	103,262.53	185,295.86	288,558.39
Cash and Cash Equivalents -- July 1	<u>227,077.98</u>	<u>982,412.73</u>	<u>1,209,490.71</u>
Cash and Equivalents -- June 30	<u>\$ 330,340.51</u>	<u>\$ 1,167,708.59</u>	<u>\$ 1,498,049.10</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (197,468.70)	\$ 19,764.23	\$ (177,704.47)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	16,846.14	17,905.98	34,752.12
(Increase) Decrease in Accounts Receivable	714.18	(78.00)	636.18
(Increase) Decrease in Inventories	(11,095.78)		(11,095.78)
Increase (Decrease) in Unearned Revenue	(54.73)		(54.73)
Increase (Decrease) in Accrued Salaries Benefits		9,042.60	9,042.60
Total Adjustments	<u>6,409.81</u>	<u>26,870.58</u>	<u>33,280.39</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (191,058.89)</u>	<u>\$ 46,634.81</u>	<u>\$ (144,424.08)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Food Distribution Program	<u>\$ 58,762.51</u>	<u>-</u>	<u>\$ 58,762.51</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Private Purpose Trust Fund	Agency Funds		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:				
Cash and Cash Equivalents	\$ 492,879.04	\$ 91,267.99	\$ 254,522.91	\$ 838,669.94
Interfunds Receivable:				
Due Payroll Fund	18,137.63			18,137.63
Total Assets	<u>511,016.67</u>	<u>\$ 91,267.99</u>	<u>\$ 254,522.91</u>	<u>856,807.57</u>
LIABILITIES:				
Accounts Payable	4,090.24			4,090.24
Interfund Accounts Payable:				
Due Unemployment Fund			\$ 18,137.63	18,137.63
Due General Fund			210,261.95	210,261.95
Payable to Student Groups		\$ 91,267.99		91,267.99
Payroll Deductions and Withholdings			26,123.33	26,123.33
Total Liabilities	<u>4,090.24</u>	<u>\$ 91,267.99</u>	<u>\$ 254,522.91</u>	<u>349,881.14</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 506,926.43</u>			<u>\$ 506,926.43</u>

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Fiduciary Fund
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
	Unemployment Compensation Trust
ADDITIONS:	
Contributions and Donations from Payroll Deductions Withheld	\$ 80,339.91
DEDUCTIONS:	
Unemployment Claims	45,958.13
Change in Net Position	34,381.78
Net Position -- July 1	472,544.65
Net Position -- June 30	\$ 506,926.43

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-Kindergarten through Eight at its eight schools. The School District has an approximate enrollment at June 30, 2018 of 4,458.

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

Component Units

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

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

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

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

Based upon the application of these criteria, the School District has determined that the following component unit is not significant and, therefore, has not been included in the basic financial statements:

Evesham Education Foundation
25 South Maple Avenue
Marlton, New Jersey 08053

Complete financial statements of the individual component unit can be obtained from their administrative office.

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

The School District reports the following major governmental funds (cont'd):

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

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

The School District reports the following major proprietary funds:

Enterprise Funds

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

Child Care Fund - This fund accounts for the financial activity related to providing day care services for School District children.

Additionally, the School District reports the following fund types:

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

The School District maintains the following fiduciary funds:

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

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

The School District maintains the following fiduciary funds (cont'd):

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

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

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

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

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method. The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 20 Years	5 - 12 Years
Buildings and Improvements	10 - 50 Years	N/A
Land Improvements	10 - 20 Years	N/A

The School District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

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

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

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt - The loss on refunding arose from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

In addition, the School District reports the following as deferred inflows of resources:

Tax Receipts - The school district received additional property taxes in advance of the date due to the school district. These excess receipts are deferred inflows of resources.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

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

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

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

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

Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

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

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 11) and required supplementary information related to postemployment benefits.

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the School District's bank balances of \$14,699,199.76 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 14,195,730.54
Uninsured and uncollateralized	<u>503,469.22</u>
	<u>\$ 14,699,199.76</u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1.00 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2017		\$ 1,023,719.33
Increased by:		
Interest Earnings	\$ 1,713.48	
Cancellations:		
General Fund Capital Outlay Projects	42,074.08	
Capital Projects Fund Projects	<u>157,337.40</u>	
		<u>201,124.96</u>
		1,224,844.29
Decreased by:		
Withdrawals		<u>(522,243.00)</u>
Ending Balance, June 30, 2018		<u>\$ 702,601.29</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted projects at June 30, 2018 is \$7,044,277.14. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Note 4: ACCOUNTS RECEIVABLE (CONT'D)

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

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 598,201.99	\$ 598,201.99	\$ 17,298.24		\$ 17,298.24	\$ 615,500.23
State Awards	\$ 496,582.84		496,582.84	830.95		830.95	497,413.79
Other	29,602.23	516.34	30,118.57	1,954.74	\$ 8,575.81	10,530.55	40,649.12
	<u>\$ 526,185.07</u>	<u>\$ 598,718.33</u>	<u>\$ 1,124,903.40</u>	<u>\$ 20,083.93</u>	<u>\$ 8,575.81</u>	<u>\$ 28,659.74</u>	<u>\$ 1,153,563.14</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2018 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 29,967.97
Supplies	<u>20,945.44</u>
	<u>\$ 50,913.41</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 9,930,681.73	-	-	\$ 9,930,681.73
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	9,559,924.06	\$ 964,299.07	\$(1,230,573.01)	9,293,650.12
Buildings and Improvements	94,903,865.96	543,538.87		95,447,404.83
Land Improvements	2,258,750.30	25,495.38		2,284,245.68
Total Capital Assets, being Depreciated	106,722,540.32	1,533,333.32	(1,230,573.01)	107,025,300.63
Total Capital Assets, Cost	116,653,222.05	1,533,333.32	(1,230,573.01)	116,955,982.36
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(7,260,997.50)	(541,209.70)	1,230,573.01	(6,571,634.19)
Buildings and Improvements	(45,004,749.57)	(2,462,662.34)		(47,467,411.91)
Land Improvements	(1,791,051.88)	(72,197.30)		(1,863,249.18)
Total Accumulated Depreciation	(54,056,798.95)	(3,076,069.34)	1,230,573.01	(55,902,295.28)
Total Capital Assets, being Depreciated, Net	52,665,741.37	(1,542,736.02)	-	51,123,005.35
Governmental Activities Capital Assets, Net	<u>\$ 62,596,423.10</u>	<u>\$(1,542,736.02)</u>	<u>-</u>	<u>\$ 61,053,687.08</u>

Note 6: CAPITAL ASSETS (CONT'D)

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2018</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 1,312,699.11			\$ 1,312,699.11
Less Accumulated Depreciation	(1,092,664.24)	\$ (34,752.12)		(1,127,416.36)
Business-Type Activities Capital Assets, Net	<u>\$ 220,034.87</u>	<u>\$ (34,752.12)</u>	<u>-</u>	<u>\$ 185,282.75</u>

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

Governmental Activities:	
Instruction - Regular	\$ 1,397,636.32
Instruction - Special	364,746.24
Transportation	262,986.30
General and Business Administrative Services	13,753.76
Plant Operations and Maintenance	961,810.44
Unallocated	<u>75,136.28</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,076,069.34</u>
Business-Type Activities:	
Food Service	\$ 16,846.14
Child Care	<u>17,905.98</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 34,752.12</u>

Note 7: LONG-TERM LIABILITIES

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 12,325,000.00		\$ (4,175,000.00)	\$ 8,150,000.00	\$ 4,345,000.00
Increased by:					
Premiums on Bonds	691,890.65		(246,824.29)	445,066.36	
Total Bonds Payable	<u>13,016,890.65</u>	<u>-</u>	<u>(4,421,824.29)</u>	<u>8,595,066.36</u>	<u>4,345,000.00</u>
Other Liabilities:					
Net Pension Liability	43,500,778.00	\$ 11,180,766.00	(21,816,994.00)	32,864,550.00	
Obligations under Capital Lease	1,561,319.68	1,205,625.00	(794,959.99)	1,971,984.69	745,242.85
Postemployment Benefits (note 11)	359,797.00	100,059.00	(117,230.00)	342,626.00	
Compensated Absences	844,010.35	917,500.69	(168,802.07)	1,592,708.97	318,541.79
Total Other Liabilities	<u>46,265,905.03</u>	<u>13,403,950.69</u>	<u>(22,897,986.06)</u>	<u>36,771,869.66</u>	<u>1,063,784.64</u>
Governmental Activities Long-Term Liabilities	<u>\$ 59,282,795.68</u>	<u>\$ 13,403,950.69</u>	<u>\$(27,319,810.35)</u>	<u>\$ 45,366,936.02</u>	<u>\$ 5,408,784.64</u>

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

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while the compensated absences, net pension liability, and postemployment benefits are liquidated by the general fund.

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:					
Other Liabilities:					
Compensated Absences Payable		\$ 10,398.99	\$ (1,356.39)	\$ 9,042.60	\$ 1,808.52
Obligations under Capital Lease	\$ 3,356.81		(3,090.90)	265.91	265.91
Business-Type Activities Long-Term Liabilities	<u>\$ 3,356.81</u>	<u>\$ 10,398.99</u>	<u>\$ (4,447.29)</u>	<u>\$ 9,308.51</u>	<u>\$ 2,074.43</u>

Compensated absences and obligations under capital lease are liquidated by the Childcare enterprise fund.

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

In 2005, the School District issued general obligation refunding bonds at varying interest rates ranging from 4.00% to 5.00% to refund a portion of the 1996 and 1999 Bonds. The final maturity of these bonds is March 1, 2019. The bonds will be paid from property taxes.

In May 2013, the School District issued Refunding Bonds. The proceeds were used to advance refund and redeem all of the School District's outstanding callable School Bonds, Series 2006, maturing on December 1 in the years 2016 through and including 2020 and advance refund and redeem all of the School District's outstanding callable School Bonds, Series 2006B, maturing on March 1 in the years 2017 through and including 2021. The final maturity of these bonds is December 1, 2020.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,345,000.00	\$ 267,350.00	\$ 4,612,350.00
2020	1,815,000.00	86,925.00	1,901,925.00
2021	<u>1,990,000.00</u>	<u>29,850.00</u>	<u>2,019,850.00</u>
	<u>\$ 8,150,000.00</u>	<u>\$ 384,125.00</u>	<u>\$ 8,534,125.00</u>

Bonds Authorized but not Issued - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing copiers, computer equipment, buses and radio equipment with a total cost of \$4,507,708.14 under capital leases. All capital leases are for terms of three to five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

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

Obligations under Capital Lease (Cont'd) - The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year</u> <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 745,242.85	\$ 36,215.95	\$ 781,458.80
2020	522,124.98	22,731.82	544,856.80
2021	428,255.13	12,739.04	440,994.17
2022	183,125.72	5,615.34	188,741.06
2023	93,236.01	1,134.52	94,370.53
	<u>\$ 1,971,984.69</u>	<u>\$ 78,436.67</u>	<u>\$ 2,050,421.36</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

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

Post Employment Benefits - For details on the post employment benefits other than pension, refer to note 11. The School District's annual required contribution is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2018, the School District had operating lease agreements in effect for copy machines and mail machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30.</u>	<u>Amount</u>
2019	\$ 221,121.48
2020	24,487.35
2021	6,611.52
2022	6,611.52
2023	4,407.68
	<u>\$ 263,239.55</u>

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$221,693.80.

Note 9: PENSION PLANS

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

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

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

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

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

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

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

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

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

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 10.46% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$3,497,935.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$2,460,882.58.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 15.37% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$1,307,886.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$687,544.39.

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

For the fiscal year ended June 30, 2018, employee contributions totaled \$130,009.76, and the School District recognized pension expense, which equaled the required contributions, of \$70,914.31. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>210,028,468.00</u>
	<u>\$ 210,028,468.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .3115058377 %, which was an increase of .0007649795 % from its proportion measured as of June 30, 2016.

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

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2018, the School District recognized \$14,549,709.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of \$32,864,550.00 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 July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was .1411804403%, which was a decrease of .0056966397% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$2,359,907.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 773,847.00	\$ -
Changes of Assumptions	6,621,074.00	6,596,800.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	223,785.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	789,024.00	1,338,058.00
School District Contributions Subsequent to the Measurement Date	<u>1,423,745.00</u>	<u>-</u>
	<u>\$ 9,831,475.00</u>	<u>\$ 7,934,858.00</u>

\$1,423,745.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019.

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

Public Employees' Retirement System (Cont'd) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ 763,108.00
2020	1,156,922.00
2021	566,457.00
2022	(1,219,048.00)
2023	<u>(794,567.00)</u>
	<u>\$ 472,872.00</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

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

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

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

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

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

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, 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 rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>249,520,408.00</u>	<u>210,028,468.00</u>	<u>177,494,836.00</u>
	<u>\$ 249,520,408.00</u>	<u>\$ 210,028,468.00</u>	<u>\$ 177,494,836.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 40,770,705.00</u>	<u>\$ 32,864,550.00</u>	<u>\$ 26,277,743.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM

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

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

The School Employees Health Benefits Program ("SEHBP") Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Employees Covered by the Terms - At June 30, 2017, there were 112,966 TPAF retirees receiving postemployment medical benefits, and the State contributed \$1.39 billion on their behalf. In addition, the State paid \$238.9 million toward Chapter 126 benefits for 209,913 PERS eligible retired members in fiscal year 2017.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**A. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**A. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan**

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

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u><u>366,078</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$203,375,606.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was 0.3791502714%, which was a decrease of 0.0003526336% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**A. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)****Salary Increases -**

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

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

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

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

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

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**A. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2017		\$ 219,473,301.00
Changes for the Year:		
Service Cost	\$ 8,438,908.00	
Interest Cost	6,431,298.00	
Changes in Assumptions	(26,430,747.00)	
Gross Benefit Payments	(4,710,611.00)	
Member Contributions	173,457.00	
		<u>(16,097,695.00)</u>
Net Changes		
Balance at June 30, 2018		<u>\$ 203,375,606.00</u>

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

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

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 241,421,517.11</u>	<u>\$ 203,375,606.00</u>	<u>\$ 173,197,227.71</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 167,256,775.60</u>	<u>\$ 203,375,606.00</u>	<u>\$ 251,340,987.77</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**A. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized \$12,047,034.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ -	\$ 161,144.00
Changes of Assumptions or Other Inputs	-	24,052,418.00
	<u>\$ -</u>	<u>\$ 24,213,562.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (2,835,311.33)
2020	(2,835,311.33)
2021	(2,835,311.33)
2022	(2,835,311.33)
2023	(2,835,311.33)
Thereafter	<u>(10,037,005.35)</u>
	<u>\$ (24,213,562.00)</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)**B. HEALTH AND WELFARE POST-RETIREMENT BENEFITS****General Information about the OPEB Plan**

Plan Description - The School District's defined benefit OPEB plan provides OPEB for certain permanent full-time administrative employees of the School District. The plan is a single-employer defined benefit OPEB plan and is administered by the School District. The Board of Education of the School District has the authority to establish and amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Benefits Provided – For employees hired prior to July 1, 2013 the plan provides either family medical insurance for up to five years after retirement or the retiree may select family prescription and family dental benefits for five years after retirement in lieu of medical insurance. For employees hired after July 1, 2013 retirees covered under the plan will receive family dental insurance for up to five years after retirement.

Employees Covered by Benefit Terms - As of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	2
Active Employees	7
	9

Total OPEB Liability

The School District's total OPEB liability of \$342,626.00 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% Annually
Final Salary	\$133,118.00
Discount Rate	3.57%
Healthcare Cost Trend Rates	7.00% for Pre-Medicare medical benefits 5.00% for Post-Medicare medical benefits
Retirees' Share of Benefit-Related Costs	None

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of June 30, 2018.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)**B. HEALTH AND WELFARE POST-RETIREMENT BENEFITS (CONT'D)****Total OPEB Liability (Cont'd)**

Actuarial Assumptions and Other Inputs (Cont'd) - Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females as appropriate.

Turnover rate other than for death or retirement were based on The U.S. Office of Personnel Management experience of the employee group covered by the Federal Employees Retirement System.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 - June 30, 2018.

Changes in Total OPEB Liability -

Balance at June 30, 2017		\$	359,797
Changes for the Year:			
Service Cost	\$	12,384	
Interest Cost		42,652	
Benefit Payments		(25,799)	
Actuarial Assumption Changes		45,023	
Actuarial Demographic Gains		(91,431)	
Net Changes			(17,171)
Balance at June 30, 2018		\$	342,626

Changes of assumptions and other inputs reflect a change in the discount rate from 3.00 percent (3.00%) in 2017 to 3.57 percent (3.57%) in 2018 and a change to the RP-2000 Combined Mortality Table for Males and Females. The mortality assumption changed from not being applicable as of June 30, 2017 to the RP-2000 Combined Mortality Table for Males and Females as of June 30, 2018. The actuarial method changed from the unit credit actuarial cost method as of June 30, 2017 to the entry age normal cost method as of June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1.00% Decrease (2.57%)	Current Discount Rate (3.57%)	1.00% Increase (4.57%)
Total OPEB Liability	<u>\$ 375,590</u>	<u>\$ 342,626</u>	<u>\$ 291,583</u>

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (CONT'D)**B. HEALTH AND WELFARE POST-RETIREMENT BENEFITS (CONT'D)****Total OPEB Liability (Cont'd)**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (10.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1.00% Decrease (6.000% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% Pre-Medicare Decreasing to 5.00% Post-Medicare)	1.00% Increase (8.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 322,163	\$ 342,626	\$ 364,897

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the fiscal year ended June 30, 2018, the School District recognized OPEB expense of \$49,630.00. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 45,023	\$ -
Changes in Method	-	91,431
	<u>\$ 45,023</u>	<u>\$ 91,431</u>

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

Year Ending June 30,	
2019	\$ 5,156
2020	5,156
2021	5,156
2022	5,156
2023	5,156
Thereafter	20,628
	<u>\$ 46,408</u>

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$4,607,276.00, \$111,807.00, \$3,047,955.00, and \$4,802.00, respectively.

Note 13: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 80,339.91	\$ 45,958.13	\$ 506,926.43
2017		79,356.05	72,949.61	472,544.65
2016		78,012.02	65,946.38	466,138.21

Self-Insurance Plan - The School District has adopted a plan of self-insurance for prescription benefits. At June 30, 2018, there is no liability balance. The District funds the plan on a pay-as-you-go basis.

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

- Property, Inland Marine and Automobile Physical Damage
- Boiler and Machinery
- Crime
- General and Automobile Liability
- Worker's Compensation
- Educator's Legal Liability
- Pollution Legal Liability
- Cyber Liability
- Violent Malicious Acts

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Fund publishes its own financial report for the fiscal year ended June 30, 2018, which can be obtained from:

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

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of five deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
AXA Equitable
ING Life Insurance and Annuity
Met Life
VALIC Financial

Note 15: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$1,592,708.97 for the governmental funds and \$9,042.60 for the proprietary funds.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,602,243.23	
Special Revenue		\$ 508,890.95
Proprietary		883,090.33
Fiduciary	18,137.63	228,399.58
	<u>\$ 1,620,380.86</u>	<u>\$ 1,620,380.86</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>
<u>Transfer Out:</u>	<u>General Fund</u>
Capital Projects Fund	<u>\$ 157,337.40</u>

The interfund transfer from the capital projects fund to the general fund was for the unspent portion of the local share of a completed capital project.

Note 17: CONTINGENCIES

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

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 18: CONCENTRATIONS

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

Note 19: FUND BALANCES**RESTRICTED**

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

General Fund

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is \$702,601.29. Of this amount, \$501,476.00 has been appropriated as an item of revenue in the fiscal 2018-19 budget. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2018, the balance in the maintenance reserve account is \$817,604.36. Of this amount, \$401,134.00 has been appropriated as an item of revenue in the fiscal 2018-19 budget. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Emergency Reserve - As of June 30, 2018, the balance in the emergency reserve is \$666,942.99. Of this amount, \$338,000.00 has been appropriated as an item of revenue in the fiscal 2018-19 budget. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$216,180.78.

Capital Projects Fund - On June 29, 2018, the School District issued a lease in the amount of \$610,250.00 for acquisition and installation of information technology equipment and school buses. As of June 30, 2018, the restricted fund balance amount was \$610,250.00.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has \$.12 of debt service fund balance at June 30, 2018.

Note 19: FUND BALANCES (CONT'D)**ASSIGNED**

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019, \$1,286,051.00 of general fund balance at June 30, 2018. In addition, during 2018-19, the School District passed a resolution utilizing an additional \$477,227.00 of fund balance to offset the reduction in state aid for 2018-19.

Other Purposes - As of June 30, 2018, the School District had \$222,424.50 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2018, \$391,527.58 of general fund balance was unassigned.

Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION

As indicated in note 1 to the financial statements, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, for the fiscal year ended June 30, 2018. As a result of implementing this Statement, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's share of its net OPEB liability.

The cumulative effect on the financial statements as reported for June 30, 2017 is as follows:

	Governmental Activities
Beginning Net Position as Previously Reported at June 30, 2017	\$ 20,103,777.13
Prior Period Adjustments:	
Deferred Outflows of Resources Related to Other Post Employment Benefits	\$ 50,269.00
Deferred Inflows of Resources Related to Other Post Employment Benefits	<u>(102,083.00)</u>
Total Prior Period Adjustment(s)	<u>(51,814.00)</u>
Net Position as Restated, July 1, 2017	<u>\$ 20,051,963.13</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 57,515,145.00		\$ 57,515,145.00	\$ 57,515,145.00	
Interest Earned on Capital Reserve Funds	700.00		700.00	1,713.48	\$ 1,013.48
Interest Earned on Emergency Reserve Funds				1,879.50	1,879.50
Interest Earned on Maintenance Reserve Funds	600.00		600.00	1,133.63	533.63
Unrestricted Miscellaneous Revenues	1,871,555.00		1,871,555.00	2,717,654.14	846,099.14
Tuition From Other LEAs Within the State				51,739.69	51,739.69
Total - Local Sources	59,388,000.00	-	59,388,000.00	60,289,265.44	901,265.44
State Sources:					
Categorical Transportation Aid	1,295,334.00		1,295,334.00	1,295,334.00	
Special Education Aid	2,610,392.00		2,610,392.00	2,610,392.00	
Equalization Aid	9,135,441.00		9,135,441.00	9,135,441.00	
Security Aid	347,614.00		347,614.00	347,614.00	
PARCC Readiness Aid	44,200.00		44,200.00	44,200.00	
Per Pupil Growth Aid	44,200.00		44,200.00	44,200.00	
Professional Learning Community Aid	42,245.00		42,245.00	42,245.00	
Excess Non-Public Transportation Aid				34,622.00	34,622.00
Extraordinary Aid	150,000.00		150,000.00	345,550.00	195,550.00
State Reimbursement for Lead Testing of Drinking Water				15,316.14	15,316.14
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,395,743.26	2,395,743.26
On-behalf TPAF Medical Contributions (non-budgeted)				3,047,955.00	3,047,955.00
On-behalf TPAF Pension Contributions (non-budgeted)				4,607,276.00	4,607,276.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				111,807.00	111,807.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				4,802.00	4,802.00
Total - State Sources	13,669,426.00	-	13,669,426.00	24,082,497.40	10,413,071.40
Federal Sources:					
SEMI Medicaid Reimbursement	36,598.00		36,598.00	76,762.71	40,164.71
Medicaid Administrative Claiming Aid				10,319.23	10,319.23
	36,598.00	-	36,598.00	87,081.94	50,483.94
Total Revenues	73,094,024.00	-	73,094,024.00	84,458,844.78	11,364,820.78

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,105,008.00	\$ (150.00)	\$ 1,104,858.00	\$ 1,083,276.83	\$ 21,581.17
Grades 1 - 5	11,215,749.00	(291,983.00)	10,923,766.00	10,800,933.02	122,832.98
Grades 6 - 8	6,860,811.00	(50,100.00)	6,810,711.00	6,724,266.87	86,444.13
Regular Programs - Home Instruction:					
Salaries of Teachers	50,000.00		50,000.00	16,296.80	33,703.20
Purchased Professional/Educational Services	35,000.00	33,119.00	68,119.00	60,061.16	8,057.84
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	80,764.00	(8,000.00)	72,764.00	68,915.41	3,848.59
Purchased Professional/Educational Services	15,900.00	1,719.00	17,619.00	17,258.16	360.84
Other Purchased Services	502,476.00	1,204.94	503,680.94	503,644.02	36.92
General Supplies	822,061.25	(7,498.95)	814,562.30	752,522.84	62,039.46
Textbooks	3,010.81		3,010.81	1,500.85	1,509.96
Total Regular Programs	20,690,780.06	(321,689.01)	20,369,091.05	20,028,675.96	340,415.09
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	567,923.00	(29,086.00)	538,837.00	527,154.55	11,682.45
Other Salaries for Instruction	214,815.00	1,787.00	216,602.00	213,110.70	3,491.30
General Supplies	3,990.00	(1,521.00)	2,469.00	1,059.65	1,409.35
Total - Learning and/or Language Disabilities	786,728.00	(28,820.00)	757,908.00	741,324.90	16,583.10
Behavioral Disabilities					
Salaries of Teachers	310,232.00		310,232.00	306,329.09	3,902.91
Other Salaries for Instruction	192,501.00		192,501.00	191,566.97	934.03
General Supplies	1,722.00	(1,353.00)	369.00	331.00	38.00
Total - Behavioral Disabilities	504,455.00	(1,353.00)	503,102.00	498,227.06	4,874.94

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education(Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 826,233.00	\$ 10,000.00	\$ 836,233.00	\$ 831,898.02	\$ 4,334.98
Other Salaries for Instruction	468,332.00	45,930.00	514,262.00	513,261.35	1,000.65
General Supplies	11,411.00	(2,299.00)	9,112.00	8,450.47	661.53
Total - Multiple Disabilities	1,305,976.00	53,631.00	1,359,607.00	1,353,609.84	5,997.16
Resource Room/Center:					
Salaries of Teachers	4,962,491.00	(98,048.00)	4,864,443.00	4,854,496.17	9,946.83
Other Salaries for Instruction	642,630.00	33,313.00	675,943.00	675,361.54	581.46
General Supplies	31,860.00	(1,628.35)	30,231.65	26,749.18	3,482.47
Total - Resource Room/Center	5,636,981.00	(66,363.35)	5,570,617.65	5,556,606.89	14,010.76
Autism:					
Salaries of Teachers	308,603.00	(16,000.00)	292,603.00	277,241.85	15,361.15
Other Salaries for Instruction	256,161.00	22,873.00	279,034.00	278,227.32	806.68
General Supplies	1,870.00	1,794.00	3,664.00	2,595.43	1,068.57
Total - Autism	566,634.00	8,667.00	575,301.00	558,064.60	17,236.40
Preschool Disabilities - Part-Time:					
Salaries of Teachers	380,956.00	(350.00)	380,606.00	366,821.92	13,784.08
Other Salaries for Instruction	256,999.00	34,958.80	291,957.80	291,683.59	274.21
Purch Prof - Educational Svcs.		350.00	350.00	350.00	
General Supplies	2,900.00	(1,378.38)	1,521.62	1,513.87	7.75
Total - Preschool Disabilities - Part-Time	640,855.00	33,580.42	674,435.42	660,369.38	14,066.04
Preschool Disabilities - Full-Time:					
Salaries of Teachers	122,448.00	2,900.00	125,348.00	125,096.00	252.00
Other Salaries for Instruction	117,647.00	9,500.00	127,147.00	125,544.66	1,602.34
Total - Preschool Disabilities - Full-Time	240,095.00	12,400.00	252,495.00	250,640.66	1,854.34
Total - Special Education	9,681,724.00	11,742.07	9,693,466.07	9,618,843.33	74,622.74

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 1,010,623.00	\$ (53,430.00)	\$ 957,193.00	\$ 951,556.72	\$ 5,636.28
Other Salaries for Instruction	502,581.00	(4,520.00)	498,061.00	497,810.81	250.19
General Supplies	6,700.00		6,700.00	4,088.61	2,611.39
Total - Basic Skills/Remedial	<u>1,519,904.00</u>	<u>(57,950.00)</u>	<u>1,461,954.00</u>	<u>1,453,456.14</u>	<u>8,497.86</u>
Bilingual Education:					
Salaries of Teachers	150,064.00		150,064.00	134,254.49	15,809.51
Other Salaries for Instruction	4,813.00	1,715.00	6,528.00		6,528.00
General Supplies	300.00		300.00	277.66	22.34
Total - Bilingual Education	<u>155,177.00</u>	<u>1,715.00</u>	<u>156,892.00</u>	<u>134,532.15</u>	<u>22,359.85</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	326,358.00	111,640.00	437,998.00	395,074.45	42,923.55
Supplies and Materials	7,965.00	(1,035.50)	6,929.50	3,527.50	3,402.00
Other Objects	23,542.00	4,887.50	28,429.50	27,618.20	811.30
Total - School Sponsored Cocurricular Activities - Instruction	<u>357,865.00</u>	<u>115,492.00</u>	<u>473,357.00</u>	<u>426,220.15</u>	<u>47,136.85</u>
Total - Instruction	<u>32,405,450.06</u>	<u>(250,689.94)</u>	<u>32,154,760.12</u>	<u>31,661,727.73</u>	<u>493,032.39</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs within State-Regular	125,000.00	(26,379.00)	98,621.00	30,698.40	67,922.60
Tuition to Other LEAs within State-Special		24,016.00	24,016.00	24,016.00	
Tuition to CSSD & Reg. Day Schools	457,124.00	21,254.00	478,378.00	471,730.99	6,647.01
Tuition to Private School for the Disabled within State	945,275.38	(24,346.00)	920,929.38	778,639.13	142,290.25
Total Undistributed Expenditures - Instruction	<u>1,527,399.38</u>	<u>(5,455.00)</u>	<u>1,521,944.38</u>	<u>1,305,084.52</u>	<u>216,859.86</u>

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Health Services:					
Salaries	\$ 697,294.00	\$ (7,997.00)	\$ 689,297.00	\$ 680,503.32	\$ 8,793.68
Purchased Professional and Technical Services	10,500.00	3,500.00	14,000.00	14,000.00	
Other Purchased Services	430.00	60.03	490.03	490.03	
Supplies and Materials	18,085.00	(2,644.25)	15,440.75	14,321.67	1,119.08
Other Objects	953.00	597.80	1,550.80	1,550.80	
Total Health Services	727,262.00	(6,483.42)	720,778.58	710,865.82	9,912.76
Other Support Services-Students-Related Services:					
Salaries	1,385,819.00	2,800.00	1,388,619.00	1,382,724.80	5,894.20
Purchased Professional - Educational Services	1,684,650.00	(90,843.55)	1,593,806.45	1,387,853.88	205,952.57
Supplies and Materials	10,450.00	14,333.00	24,783.00	24,745.28	37.72
Other Objects	10,700.00		10,700.00	6,839.15	3,860.85
Total - Other Support Services-Students-Related Services	3,091,619.00	(73,710.55)	3,017,908.45	2,802,163.11	215,745.34
Other Support Services - Students - Extraordinary Services					
Salaries	728,394.00	14,227.00	742,621.00	742,620.38	0.62
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	823,507.00		823,507.00	821,507.00	2,000.00
Other Purchased Prof. and Tech. Services	20,000.00	221.00	20,221.00	20,220.07	0.93
Other Purchased Services	700.00	(415.00)	285.00	84.00	201.00
Supplies and Materials	10,431.00	(1,482.00)	8,949.00	7,721.59	1,227.41
Total Other Support Services - Students - Regular	854,638.00	(1,676.00)	852,962.00	849,532.66	3,429.34
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	1,550,185.00		1,550,185.00	1,525,369.88	24,815.12
Salaries of Secretarial and Clerical Assistants	131,671.00	(0.06)	131,670.94	130,792.89	878.05
Other Purchased Professional and Technical Services	97,270.00		97,270.00	65,388.90	31,881.10
Miscellaneous Purchased Services	6,850.00	4,150.00	11,000.00	9,652.37	1,347.63
Supplies and Materials	22,750.00	(3,650.00)	19,100.00	18,718.36	381.64
Total Other Support Services - Students - Regular	1,808,726.00	499.94	1,809,225.94	1,749,922.40	59,303.54

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Improvement of Instruction Services/Other Support					
Services - Instructional Staff:					
Salaries of Supervisor of Instruction	\$ 489,739.00	\$ (0.01)	\$ 489,738.99	\$ 475,149.55	\$ 14,589.44
Salaries of Other Professional Staff	174,038.00	(8,319.01)	165,718.99	162,772.61	2,946.38
Salaries of Secretarial and Clerical Assistants	103,133.00	41,910.63	145,043.63	145,043.63	
Other Purchased Services	16,669.00	(672.00)	15,997.00	12,399.71	3,597.29
Supplies and Materials	16,001.60	(60.03)	15,941.57	15,755.22	186.35
Other Objects	23,724.00	(2.80)	23,721.20	23,721.20	
	<u>823,304.60</u>	<u>32,856.78</u>	<u>856,161.38</u>	<u>834,841.92</u>	<u>21,319.46</u>
Total Improvement of Instruction Services/Other Support Services - Instructional Staff					
Educational Media Services/School Library:					
Salaries	930,425.00	27,042.89	957,467.89	892,588.69	64,879.20
Other Purchased Services	281,977.00		281,977.00	269,131.92	12,845.08
Supplies and Materials	58,850.00	(6,055.35)	52,794.65	44,405.68	8,388.97
	<u>1,271,252.00</u>	<u>20,987.54</u>	<u>1,292,239.54</u>	<u>1,206,126.29</u>	<u>86,113.25</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	62,867.00	971.00	63,838.00	62,898.17	939.83
Other Salaries	51,684.00	13,448.00	65,132.00	65,131.06	0.94
Purchased Professional- Educational Services	12,350.00	(4,900.00)	7,450.00	7,438.00	12.00
Other Purchased Professional and Technical Services	400.00		400.00		400.00
Other Purchased Services	4,350.00		4,350.00	2,610.26	1,739.74
Supplies and Materials	5,700.00	(1,040.00)	4,660.00	3,521.81	1,138.19
	<u>137,351.00</u>	<u>8,479.00</u>	<u>145,830.00</u>	<u>141,599.30</u>	<u>4,230.70</u>
Total Instructional Staff Training Services					

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Salaries	\$ 434,700.00	\$ (27,300.00)	\$ 407,400.00	\$ 407,378.82	\$ 21.18
Legal Services	133,000.00	24,448.00	157,448.00	150,903.57	6,544.43
Audit Fees	61,950.00	1,780.00	63,730.00	63,730.00	
Architectural/Engineering Services	56,080.00	89,008.00	145,088.00	137,438.57	7,649.43
Other Purchased Professional Services	45,730.00	(2,899.00)	42,831.00	37,430.27	5,400.73
Purchased Technical Services	9,070.00	10.10	9,080.10	9,080.10	
Communications/Telephone	106,450.00	6,638.90	113,088.90	112,888.95	199.95
BOE Other Purchased Services	1,862.00	50.00	1,912.00	1,724.00	188.00
Other Purchased Services	201,066.00	(6,695.00)	194,371.00	193,290.12	1,080.88
General Supplies	3,000.00		3,000.00	2,104.74	895.26
BOE In-House Training/Meeting Supplies	200.00	245.00	445.00	436.04	8.96
Judgments Against the School District	10,000.00	15,000.00	25,000.00		25,000.00
Miscellaneous Expenditures	3,695.00		3,695.00	3,375.00	320.00
BOE Membership Dues and Fees	26,663.00		26,663.00	26,662.70	0.30
Total Support Services General Administration	1,093,466.00	100,286.00	1,193,752.00	1,146,442.88	47,309.12
Support Services School Administration:					
Salaries of Principals/Assistant Principals	1,525,081.00		1,525,081.00	1,525,081.00	
Salaries of Secretarial and Clerical Assistants	733,168.00	16,192.00	749,360.00	741,594.20	7,765.80
Purchased Professional and Technical Services	2,000.00	(53.00)	1,947.00	1,494.96	452.04
Other Purchased Services	16,277.00	(2,652.98)	13,624.02	12,105.57	1,518.45
Supplies and Materials	11,188.00	(1,626.53)	9,561.47	9,393.24	168.23
Other Objects	700.00	(312.00)	388.00	237.00	151.00
Total Support Services School Administration	2,288,414.00	11,547.49	2,299,961.49	2,289,905.97	10,055.52
Central Services					
Salaries	841,907.00		841,907.00	836,906.02	5,000.98
Purchased Professional Services	19,794.00	12,497.00	32,291.00	31,744.25	546.75
Purchased Technical Services	71,093.00	2,800.00	73,893.00	72,134.21	1,758.79
Miscellaneous Purchased Services	15,055.00	(6,000.00)	9,055.00	7,948.55	1,106.45
Supplies and Materials	12,320.74	(500.00)	11,820.74	10,749.60	1,071.14
Miscellaneous Expenditures	2,890.00		2,890.00	2,485.00	405.00
Total Central Services	963,059.74	8,797.00	971,856.74	961,967.63	9,889.11

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Administration of Information Technology					
Salaries	\$ 127,732.00	\$ (1,909.00)	\$ 125,823.00	\$ 118,394.50	\$ 7,428.50
Other Purchased Services	1,498.00		1,498.00	217.18	1,280.82
Total Administration of Information Technology	129,230.00	(1,909.00)	127,321.00	118,611.68	8,709.32
Required Maintenance for School Facilities:					
Salaries	606,946.00	10,000.00	616,946.00	609,956.73	6,989.27
Cleaning, Repair & Maintenance Services	236,608.50	8,278.46	244,886.96	225,275.93	19,611.03
General Supplies	179,464.47	(58,101.90)	121,362.57	113,831.80	7,530.77
Total - Required Maintenance for School Facilities	1,023,018.97	(39,823.44)	983,195.53	949,064.46	34,131.07
Other Operation and Maintenance of Plant Services:					
Salaries	2,151,003.00	93,823.00	2,244,826.00	2,233,919.56	10,906.44
Salaries of Non-Instructional Aides	363,491.00	(7,467.00)	356,024.00	355,273.73	750.27
Purchased Professional and Technical Services		146,801.00	146,801.00	146,800.96	0.04
Cleaning, Repair & Maintenance Services	57,510.00	3,650.00	61,160.00	60,473.32	686.68
Other Purchased Property Services	327,249.00	17,795.00	345,044.00	339,770.41	5,273.59
Insurance	245,055.00		245,055.00	245,055.00	
Miscellaneous Purchased Services	4,960.00		4,960.00	1,159.95	3,800.05
General Supplies	242,017.53	(43,542.26)	198,475.27	194,774.60	3,700.67
Energy (Natural Gas)	187,000.00		187,000.00	178,682.40	8,317.60
Energy (Electricity)	1,244,000.00	(239,307.00)	1,004,693.00	953,758.86	50,934.14
Energy (Gasoline)	18,750.00		18,750.00	18,747.18	2.82
Other Objects	11,600.00	189,327.11	200,927.11	200,019.03	908.08
Total - Other Operation and Maintenance of Plant Services	4,852,635.53	161,079.85	5,013,715.38	4,928,435.00	85,280.38
Care and Upkeep of Grounds					
Salaries	212,493.00	6,256.00	218,749.00	216,845.20	1,903.80
Cleaning, Repair & Maintenance Services	8,980.00	400.00	9,380.00	9,339.03	40.97
General Supplies	67,265.00	(12,246.00)	55,019.00	54,664.46	354.54
Total - Care and Upkeep of Grounds	288,738.00	(5,590.00)	283,148.00	280,848.69	2,299.31
Security:					
Purchased Professional and Technical Services	250,000.00	-	250,000.00	250,000.00	-
Total - Operation and Maintenance of Plant Services	6,414,392.50	115,666.41	6,530,058.91	6,408,348.15	121,710.76

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 187,745.00	\$ 38,519.00	\$ 226,264.00	\$ 225,985.32	\$ 278.68
Salaries for Pupil Transportation (Between Home & School) - Regular	1,135,691.00	(55,102.48)	1,080,588.52	1,071,621.41	8,967.11
Salaries for Pupil Transportation (Between Home & School) - Special	470,588.00	119,502.48	590,090.48	587,017.44	3,073.04
Salaries for Pupil Transportation (Other than Between Home & School)	100,000.00	(20,425.00)	79,575.00	77,305.58	2,269.42
Salaries for Pupil Transportation (Between Home & School) - Non Public	13,339.00		13,339.00	11,657.29	1,681.71
Management Fee - ESC & CTSA Transportation Program	26,427.00	(250.00)	26,177.00	17,770.05	8,406.95
Other Purchased Professional and Technical Services	1,590.00		1,590.00	1,096.85	493.15
Cleaning, Repair, and Maintenance Services	59,850.00	17,170.00	77,020.00	76,994.67	25.33
Contracted Services - Aid in Lieu of Payments - Non-public Schools	103,428.00	(5,065.00)	98,363.00	90,092.41	8,270.59
Contracted Services (Between Home & School) - Vendors	483,955.00	(52,278.00)	431,677.00	367,124.40	64,552.60
Contracted Services (Special Education Students) - Joint Agreements	29,000.00		29,000.00	9,950.10	19,049.90
Contracted Services (Regular Students) - ESC's and CTSA's	25,000.00		25,000.00	19,078.10	5,921.90
Contracted Services (Special Education Students) - ESC's and CTSA's	400,120.00	(6,000.00)	394,120.00	326,046.18	68,073.82
Miscellaneous Purchased Services - Transportation	646,063.00	(77,961.00)	568,102.00	567,226.59	875.41
General Supplies	1,452.00	(670.00)	782.00	524.40	257.60
Transportation Supplies	310,791.00	3,634.72	314,425.72	303,111.11	11,314.61
Other Objects	5,750.00	(300.00)	5,450.00	3,635.00	1,815.00
Total Student Transportation Services	4,000,789.00	(39,225.28)	3,961,563.72	3,756,236.90	205,326.82
Unallocated Benefits - Employee Benefits:					
Group Insurance	55,000.00	498.00	55,498.00	55,497.60	0.40
Social Security Contributions	968,259.00	99,725.11	1,067,984.11	1,066,850.11	1,134.00
Other Retirement Contributions - Regular	1,323,200.00	5,048.32	1,328,248.32	1,328,248.32	
Workmen's Compensation	452,497.00	30,000.00	482,497.00	482,497.00	
Health Benefits	13,100,301.00	(262,723.87)	12,837,577.13	12,690,986.96	146,590.17
Tuition Reimbursement	35,000.00	691.14	35,691.14	35,691.14	
Other Employee Benefits	298,183.00	(17,142.70)	281,040.30	288,621.65	(7,581.35)
Unused Sick Payment to Terminated/Retired Staff		75,000.00	75,000.00	74,255.00	745.00
Total Unallocated Benefits - Employee Benefits	16,232,440.00	(68,904.00)	16,163,536.00	16,022,647.78	140,888.22

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)				\$ 2,395,743.26	\$ (2,395,743.26)
On-behalf TPAF Medical Contributions (non-budgeted)				3,047,955.00	(3,047,955.00)
On-behalf TPAF Pension Contributions (non-budgeted)				4,607,276.00	(4,607,276.00)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				111,807.00	(111,807.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				4,802.00	(4,802.00)
Total TPAF Contributions	-	-	-	10,167,583.26	(10,167,583.26)
Total Undistributed Expenses	\$ 42,091,737.22	\$ 115,983.91	\$ 42,207,721.13	51,214,500.65	(9,006,779.52)
Interest Earned on Maintenance Reserve	600.00	-	600.00	-	600.00
Total Expenditures - Current Expense	74,497,787.28	(134,706.03)	74,363,081.25	82,876,228.38	(8,513,147.13)
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	700.00	-	700.00	-	700.00
Equipment:					
Multiple Disabilities	2,500.00		2,500.00		2,500.00
Autism	2,500.00		2,500.00		2,500.00
Undistributed Expended - Instruction	12,736.17	64,727.03	77,463.20	50,236.23	27,226.97
Undistributed Expended - Support Services - Preschool Disabilities - Full Time	2,500.00	2,099.83	4,599.83		4,599.83
Undistributed Expended - Support Services - Students - Special Services	2,500.00	(2,500.00)			
Undistributed Expended - Support Services - General Administration	5,400.00	(5,400.00)			
Undistributed Expended - Support Services - Administration of Information Technology	236.55		236.55	236.55	
Undistributed Expended - Support Services - Required Maintenance of School Facilities	258,881.00	59,393.17	318,274.17	279,572.21	38,701.96
Total - Equipment	287,253.72	118,320.03	405,573.75	330,044.99	75,528.76
Facilities Acquisition and Construction Services:					
Architecture/Engineering Services		5,400.00	5,400.00	2,700.00	2,700.00
Construction Services	522,243.00		522,243.00	480,168.92	42,074.08
Land and Improvements	27,000.00	10,986.00	37,986.00	25,495.38	12,490.62
Infrastructure	100,000.00		100,000.00	99,785.60	214.40
Assessment for Debt Service on SDA Funding	4,925.00		4,925.00	4,925.00	
Total - Facilities Acquisition and Construction Services	654,168.00	16,386.00	670,554.00	613,074.90	57,479.10

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
CAPITAL OUTLAY (CONT'D):					
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
Instruction - Equipment				\$ 160,425.00	\$ (160,425.00)
Student Transportation - Equipment				434,950.00	(434,950.00)
Total - Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	595,375.00	(595,375.00)
Total Capital Outlay	\$ 942,121.72	\$ 134,706.03	\$ 1,076,827.75	1,538,494.89	(461,667.14)
Transfer of Funds to Charter Schools	42,663.00	-	42,663.00	17,064.00	25,599.00
Total Expenditures	75,482,572.00	-	75,482,572.00	84,431,787.27	(8,949,215.27)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,388,548.00)	-	(2,388,548.00)	27,057.51	(2,415,605.51)
Other Financing Sources (Uses):					
Capital Projects Transferred from Capital Reserve				157,337.40	(157,337.40)
Assets Acquired Under Capital Leases				595,375.00	(595,375.00)
Total - Other Financing Sources (Uses)	-	-	-	752,712.40	(752,712.40)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,388,548.00)	-	(2,388,548.00)	779,769.91	3,168,317.91
Fund Balances, July 1	5,312,810.59	-	5,312,810.59	5,312,810.59	-
Fund Balances, June 30	\$ 2,924,262.59	-	\$ 2,924,262.59	\$ 6,092,580.50	\$ 3,168,317.91
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus				\$ 216,180.78	
Emergency Reserve				328,942.99	
Emergency Reserve -- Designated for Subsequent Year's Expenditures				338,000.00	
Maintenance Reserve				416,470.36	
Maintenance Reserve -- Designated for Subsequent Year's Expenditures				401,134.00	
Capital Reserve				201,125.29	
Capital Reserve -- Designated for Subsequent Year's Expenditures				501,476.00	
Assigned Fund Balance:					
Other Purposes				222,424.50	
Designated for Subsequent Year's Expenditures				1,286,051.00	
Designated for Subsequent Year's Expenditures July 1, 2018 and August 1, 2018				477,227.00	
Unassigned Fund Balance				1,703,548.58	
				6,092,580.50	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(1,312,021.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,780,559.50	

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 53,165.00	\$ 31,149.20	\$ 84,314.20	\$ 80,594.50	\$ 3,719.70
State Sources:					
Nonpublic Aid	242,761.00	89,140.00	331,901.00	258,921.08	72,979.92
Federal Sources:					
Title I, Part A	240,650.00	54,357.00	295,007.00	295,007.00	
Title II, Part A	67,667.00	12,292.00	79,959.00	79,959.00	
Title III	19,879.00	(9,879.00)	10,000.00	10,000.00	
Title III, Immigrant		3,745.00	3,745.00	3,745.00	
Title IV		10,000.00	10,000.00	10,000.00	
I.D.E.A., Part B Basic	942,370.00	168,257.00	1,110,627.00	1,108,253.99	2,373.01
I.D.E.A., Part B, Preschool		72,016.00	72,016.00	72,016.00	
Total - Federal Sources	1,270,566.00	310,788.00	1,581,354.00	1,578,980.99	2,373.01
Total Revenues	\$ 1,566,492.00	\$ 431,077.20	\$ 1,997,569.20	\$ 1,918,496.57	\$ 79,072.63

(Continued)

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 197,358.46	\$ 58,812.65	\$ 256,171.11	\$ 252,451.41	\$ 3,719.70
Other Salaries for Instruction		5,072.89	5,072.89	5,072.89	
Tuition	899,535.00	138,810.00	1,038,345.00	1,038,345.00	
General Supplies	90,635.03	2,111.16	92,746.19	84,614.19	8,132.00
Textbooks	19,592.71	7,194.29	26,787.00	26,293.87	493.13
Total Instruction	1,207,121.20	212,000.99	1,419,122.19	1,406,777.36	12,344.83
Support Services:					
Other Salaries	50,776.27	24,468.73	75,245.00	75,245.00	
Personal Services - Employee Benefits	55,084.90	12,037.10	67,122.00	67,122.00	
Purchased Professional & Technical Services	90,511.32	122,699.69	213,211.01	155,996.26	57,214.75
Purchased Professional - Educational Services		204,124.00	204,124.00	194,610.95	9,513.05
Other Purchased Professional Services	154,994.27	(147,928.41)	7,065.86	7,065.86	
Supplies and Materials	8,004.04	3,675.10	11,679.14	11,679.14	
Total Support Services	359,370.80	219,076.21	578,447.01	511,719.21	66,727.80
Total Expenditures	\$ 1,566,492.00	\$ 431,077.20	\$ 1,997,569.20	\$ 1,918,496.57	\$ 79,072.63

TOWNSHIP OF EVESHAM SCHOOL DISTRICT

Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 84,458,844.78	\$ 1,918,496.57
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(1,796.74)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2017.	1,307,486.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2018.	<u>(1,312,021.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 84,454,309.78</u>	<u>\$ 1,916,699.83</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 84,431,787.27	\$ 1,918,496.57
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(1,796.74)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 84,431,787.27</u>	<u>\$ 1,916,699.83</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Five Plan Years

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1411804403%	0.1468770800%	0.1494120601%	0.1450388063%	0.1396708066%
School District's Proportionate Share of the Net Pension Liability	\$ 32,864,550.00	\$ 43,500,778.00	\$ 33,540,013.00	\$ 27,155,231.00	\$ 26,693,866.00
School District's Covered Payroll (Plan Measurement Period)	10,722,828.00	11,102,908.00	11,394,368.00	11,126,520.00	10,709,048.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	306.49%	391.80%	294.36%	244.06%	249.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Five Fiscal Years

	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,423,745.00	\$ 1,307,886.00	\$ 1,304,835.00	\$ 1,284,543.00	\$ 1,195,679.00
Contributions in Relation to the Contractually Required Contribution	<u>(1,423,745.00)</u>	<u>(1,307,886.00)</u>	<u>(1,304,835.00)</u>	<u>(1,284,543.00)</u>	<u>(1,195,679.00)</u>
School District's Covered Payroll Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 9,264,351.00	\$ 9,540,607.00	\$ 9,226,388.00	\$ 9,254,613.00	\$ 9,457,088.00
Contributions as a Percentage of School District's Covered Payroll	15.37%	13.71%	14.14%	13.88%	12.64%

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

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-	-
State's Proportionate Share of the School District's Net Pension Liability	<u>\$ 210,028,468.00</u>	<u>\$ 244,448,544.00</u>	<u>\$ 196,936,948.00</u>	<u>\$ 168,692,145.00</u>	<u>\$ 161,520,832.00</u>
	<u>\$ 210,028,468.00</u>	<u>\$ 244,448,544.00</u>	<u>\$ 196,936,948.00</u>	<u>\$ 168,692,145.00</u>	<u>\$ 161,520,832.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 38,083,528.00	\$ 37,195,480.00	\$ 36,748,848.00	\$ 36,408,824.00	\$ 35,752,880.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	551.49%	657.20%	535.90%	463.33%	451.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information - Part IV
 Schedule of Changes in the School District's
 Total OPEB Liability and Related Ratios
 For the Fiscal Year Ended June 30, 2018

Total OPEB Liability

Service Cost	\$ 12,384
Interest Cost	42,652
Benefit Payments	(25,799)
Actuarial Assumption Changes	45,023
Actuarial Demographic Gains	<u>(91,431)</u>
Net Change in Total OPEB Liability	(17,171)
Total OPEB Liability - Beginning of Fiscal Year	<u>359,797</u>
Total OPEB Liability - End of Fiscal Year	<u><u>\$ 342,626</u></u>
Covered-Employee Payroll	\$ 2,479,628
Total OPEB Liability as a Percentage of Covered-Employee Payroll	13.82%

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None.

Changes of Assumptions - The discount rate changed from 3.00% as of June 30, 2017 to 3.57% as of June 30, 2018. The mortality assumption changed from not being applicable as of June 30, 2017 to the RP-2000 Combined Mortality Table for Males or Females as of June 30, 2018. The actuarial method changed from the unit credit actuarial cost method as of June 30, 2017 to the entry age normal level cost method as of June 30, 2018.

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Required Supplementary Information - Part IV
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	
Changes for the Year:	
Service Cost	\$ 8,438,908.00
Interest Cost	6,431,298.00
Changes in Assumptions	(26,430,747.00)
Gross Benefit Payments	(4,710,611.00)
Member Contributions	<u>173,457.00</u>
Net Change in Total Non-Employer OPEB Liability	(16,097,695.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>219,473,301.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 203,375,606.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 42,316,686.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	480.60%

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	E.S.E.A.						Total Brought Forward
	<u>Total</u>	<u>Title I, Part A</u>	<u>Title II, Part A</u>	<u>Title III</u>	<u>Title III, Immigrant</u>	<u>Title IV</u>	
REVENUES:							
Federal Sources	\$ 1,578,980.99	\$ 295,007.00	\$ 79,959.00	\$ 10,000.00	\$ 3,745.00	\$ 10,000.00	\$ 1,180,269.99
State Sources	258,921.08						258,921.08
Local Sources	80,594.50						80,594.50
Total Revenues	<u>\$ 1,918,496.57</u>	<u>\$ 295,007.00</u>	<u>\$ 79,959.00</u>	<u>\$ 10,000.00</u>	<u>\$ 3,745.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,519,785.57</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 252,451.41	\$ 220,475.00		\$ 8,807.00	\$ 3,479.00		\$ 19,690.41
Other Salaries for Instruction	5,072.89						5,072.89
Tuition	1,038,345.00						1,038,345.00
General Supplies	84,614.19	9,659.00		219.00		\$ 1,630.00	73,106.19
Textbooks	26,293.87						26,293.87
Total Instruction	<u>1,406,777.36</u>	<u>230,134.00</u>	<u>-</u>	<u>9,026.00</u>	<u>3,479.00</u>	<u>1,630.00</u>	<u>1,162,508.36</u>
Support Services:							
Other Salaries	75,245.00		\$ 60,000.00			6,125.00	9,120.00
Personal Services - Employee Benefits	67,122.00	61,123.00	4,590.00	674.00	266.00	469.00	
Purchased Professional & Technical Services	155,996.26					723.00	155,273.26
Purchased Professional - Educational Services	194,610.95		1,727.00				192,883.95
Other Purchased Professional Services	7,065.86	3,750.00	1,962.86	300.00		1,053.00	
Supplies and Materials	11,679.14		11,679.14				
Total Support Services	<u>511,719.21</u>	<u>64,873.00</u>	<u>79,959.00</u>	<u>974.00</u>	<u>266.00</u>	<u>8,370.00</u>	<u>357,277.21</u>
Total Expenditures	<u>\$ 1,918,496.57</u>	<u>\$ 295,007.00</u>	<u>\$ 79,959.00</u>	<u>\$ 10,000.00</u>	<u>\$ 3,745.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,519,785.57</u>

(Continued)

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

	Total Carried Forward	I.D.E.A. Part B		N.J. Nonpublic Handicapped Services Ch. 193			Total Brought Forward
		Basic	Preschool	Supplemental Instruction	Examination and Classification	Corrective Speech	
REVENUES:							
Federal Sources	\$ 1,180,269.99	\$ 1,108,253.99	\$ 72,016.00				
State Sources	258,921.08			\$ 5,946.75	\$ 34,783.20	\$ 17,856.00	\$ 200,335.13
Local Sources	80,594.50						80,594.50
Total Revenues	\$ 1,519,785.57	\$ 1,108,253.99	\$ 72,016.00	\$ 5,946.75	\$ 34,783.20	\$ 17,856.00	\$ 280,929.63
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 19,690.41						\$ 19,690.41
Other Salaries for Instruction	5,072.89						5,072.89
Tuition	1,038,345.00	\$ 1,038,345.00					
General Supplies	73,106.19	2,626.99	\$ 5,000.00				65,479.20
Textbooks	26,293.87						26,293.87
Total Instruction	1,162,508.36	1,040,971.99	5,000.00	-	-	-	116,536.37
Support Services:							
Other Salaries	9,120.00						9,120.00
Personal Services - Employee Benefits							
Purchased Professional & Technical Services	155,273.26						155,273.26
Purchased Professional - Educational Services	192,883.95	67,282.00	67,016.00	\$ 5,946.75	\$ 34,783.20	\$ 17,856.00	
Other Purchased Professional Services							
Supplies and Materials							
Total Support Services	357,277.21	67,282.00	67,016.00	5,946.75	34,783.20	17,856.00	164,393.26
Total Expenditures	\$ 1,519,785.57	\$ 1,108,253.99	\$ 72,016.00	\$ 5,946.75	\$ 34,783.20	\$ 17,856.00	\$ 280,929.63

(Continued)

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

	Total Carried Forward	Nonpublic Textbook Aid, Ch. 194, L. 1979	Nonpublic Technology Aid	Nonpublic Nursing Aid	Nonpublic Security Aid	N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education	Total Brought Forward
REVENUES:							
Federal Sources							
State Sources	\$ 200,335.13	\$ 26,293.87	\$ 18,093.00	\$ 47,724.00	\$ 28,768.00	\$ 79,456.26	
Local Sources	80,594.50						\$ 80,594.50
Total Revenues	\$ 280,929.63	\$ 26,293.87	\$ 18,093.00	\$ 47,724.00	\$ 28,768.00	\$ 79,456.26	\$ 80,594.50
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 19,690.41						\$ 19,690.41
Other Salaries for Instruction	5,072.89						5,072.89
Tuition							
General Supplies	65,479.20				\$ 28,768.00		36,711.20
Textbooks	26,293.87	\$ 26,293.87					
Total Instruction	116,536.37	26,293.87	-	-	28,768.00	-	61,474.50
Support Services:							
Other Salaries	9,120.00						9,120.00
Personal Services - Employee Benefits							
Purchased Professional & Technical Services	155,273.26		\$ 18,093.00	\$ 47,724.00		\$ 79,456.26	10,000.00
Purchased Professional - Educational Services							
Other Purchased Professional Services							
Supplies and Materials							
Total Support Services	164,393.26	-	18,093.00	47,724.00	-	79,456.26	19,120.00
Total Expenditures	\$ 280,929.63	\$ 26,293.87	\$ 18,093.00	\$ 47,724.00	\$ 28,768.00	\$ 79,456.26	\$ 80,594.50

(Continued)

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

	<u>Total Carried Forward</u>	<u>Coordinate Arts Program for Primary Students</u>	<u>Metamorphosis Grant</u>	<u>Genesis Grant</u>	<u>Education Foundation Donation</u>	<u>Education Foundation Literacy Program</u>	<u>Total Brought Forward</u>
REVENUES:							
Federal Sources							
State Sources							
Local Sources	\$ 80,594.50	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 12,934.00	\$ 2,500.00	\$ 35,160.50
Total Revenues	<u>\$ 80,594.50</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 12,934.00</u>	<u>\$ 2,500.00</u>	<u>\$ 35,160.50</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 19,690.41	\$ 2,487.08	\$ 3,785.60			\$ 2,500.00	\$ 10,917.73
Other Salaries for Instruction	5,072.89	1,905.32	650.00				2,517.57
Tuition							
General Supplies	36,711.20	1,340.10	711.90		\$ 12,934.00		21,725.20
Textbooks							
Total Instruction	<u>61,474.50</u>	<u>5,732.50</u>	<u>5,147.50</u>	<u>-</u>	<u>12,934.00</u>	<u>2,500.00</u>	<u>35,160.50</u>
Support Services:							
Other Salaries	9,120.00	4,267.50	4,852.50				
Personal Services - Employee Benefits							
Purchased Professional & Technical Services	10,000.00			\$ 10,000.00			
Purchased Professional - Educational Services							
Other Purchased Professional Services							
Supplies and Materials							
Total Support Services	<u>19,120.00</u>	<u>4,267.50</u>	<u>4,852.50</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 80,594.50</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 12,934.00</u>	<u>\$ 2,500.00</u>	<u>\$ 35,160.50</u>

(Continued)

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

	<u>Total Carried Forward</u>	<u>PTA Donations</u>	<u>6th Grade Survivor Camp</u>	<u>Saturday Enrichment</u>
REVENUES:				
Federal Sources				
State Sources				
Local Sources	\$ 35,160.50	\$ 20,710.20	\$ 1,725.30	\$ 12,725.00
Total Revenues	<u>\$ 35,160.50</u>	<u>\$ 20,710.20</u>	<u>\$ 1,725.30</u>	<u>\$ 12,725.00</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 10,917.73		\$ 1,725.30	\$ 9,192.43
Other Salaries for Instruction	2,517.57			2,517.57
Tuition				
General Supplies	21,725.20	\$ 20,710.20		1,015.00
Textbooks				
Total Instruction	<u>35,160.50</u>	<u>20,710.20</u>	<u>1,725.30</u>	<u>12,725.00</u>
Support Services:				
Other Salaries				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Purchased Professional - Educational Services				
Other Purchased Professional Services				
Supplies and Materials				
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 35,160.50</u>	<u>\$ 20,710.20</u>	<u>\$ 1,725.30</u>	<u>\$ 12,725.00</u>

CAPITAL PROJECTS FUND

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2018

Project Title / Issue	Original Date	Appropriations	Expenditures to Date		Cancellations	Unexpended Balance June 30, 2018
			Prior Years	Current Year		
Marlton Middle School Rooftop HVAC Equipment IT Equipment and School Buses	1/22/15 6/29/18	\$ 2,228,025.00 610,250.00	\$ 2,070,687.60		\$ 157,337.40	\$ 610,250.00
Total		<u>\$ 2,838,275.00</u>	<u>\$ 2,070,687.60</u>	<u>-</u>	<u>\$ 157,337.40</u>	<u>\$ 610,250.00</u>
Canceled to General Fund - Capital Reserve					<u>\$ 157,337.40</u>	
Reconciliation to Governmental Funds Statements (GAAP):						
Unexpended Balance as of June 30, 2018						\$ 610,250.00
SDA Grant Revenue Not Recognized on GAAP Basis						<u>-</u>
Fund Balance per Governmental Funds (GAAP)						<u>\$ 610,250.00</u>

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

Revenues and Other Financing Sources

State Sources--SDA Grant	\$	35,653.45
Bond Proceeds and Transfers		
Lease Proceeds		610,250.00
Miscellaneous Revenue -- Interest		
Transfer form Capital Reserve		
Transfer form Capital Outlay		
		645,903.45
Total Revenues		645,903.45

Expenditures and Other Financing Uses

Legal Services		
Other Purchased Professional and Technical Services		
Construction Services and Equipment		
		-
Total Expenditures		-
Other Financing Uses:		
Cancellation of SDA Grant		
Transfer to General Fund -- Capital Reserve	\$	157,337.40
		157,337.40
Total Other Financing Uses		157,337.40
Total Expenditures and Other Financing Uses		157,337.40

Excess (Deficiency) of Revenues Over (Under) Expenditures		488,566.05
Fund Balance -- July 1		121,683.95
Fund Balance -- June 30	\$	610,250.00
Reconciliation to Governmental Funds Statements (GAAP):		
Fund Balance as of June 30, 2018	\$	610,250.00
SDA Grant Revenue Not Recognized on GAAP Basis		
		610,250.00
Fund Balance per Governmental Funds (GAAP)	\$	610,250.00

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Marlton Middle School Rooftop HVAC Equipment
 From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant	\$ 713,069.00		\$ 713,069.00	\$ 713,069.00
Bond Proceeds and Transfers				
Lease Proceeds				
Transfer from Capital Reserve	1,514,956.00		1,514,956.00	1,514,956.00
Transfer from Capital Outlay				
	<u>2,228,025.00</u>	<u>-</u>	<u>2,228,025.00</u>	<u>2,228,025.00</u>
Total Revenues				
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	130,191.27		130,191.27	130,191.27
Construction Services and Equipment	1,940,496.33		1,940,496.33	1,940,496.33
Transfer to General Fund -- Capital Reserve		\$ 157,337.40	157,337.40	157,337.40
Transfer to General Fund -- Capital Outlay				
	<u>2,070,687.60</u>	<u>157,337.40</u>	<u>2,228,025.00</u>	<u>2,228,025.00</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 157,337.40</u>	<u>\$ (157,337.40)</u>	<u>-</u>	<u>-</u>

Additional Project Information:

Project Number	1420-060-14-1003
Grant Date	1/22/15
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,782,672.00
Additional Authorized Cost	\$ 445,353.00
Revised Authorized Cost	\$ 2,228,025.00
Percentage Increase over Original Authorized Cost	25%
Percentage Completion	100%
Original Target Completion Date	10/31/2015
Revised Target Completion Date	6/30/2018

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Statement of Project Revenues, Expenditures, Project Balance and Project Status
 IT Equipment and School Buses
 From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--SDA Grant				
Bond Proceeds and Transfers				
Lease Proceeds		\$ 610,250.00	\$ 610,250.00	\$ 610,250.00
Transfer from Capital Reserve				
Transfer from Capital Outlay				
Total Revenues	-	610,250.00	610,250.00	610,250.00
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services				8,567.00
Construction Services and Equipment				601,683.00
Transfer to General Fund -- Capital Reserve				
Transfer to General Fund -- Capital Outlay				
Total Expenditures	-	-	-	610,250.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 610,250.00	\$ 610,250.00	-
Designated for Subsequent Years Expenditures			\$ 610,250.00	

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 610,250.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 610,250.00
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	11/30/2018
Revised Target Completion Date	11/30/2018

PROPRIETARY FUNDS

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Proprietary Funds
 Business Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 330,340.51	\$ 1,167,708.59	\$ 1,498,049.10
Accounts Receivable:			
State	830.95		830.95
Federal	17,298.24		17,298.24
Other	1,954.74	8,575.81	10,530.55
Inventories	50,913.41		50,913.41
Total Current Assets	<u>401,337.85</u>	<u>1,176,284.40</u>	<u>1,577,622.25</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, Fixtures and Equipment	1,079,356.66	233,342.45	1,312,699.11
Less Accumulated Depreciation	(970,280.27)	(157,136.09)	(1,127,416.36)
Total Noncurrent Assets	<u>109,076.39</u>	<u>76,206.36</u>	<u>185,282.75</u>
Total Assets	<u>510,414.24</u>	<u>1,252,490.76</u>	<u>1,762,905.00</u>
LIABILITIES:			
Current Liabilities:			
Capital Leases Payable		265.91	265.91
Compensated Absences Payable		1,808.52	1,808.52
Interfund Accounts Payable:			
Due General Fund	19,608.04	863,482.29	883,090.33
Unearned Revenue	43,379.09	6,555.48	49,934.57
Total Current Liabilities	<u>62,987.13</u>	<u>872,112.20</u>	<u>935,099.33</u>
Noncurrent Liabilities:			
Compensated Absences Payable	-	7,234.08	7,234.08
Total Liabilities	<u>62,987.13</u>	<u>879,346.28</u>	<u>942,333.41</u>
NET POSITION:			
Net Investment in Capital Assets	109,076.39	76,206.36	185,282.75
Unrestricted	338,350.72	296,938.12	635,288.84
Total Net Position	<u>\$ 447,427.11</u>	<u>\$ 373,144.48</u>	<u>\$ 820,571.59</u>

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Proprietary Funds
 Business Type Activities - Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 487,048.60		\$ 487,048.60
School Breakfast Program	6,047.40		6,047.40
Daily Sales - Non-Reimbursable Programs	508,148.45		508,148.45
Child Care Fees -- Regular Program		\$ 1,234,219.08	1,234,219.08
Child Care Fees -- Teddy Bear Academy		725,666.00	725,666.00
Special Functions	14,551.21		14,551.21
Total Operating Revenues	1,015,795.66	1,959,885.08	2,975,680.74
OPERATING EXPENSES:			
Salaries	520,733.46	918,310.44	1,439,043.90
Employee Benefits	43,136.02	392,345.31	435,481.33
General Supplies	43,317.75	44,858.94	88,176.69
Depreciation	16,846.14	17,905.98	34,752.12
Administrative Fee	29,079.70		29,079.70
Purchased Professional Services		110,479.49	110,479.49
Purchased Property Services		420,000.00	420,000.00
Cost of Sales - Reimbursable Programs	331,546.11		331,546.11
Cost of Sales - Non-Reimbursable Programs	219,967.51		219,967.51
Miscellaneous	4,947.75	115.74	5,063.49
Utilities		26,281.95	26,281.95
Repairs & Maintenance	3,689.92	9,823.00	13,512.92
Total Operating Expenses	1,213,264.36	1,940,120.85	3,153,385.21
Operating Income / (Loss)	(197,468.70)	19,764.23	(177,704.47)
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	11,001.48		11,001.48
Federal Sources:			
National School Lunch Program	211,978.35		211,978.35
National School Breakfast Program	13,000.91		13,000.91
Food Distribution Program	58,762.51		58,762.51
Total Nonoperating Revenues (Expenses)	294,743.25	-	294,743.25
Change in Net Position	97,274.55	19,764.23	117,038.78
Net Position -- Beginning	350,152.56	353,380.25	703,532.81
Net Position -- Ending	\$ 447,427.11	\$ 373,144.48	\$ 820,571.59

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Proprietary Funds
 Business Type Activities - Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 1,016,455.11	\$ 1,959,807.08	\$ 2,976,262.19
Payments to Employees	(520,733.46)	(909,267.84)	(1,430,001.30)
Payments for Employee Benefits	(43,136.02)	(392,345.31)	(435,481.33)
Payments for Supplies and Services	<u>(643,644.52)</u>	<u>(611,559.12)</u>	<u>(1,255,203.64)</u>
Net Cash Provided by (used for) Operating Activities	<u>(191,058.89)</u>	<u>46,634.81</u>	<u>(144,424.08)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	10,748.29		10,748.29
Federal Sources	283,573.13		283,573.13
Operating Subsidies and Transfers to Other Funds		<u>141,751.95</u>	<u>141,751.95</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>294,321.42</u>	<u>141,751.95</u>	<u>436,073.37</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payment of Capital Leases	<u>-</u>	<u>(3,090.90)</u>	<u>(3,090.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	103,262.53	185,295.86	288,558.39
Cash and Cash Equivalents -- July 1	<u>227,077.98</u>	<u>982,412.73</u>	<u>1,209,490.71</u>
Cash and Equivalents -- June 30	<u>\$ 330,340.51</u>	<u>\$ 1,167,708.59</u>	<u>\$ 1,498,049.10</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (197,468.70)	\$ 19,764.23	\$ (177,704.47)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	16,846.14	17,905.98	34,752.12
(Increase) Decrease in Accounts Receivable	714.18	(78.00)	636.18
(Increase) Decrease in Inventories	(11,095.78)		(11,095.78)
Increase (Decrease) in Unearned Revenue	(54.73)		(54.73)
Increase (Decrease) in Accrued Salaries Benefits		<u>9,042.60</u>	<u>9,042.60</u>
Total Adjustments	<u>6,409.81</u>	<u>26,870.58</u>	<u>33,280.39</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (191,058.89)</u>	<u>\$ 46,634.81</u>	<u>\$ (144,424.08)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Food Distribution Program	<u>\$ 58,762.51</u>	<u>-</u>	<u>\$ 58,762.51</u>

FIDUCIARY FUNDS

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Private Purpose Trust Fund	Agency Funds		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:				
Cash and Cash Equivalents	\$ 492,879.04	\$ 91,267.99	\$ 254,522.91	\$ 838,669.94
Interfund Accounts Receivable:				
Due Payroll Fund	<u>18,137.63</u>			<u>18,137.63</u>
Total Assets	<u>511,016.67</u>	<u>\$ 91,267.99</u>	<u>\$ 254,522.91</u>	<u>856,807.57</u>
LIABILITIES:				
Accounts Payable	4,090.24			4,090.24
Interfund Accounts Payable:				
Due Unemployment Fund			\$ 18,137.63	18,137.63
Due General Fund			210,261.95	210,261.95
Payable to Student Groups		\$ 91,267.99		91,267.99
Payroll Deductions and Withholdings			<u>26,123.33</u>	<u>26,123.33</u>
Total Liabilities	<u>4,090.24</u>	<u>\$ 91,267.99</u>	<u>\$ 254,522.91</u>	<u>349,881.14</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 506,926.43</u>			<u>\$ 506,926.43</u>

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

	<u>Private Purpose Trust Fund</u>
	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions and Donations from Payroll Deductions Withheld	<u>\$ 80,339.91</u>
DEDUCTIONS:	
Unemployment Claims	<u>45,958.13</u>
Change in Net Position	34,381.78
Net Position -- July 1	<u>472,544.65</u>
Net Position -- June 30	<u><u>\$ 506,926.43</u></u>

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS:				
Beeler	\$ 7,482.41	\$ 9,482.61	\$ 8,993.92	\$ 7,971.10
DeMasi	966.71	2,600.12	2,927.70	639.13
Evans	3,731.33	6.29	3,737.62	
Jaggard	3,282.95	4,195.92	5,069.48	2,409.39
Rice	10,712.33	13,608.84	12,104.81	12,216.36
Van Zant	1,256.43	9,469.13	6,821.32	3,904.24
Marlton	1,506.11	2,573.45	3,123.24	956.32
Total Elementary Schools	<u>21,437.15</u>	<u>41,936.36</u>	<u>42,778.09</u>	<u>28,096.54</u>
MIDDLE SCHOOLS:				
Marlton	43,463.92	50,079.44	59,026.74	34,516.62
DeMasi	40,467.49	36,834.58	48,647.24	28,654.83
Total Middle Schools	<u>85,093.61</u>	<u>86,914.02</u>	<u>107,673.98</u>	<u>63,171.45</u>
Total All Schools	<u>\$ 106,530.76</u>	<u>\$ 128,850.38</u>	<u>\$ 150,452.07</u>	<u>\$ 91,267.99</u>

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 251,515.70	\$ 50,627,421.16	\$ 50,624,413.95	\$ 254,522.91
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 23,155.54	\$ 23,169,049.92	\$ 23,166,082.13	\$ 26,123.33
Net Payroll		27,378,031.33	27,378,031.33	
Interfund Accounts Payable:				
Due from General Fund	210,261.95			210,261.95
Due Unemployment Trust	18,098.21	80,339.91	80,300.49	18,137.63
Total Liabilities	<u>\$ 251,515.70</u>	<u>\$ 50,627,421.16</u>	<u>\$ 50,624,413.95</u>	<u>\$ 254,522.91</u>

LONG-TERM DEBT

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
School District Refunding Bonds--Series 2005	6-27-05	\$ 22,485,000.00	3-1-2019	\$ 2,515,000.00	5.000%	\$ 5,015,000.00		\$ 2,500,000.00	\$ 2,515,000.00
School District Refunding Bonds--Series 2013	5-2-13	9,120,000.00	12-1-2018	1,830,000.00	3.000%	<u>7,310,000.00</u>		<u>1,675,000.00</u>	<u>5,635,000.00</u>
			12-1-2019	1,815,000.00	3.000%				
			12-1-2020	1,990,000.00	3.000%				
						<u>\$ 12,325,000.00</u>	<u>-</u>	<u>\$ 4,175,000.00</u>	<u>\$ 8,150,000.00</u>

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2018

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding June 30, 2017(a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2018(a)
			Principal	Interest					
Acquisition of Two D110CP Copiers	08/28/12	60 Month	\$ 66,773.50	\$ 8,226.50	0.400%	\$ 2,485.49		\$ 2,485.49	
Acquisition of Motorola Radios and Repeaters	03/18/13	60 Month	164,750.00	19,459.00	0.430%	39,502.60		33,296.47	\$ 6,206.13
Acquisition of a Xerox Copier	01/04/13	60 Month	14,750.63	2,489.77	0.526%	1,692.73		1,692.73	
Acquisition of Eight Digital Copiers	06/14/13	60 Month	179,395.70	20,056.30	0.354%	45,325.34		38,712.10	6,613.24
Acquisition of Thirty Six HP 4700DN Printers	12/04/13	60 Month	19,041.32	3,518.08	6.883%	7,085.34		4,153.61	2,931.73
Acquisition of IT Equipment and Two Busses	07/10/13	60 Month	555,510.00	12,109.40	1.090%	112,299.82		112,299.82	
Acquisition of a Xerox Copier	08/01/14	48 Month	10,133.63	1,347.49	6.258%	3,221.25		2,746.59	474.66
Acquisition of a Xerox Copier	07/15/14	48 Month	26,475.42	3,072.42	5.488%	7,752.11		7,139.33	612.78
Acquisition of One Ford Utility Truck	02/27/15	54 Month	90,974.94	4,523.44	2.330%	43,468.16		17,085.78	26,382.38
Acquisition of IT Equipment and Four Busses	08/01/14	60 Month	827,000.00	22,642.00	1.290%	333,391.87		165,627.64	167,764.23
Acquisition of One Ford F450 and Four Buses	07/17/15	60 Month	390,000.00	16,832.00	1.800%	198,037.08		78,151.84	119,885.24
Acquisition of Five Busses, Three Vans and Misc. IT Equipment	07/13/16	60 Month	957,278.00	33,089.50	1.450%	767,057.89		187,628.86	579,429.03
Acquisition of IT Equipment and Chromebooks	07/15/17	48 Month	160,425.00	3,779.94	1.700%		\$ 160,425.00	27,008.84	133,416.16
Acquisition of Six School Busses	07/15/17	60 Month	434,950.00	19,570.80	1.870%		434,950.00	44,367.60	390,582.40
Acquisition of Chromebooks	06/29/18	48 Month	149,401.06	11,471.66	2.960%		149,401.06	25,703.57	123,697.49
Acquisition of Five Busses	06/29/18	60 Month	460,848.94	28,335.56	2.960%		460,848.94	46,859.72	413,989.22
						<u>\$ 1,561,319.68</u>	<u>\$ 1,205,625.00</u>	<u>\$ 794,959.99</u>	<u>\$ 1,971,984.69</u>

(a) Future Interest Payments Removed from Carrying Value of Leases.

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,388,265.00		\$ 3,388,265.00	\$ 3,388,265.00	
State Sources:					
Debt Service Aid Type II	1,231,660.00		1,231,660.00	1,231,660.00	
Total Revenues	<u>4,619,925.00</u>	<u>-</u>	<u>4,619,925.00</u>	<u>4,619,925.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	444,925.00		444,925.00	444,925.00	
Redemption of Principal	4,175,000.00		4,175,000.00	4,175,000.00	
Total Regular Debt Service	<u>4,619,925.00</u>	<u>-</u>	<u>4,619,925.00</u>	<u>4,619,925.00</u>	<u>-</u>
Total Expenditures	<u>4,619,925.00</u>	<u>-</u>	<u>4,619,925.00</u>	<u>4,619,925.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>0.12</u>	<u>-</u>	<u>0.12</u>	<u>0.12</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.12</u>	<u>-</u>	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>-</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 50,896,973.90	\$ 48,631,494.45	\$ 46,598,554.63	\$ 42,428,605.32	\$ 41,152,007.86	\$ 38,711,814.53	\$ 38,721,910.39	\$ 36,650,745.69	\$ 35,700,902.98	\$ 32,883,669.94
Restricted	3,013,579.42	2,740,048.93	3,276,390.40	4,019,733.69	3,940,916.41	5,401,748.25	5,880,260.42	4,645,528.52	5,055,451.76	7,819,411.99
Unrestricted (Deficit)	<u>(32,060,121.57)</u>	<u>(31,267,766.25)</u>	<u>(30,708,682.19)</u>	<u>(29,543,765.91)</u>	<u>(1,715,922.13)</u>	<u>(1,259,457.13)</u>	<u>(1,334,143.82)</u>	<u>(1,777,516.12)</u>	<u>(2,374,395.80)</u>	<u>(27,923.28)</u>
Total Governmental Activities Net Position	<u>\$ 21,850,431.75</u>	<u>\$ 20,103,777.13</u>	<u>\$ 19,166,262.84</u>	<u>\$ 16,904,573.10</u>	<u>\$ 43,377,002.14</u>	<u>\$ 42,854,105.65</u>	<u>\$ 43,268,026.99</u>	<u>\$ 39,518,758.09</u>	<u>\$ 38,381,958.94</u>	<u>\$ 40,675,158.65</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 185,282.75	\$ 220,034.87	\$ 157,837.01	\$ 169,811.51	\$ 202,529.29	\$ 257,246.76	\$ 273,574.10	\$ 152,200.16	\$ 176,642.38	\$ 166,220.29
Unrestricted (Deficit)	635,288.84	483,497.94	525,532.35	473,508.32	359,141.38	463,570.15	493,719.49	439,975.50	385,901.21	418,633.18
Total Business-type Activities Net Position	<u>\$ 820,571.59</u>	<u>\$ 703,532.81</u>	<u>\$ 683,369.36</u>	<u>\$ 643,319.83</u>	<u>\$ 561,670.67</u>	<u>\$ 720,816.91</u>	<u>\$ 767,293.59</u>	<u>\$ 592,175.66</u>	<u>\$ 562,543.59</u>	<u>\$ 584,853.47</u>
District-wide:										
Net Investment in Capital Assets	\$ 51,082,256.65	\$ 48,851,529.32	\$ 46,756,391.64	\$ 42,598,416.83	\$ 41,354,537.15	\$ 38,969,061.29	\$ 38,995,484.49	\$ 36,802,945.85	\$ 35,877,545.36	\$ 33,049,890.23
Restricted	3,013,579.42	2,740,048.93	3,276,390.40	4,019,733.69	3,940,916.41	5,401,748.25	5,880,260.42	4,645,528.52	5,055,451.76	7,819,411.99
Unrestricted (Deficit)	<u>(31,424,832.73)</u>	<u>(30,784,268.31)</u>	<u>(30,183,149.84)</u>	<u>(29,070,257.59)</u>	<u>(1,356,780.75)</u>	<u>(795,886.98)</u>	<u>(840,424.33)</u>	<u>(1,337,540.62)</u>	<u>(1,988,494.59)</u>	<u>390,709.90</u>
Total District-wide Net Position	<u>\$ 22,671,003.34</u>	<u>\$ 20,807,309.94</u>	<u>\$ 19,849,632.20</u>	<u>\$ 17,547,892.93</u>	<u>\$ 43,938,672.81</u>	<u>\$ 43,574,922.56</u>	<u>\$ 44,035,320.58</u>	<u>\$ 40,110,933.75</u>	<u>\$ 38,944,502.53</u>	<u>\$ 41,260,012.12</u>

Source: Exhibit A-1

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

For the fiscal year ended June 30, 2018, the School District adopted GASB No. 75, which required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The June 30, 2017 balance has not been restated on this schedule for the adoption of GASB 75.

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 21,642,005	\$ 20,643,758	\$ 20,400,742	\$ 21,107,038	\$ 20,139,918	\$ 19,364,975	\$ 19,074,213	\$ 19,637,579	\$ 19,797,669	\$ 19,926,773
Special Education	10,599,906	9,733,275	10,675,278	10,447,882	9,675,665	9,293,491	9,267,480	8,148,849	9,740,377	8,916,931
Other Special Education	1,587,988	1,703,544	1,753,666	1,738,269	1,737,710	1,664,063	1,675,522	1,849,119	2,077,026	1,961,818
Other Instruction	426,220	425,806	392,642	325,196	319,383	387,269	282,479	896,595	5,000	5,095
Tuition	2,343,430	2,657,514	2,195,913	2,220,825	2,137,826	2,264,579	1,866,945	2,062,624	1,414,733	1,951,366
Support Services:										
Student and Instruction Related Services	9,481,682	9,797,395	9,015,924	8,531,399	7,887,977	7,694,025	6,571,865	6,996,157	7,795,427	7,386,859
School Administrative Services	2,289,906	2,396,550	2,346,242	2,476,893	2,449,808	2,398,002	2,335,909	2,347,018	2,361,111	2,233,493
General and Business Administrative Services	2,146,266	1,991,346	2,142,586	2,045,190	2,217,581	2,250,397	2,185,664	2,366,110	2,578,205	2,605,737
Plant Operations and Maintenance	7,311,360	6,651,284	6,648,729	6,947,236	6,060,894	5,884,744	5,782,360	6,531,657	6,929,874	7,156,761
Pupil Transportation	3,666,645	3,719,434	3,476,163	3,633,597	3,514,250	3,689,465	4,142,668	3,932,716	4,167,854	3,790,924
Unallocated Benefits	43,715,969	36,352,654	25,394,897	21,898,771	14,438,846	13,337,597	12,327,026	12,565,659	13,529,904	12,720,713
Reimbursed TPAF and Social Security	2,400,545	5,286,819	7,784,196	6,656,817	5,844,241	6,725,059	5,227,238	4,402,408	4,411,518	4,230,428
Transfer to Charter Schools	17,064	26,425	23,169	26,547	5,394	8,239				
Interest on Long-term Debt	353,702	529,367	686,493	882,806	1,056,562	1,228,539	1,308,901	1,467,619	1,619,913	1,768,090
Bond Issue Costs						100,992				
Capital Outlay Expensed						262,615				
Unallocated Depreciation	75,136	67,865	68,231	68,382	2,404,958	2,354,501	2,417,624	2,347,261	2,293,664	1,887,835
Total Governmental Activities Expenses	108,057,824	101,983,036	93,004,870	89,006,848	79,891,013	78,908,552	74,465,894	75,551,372	78,722,276	76,542,821
Business-type Activities:										
Food Service	1,213,264	1,279,797.58	1,384,634	1,370,190	1,427,223	1,457,702	1,386,890	1,451,083	1,495,559	1,490,488
Childcare Program	1,940,121	1,956,255	1,833,644	1,519,743	1,099,826	992,725	921,670	774,361	801,515	938,730
Total Business-type Activities Expense	3,153,385	3,236,053	3,218,278	2,889,933	2,527,049	2,450,427	2,308,560	2,225,444	2,297,074	2,429,218
Total District Expenses	\$ 111,211,210	\$ 105,219,089	\$ 96,223,148	\$ 91,896,781	\$ 82,418,062	\$ 81,358,980	\$ 76,774,453	\$ 77,776,816	\$ 81,019,350	\$ 78,972,039
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 31,032,604	\$ 25,757,137	\$ 19,128,079	\$ 15,662,277	\$ 7,892,336	\$ 8,857,740	\$ 7,528,723	\$ 6,665,010	\$ 7,254,477	\$ 6,638,657
Charges for Services	51,740	46,573	171,058	87,674	96,008	26,280	16,243	98,854	6,532	
Total Governmental Activities Program Revenues	31,084,344	25,803,710	19,299,137	15,749,952	7,988,344	8,884,020	7,544,966	6,763,864	7,261,009	6,638,657
Business-type activities:										
Charges for Services										
Food Service	1,015,796	998,913	1,034,410	1,001,421	1,065,726	1,091,691	1,140,209	1,137,055	1,176,210	1,215,740
Childcare Program	1,959,885	1,958,750	1,889,674	1,638,359	1,001,363	992,820	1,033,279	847,717	822,359	931,079
Capital Grants and Contributions										6,000
Operating Grants and Contributions	294,743	298,553	334,244	328,122	300,504	313,306	298,388	255,581	269,114	237,701
Total Business-type Activities Program Revenues	3,270,424	3,256,216	3,258,328	2,967,901	2,367,593	2,397,817	2,471,876	2,240,353	2,267,683	2,390,519
Total District Program Revenues	\$ 34,354,768	\$ 29,059,926	\$ 22,557,465	\$ 18,717,853	\$ 10,355,937	\$ 11,281,837	\$ 10,016,842	\$ 9,004,217	\$ 9,528,692	\$ 9,029,176

(Continued)

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue:										
Governmental Activities	\$ (76,973,481)	\$ (76,179,327)	\$ (73,705,733)	\$ (73,256,896)	\$ (71,902,669)	\$ (70,024,532)	\$ (66,920,928)	\$ (68,787,508)	\$ (71,461,267)	\$ (69,904,164)
Business-type Activities	117,039	20,163	40,050	77,968	(159,456)	(52,610)	163,317	14,909	(29,391)	(38,699)
Total District-wide Net Expense	<u>\$ (76,856,442)</u>	<u>\$ (76,159,163)</u>	<u>\$ (73,665,684)</u>	<u>\$ (73,178,928)</u>	<u>\$ (72,062,126)</u>	<u>\$ (70,077,142)</u>	<u>\$ (66,757,611)</u>	<u>\$ (68,772,599)</u>	<u>\$ (71,490,658)</u>	<u>\$ (69,942,863)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 57,515,145	\$ 56,588,242	\$ 54,750,302	\$ 53,325,445	\$ 52,665,468	\$ 51,224,130	\$ 50,852,659	\$ 51,186,102	\$ 51,045,922	\$ 50,309,043
Taxes Levied for Debt Service	3,388,265	3,446,804	3,493,509	3,501,126	3,585,103	3,284,084	4,200,762	4,183,457	4,039,586	3,444,164
Restricted and Unrestricted Grants and Contributions	15,146,159	15,193,056	15,779,259	14,831,613	14,775,080	14,372,298	14,651,565	13,552,226	13,687,341	15,211,862
Miscellaneous	2,722,381	1,888,739	1,948,343	1,813,176	1,482,512	1,064,929	1,060,961	1,000,173	360,864	340,695
Other			(3,990)	6,972	(82,596)	(17,835)	(95,751)	1,261		
Donation (Disposal) of Assets									5,818	20,494
Transfers								1,088	28,536	147,500
Total Governmental Activities	<u>78,771,949</u>	<u>77,116,841</u>	<u>75,967,423</u>	<u>73,478,333</u>	<u>72,425,566</u>	<u>69,927,606</u>	<u>70,670,197</u>	<u>69,924,307</u>	<u>69,168,067</u>	<u>69,473,758</u>
Business-type Activities:										
Investment Earnings				94	3,897	6,134	11,801	9,223	7,082	5,004
Other								5,500		(20,494)
Transfers										(14,246)
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>3,897</u>	<u>6,134</u>	<u>11,801</u>	<u>14,723</u>	<u>7,082</u>	<u>(29,736)</u>
Total District-wide	<u>\$ 78,771,949</u>	<u>\$ 77,116,841</u>	<u>\$ 75,967,423</u>	<u>\$ 73,478,427</u>	<u>\$ 72,429,464</u>	<u>\$ 69,933,740</u>	<u>\$ 70,681,998</u>	<u>\$ 69,939,030</u>	<u>\$ 69,175,149</u>	<u>\$ 69,444,022</u>
Change in Net Position:										
Governmental Activities	\$ 1,798,469	\$ 937,514	\$ 2,261,690	\$ 221,437	\$ 522,897	\$ (96,926)	\$ 3,749,269	\$ 1,136,799	\$ (2,293,200)	\$ (430,406)
Business-type Activities	117,039	20,163	40,050	78,062	(155,559)	(46,477)	175,118	29,632	(22,310)	(68,434)
Total District	<u>\$ 1,915,507</u>	<u>\$ 957,678</u>	<u>\$ 2,301,739</u>	<u>\$ 299,499</u>	<u>\$ 367,338</u>	<u>\$ (143,403)</u>	<u>\$ 3,924,387</u>	<u>\$ 1,166,431</u>	<u>\$ (2,315,510)</u>	<u>\$ (498,841)</u>

Source: Exhibit A-2

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

For the fiscal year ended June 30, 2018, the School District adopted GASBS No. 75, which required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. Revenues and expenses prior to June 30, 2018 are shown as originally reported and have not been restated for this adoption.

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

	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:										
Nonspendable		\$ 127,597.78	\$ 137,882.92	\$ 133,892.58	\$ 126,920.12	\$ 132,871.73	\$ 176,739.13	\$ 158,035.32		
Restricted	\$ 2,403,329.42	2,490,767.20	1,887,456.27	1,536,721.76	2,658,138.79	4,027,102.35	4,048,628.40	2,297,310.62	\$ 5,107,539.53	\$ 8,120,940.49
Assigned	1,508,475.50	1,716,506.21	1,315,378.22	1,086,192.61	1,369,237.85	1,262,162.45	1,478,364.80	1,178,061.76		
Unassigned (Deficit)	391,527.58	(329,546.60)	(230,578.57)	(25,829.34)	333,314.83	383,375.54	388,076.86	514,161.32	(168,473.78)	1,553,961.66
Total General Fund	<u>\$ 4,303,332.50</u>	<u>\$ 4,005,324.59</u>	<u>\$ 3,110,138.84</u>	<u>\$ 2,730,977.61</u>	<u>\$ 4,487,611.59</u>	<u>\$ 5,805,512.07</u>	<u>\$ 6,091,809.19</u>	<u>\$ 4,147,569.02</u>	<u>\$ 4,939,065.75</u>	<u>\$ 9,674,902.15</u>
All Other Governmental Funds:										
Restricted	\$ 610,250.12	\$ 121,684.07	\$ 0.12	\$ 1,389,121.47	\$ 131,166.62	\$ 272,445.05	\$ 551,019.86	\$ 1,440,550.09		
Unassigned, Reported in:										
Capital Projects Fund									\$ 425,435.00	
Debt Service Fund									0.25	\$ 0.03
Total All Other Governmental Funds	<u>\$ 610,250.12</u>	<u>\$ 121,684.07</u>	<u>\$ 0.12</u>	<u>\$ 1,389,121.47</u>	<u>\$ 131,166.62</u>	<u>\$ 272,445.05</u>	<u>\$ 551,019.86</u>	<u>\$ 1,440,550.09</u>	<u>\$ 425,435.25</u>	<u>\$ 0.03</u>
Total District	<u>\$ 4,913,582.62</u>	<u>\$ 4,127,008.66</u>	<u>\$ 3,110,138.96</u>	<u>\$ 4,120,099.08</u>	<u>\$ 4,618,778.21</u>	<u>\$ 6,077,957.12</u>	<u>\$ 6,642,829.05</u>	<u>\$ 5,588,119.11</u>	<u>\$ 5,364,501.00</u>	<u>\$ 9,674,902.18</u>

Source: Exhibit B-1

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

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

	2018	2017	2016	2015	Fiscal Year Ended June 30,		2012	2011	2010	2009
					2014	2013				
Revenues:										
Tax Levy	\$ 60,903,410.00	\$60,035,046.00	\$ 58,243,811.00	\$ 56,826,571.00	\$ 56,250,571.00	\$ 54,508,214.00	\$ 55,053,421.00	\$ 55,369,559.00	\$ 55,085,508.00	\$ 53,753,207.00
Other Local Revenue	3,452,817.62	2,018,524.24	2,202,445.44	1,959,020.78	1,637,185.22	1,091,208.62	1,174,661.84	1,182,565.09	422,747.30	391,902.30
State Sources	25,613,827.06	24,340,641.43	23,731,618.90	21,976,937.09	21,046,227.08	21,785,713.48	19,939,819.19	18,429,360.63	16,912,640.62	20,186,288.17
Federal Sources	1,666,783.38	1,663,260.03	1,881,985.00	1,609,470.45	1,562,522.45	1,444,324.75	2,143,010.99	1,704,337.59	3,973,825.74	1,613,023.72
Total Revenue	91,636,838.06	88,057,471.70	86,059,860.34	82,371,999.32	80,496,505.75	78,829,460.85	78,310,913.02	76,685,822.31	76,394,721.66	75,944,421.19
Expenditures:										
Instruction										
Regular Instruction	20,028,912.53	19,668,473.70	19,456,001.78	19,408,314.03	19,643,170.12	19,425,328.73	19,189,894.34	19,433,794.26	19,833,993.37	19,847,851.95
Special Education Instruction	9,986,065.95	9,417,182.82	10,380,222.35	10,039,036.91	9,592,877.03	9,255,685.55	9,269,667.76	8,056,847.38	9,664,989.47	8,879,405.67
Other Special Instruction	1,587,988.29	1,703,544.25	1,753,666.05	1,738,268.93	1,737,709.94	1,664,063.21	1,675,521.76	1,849,119.02	2,077,025.91	1,961,817.53
Other Instruction	426,220.15	425,806.11	392,641.82	325,195.90	319,382.71	386,745.12	282,478.75	2,959,218.68	1,419,733.05	1,956,460.98
Tuition	2,343,429.52	2,657,513.77	2,195,912.54	2,220,825.15	2,137,826.17	2,264,578.53	1,866,945.09	2,062,624.09	1,414,733.11	1,951,365.98
Support Services:										
Student and Instruction Related Services	9,481,682.09	9,797,134.98	9,015,664.02	8,531,138.87	7,887,717.18	7,694,025.33	6,571,339.67	4,929,828.32	6,376,988.75	5,431,787.66
School Administrative Services	2,289,905.97	2,396,550.44	2,346,241.62	2,476,893.22	2,449,808.20	2,398,001.75	2,335,908.92	2,347,017.87	2,361,111.37	2,233,492.52
Other Administrative Services	2,231,947.19	1,984,608.17	2,091,780.50	1,996,331.57	2,186,213.66	2,198,058.26	2,176,874.81	2,336,649.33	2,465,317.07	2,535,710.04
Plant Operations and Maintenance	6,408,348.15	5,788,270.58	5,805,114.51	6,091,540.43	5,867,283.42	5,646,385.34	5,544,766.62	5,801,154.19	6,146,948.26	6,419,456.27
Pupil Transportation	3,756,236.90	3,632,364.63	3,377,274.97	3,457,498.10	3,328,223.69	3,488,484.13	3,978,540.98	3,764,803.65	3,833,932.69	3,617,153.24
Unallocated Benefits	16,089,769.78	15,782,931.46	15,095,394.69	14,641,892.00	14,081,931.62	13,416,761.11	12,771,443.50	12,623,043.92	12,798,162.01	12,013,946.49
Reimbursed TPAF Pension and Social Security	10,167,583.26	8,790,647.01	7,784,196.39	6,656,816.97	5,844,240.59	6,725,059.13	5,227,238.15	4,402,407.81	4,411,517.63	4,230,427.91
Transfer to Charter Schools	17,064.00	26,425.00	23,169.00	26,547.00	5,394.00	8,239.00				
Debt Service:										
Principal	4,175,000.00	4,090,000.00	3,920,000.00	3,810,000.00	3,705,000.00	3,075,000.00	4,025,000.00	3,720,000.00	3,665,000.00	3,555,000.00
Interest and Other Charges	444,925.00	615,225.00	802,100.00	976,025.00	1,145,345.83	1,364,121.28	1,515,296.26	1,665,183.76	1,813,108.78	1,972,171.00
Capital Outlay	1,533,333.32	1,221,202.08	3,016,449.88	1,435,910.82	2,515,515.75	791,631.52	729,535.92	670,335.87	2,998,781.22	1,743,486.81
Total Expenditures	90,968,412.10	87,997,880.00	87,455,830.12	83,832,234.90	82,447,639.91	79,802,167.99	77,160,452.53	76,622,028.15	81,281,342.69	78,349,534.05
Excess (Deficiency) of Revenues Over (Under) Expenditures	668,425.96	59,591.70	(1,395,969.78)	(1,460,235.58)	(1,951,134.16)	(972,707.14)	1,150,460.49	63,794.16	(4,886,621.03)	(2,405,112.86)
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)	595,375.00	957,278.00	390,000.00	954,583.99	574,551.32	425,669.83		157,475.12	547,683.46	24,990.25
Cancellation of Grant Balances					(76,644.46)		(73,200.36)	1,088.15		
Accounts Receivable/Payable Canceled						26,032.78	(41,254.00)		(282.00)	
Change in Year-end inventory			(3,990.34)	6,972.46	(5,951.61)	(43,867.40)	18,703.81	1,260.68	28,818.39	28,602.03
Transfers In			635,345.09	1,473,601.00						118,909.05
Transfers Out			(635,345.09)	(1,473,601.00)						(10.93)
Total Other Financing Sources (Uses)	595,375.00	957,278.00	386,009.66	961,556.45	491,955.25	407,835.21	(95,750.55)	159,823.95	576,219.85	172,490.40
Net Change in Fund Balances	\$ 1,263,800.96	\$ 1,016,869.70	\$ (1,009,960.12)	\$ (498,679.13)	\$ (1,459,178.91)	\$ (564,871.93)	\$ 1,054,709.94	\$ 223,618.11	\$ (4,310,401.18)	\$ (2,232,622.46)
Debt Service as a Percentage of Noncapital Expenditures	5.2%	5.4%	5.6%	5.8%	6.1%	5.6%	7.2%	7.1%	7.0%	7.2%

Source: Exhibit B-2

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Various Refunds	\$ 9,907.46	\$ 12,359.59	\$ 31,500.12	\$ 28,637.07	\$ 274,947.20	\$ 31,233.09	\$ 71,777.58	\$ 61,076.59	\$ 64,158.92	\$ 63,320.14
Photocopy Fees (OPRA)							46.28	561.43	181.45	471.29
Badge Replacement							144.00	264.00	211.00	160.00
Curriculum Workshop Fees	680.00	5,705.00	17,980.00	3,140.00			2,990.00	940.00	14,953.00	13,431.00
Joint Insurance Fund Refund	99,333.62	197,703.20	213,563.00	226,574.56		6,990.00	3,500.00	300,000.00		
Shared Service HVAC Reimbursements				12,931.57	3,600.00	15,961.87	10,143.22			
Settlement					53,042.87					400.00
Sale of Assets/Textbooks	13,687.40	10,359.75	24,163.70	10,056.75	1,658.14	4,500.00		13,500.00	19,500.00	22,139.98
Outstanding Checks Canceled	32,641.26				7,260.65		3,881.05			
Rental of School Facilities	1,171,962.48	522,373.45	475,611.47	375,599.25	222,112.80	219,203.94	218,468.37	115,505.98	47,948.75	73,284.46
Prior Year Tuition Adjustments	7,138.25			1,636.74	5,448.60	11,615.84	17,400.59	15,348.83	27,127.70	
Other	65,056.26	53,033.57	35,688.53	12,552.61	24,162.18	16,164.69	8,415.52	6,158.67	4,310.65	16.68
Emergency Snow Removal--FEMA								45,818.16		
Clubs and Activities	174,330.14	182,070.49	163,947.88	171,375.38	164,198.00		202,465.50	193,301.48		
Registration Fees	1,061,587.42	872,369.56	954,021.55	910,672.48	680,449.43	568,994.56	351,238.25	84,668.16	13,555.00	
Transportation Services	21,196.80		4,864.10	30,975.00						
Interest Earned on Deposits	64,859.66	32,764.33	27,002.88	29,024.84	45,631.80	73,496.84	170,490.71	163,029.62	168,917.45	126,577.74
Total Miscellaneous Revenues	\$ 2,722,380.75	\$ 1,888,738.94	\$ 1,948,343.23	\$ 1,813,176.25	\$ 1,482,511.67	\$ 948,160.83	\$ 1,060,961.07	\$ 1,000,172.92	\$ 360,863.92	\$ 299,801.29

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2018	\$ 41,631,900.00	\$ 4,167,027,350.00	\$ 10,916,118.00	\$ 746,522,775.00	\$ 28,834,700.00	\$ 235,443,000.00	\$ 5,230,375,843.00	\$ 16,316,110.00	\$ 5,246,691,953.00	\$ 496,317,050.00	\$ 5,454,508,736.00	\$ 1.178
2017	35,357,100.00	4,140,704,350.00	11,469,406.00	744,570,575.00	29,084,700.00	235,443,000.00	5,196,629,131.00	16,520,247.00	5,213,149,378.00	497,720,250.00	5,239,346,108.00	1.159
2016	35,815,100.00	4,126,549,850.00	11,545,006.00	761,795,375.00	29,484,700.00	236,295,500.00	5,201,485,531.00	16,342,300.00	5,217,827,831.00	494,035,650.00	5,214,189,338.00	1.133
2015	40,467,100.00	4,121,069,700.00	11,555,000.00	766,594,175.00	29,484,700.00	236,295,500.00	5,205,466,175.00	16,262,745.00	5,221,728,920.00	490,185,800.00	5,133,708,847.00	1.101
2014	39,242,200.00	4,096,710,800.00	13,110,700.00	764,680,675.00	30,056,500.00	236,529,100.00	5,180,329,975.00	16,129,503.00	5,196,459,478.00	486,863,500.00	5,043,135,786.00	1.088
2013	35,226,500.00	4,107,877,400.00	13,139,800.00	773,810,775.00	31,554,000.00	242,876,600.00	5,204,485,075.00	16,274,077.00	5,220,759,152.00	478,736,300.00	5,169,739,841.00	1.061
2012	32,883,500.00	4,114,634,100.00	13,377,900.00	790,110,275.00	31,554,000.00	246,282,200.00	5,228,841,975.00	16,311,542.00	5,245,153,517.00	475,475,300.00	5,402,918,744.00	1.044
2011	34,118,500.00	4,180,753,900.00	13,813,500.00	799,749,775.00	33,167,800.00	249,273,600.00	5,310,877,075.00	19,076,982.00	5,329,954,057.00	466,826,400.00	5,571,768,824.00	1.036
2010	38,668,000.00	4,156,491,310.00	14,825,100.00	864,582,575.00	39,217,600.00	265,891,400.00	5,379,675,985.00	20,439,291.00	5,400,115,276.00	467,215,300.00	5,776,142,129.00	1.023
2009	35,663,400.00	4,205,267,000.00	15,186,500.00	852,716,400.00	46,450,600.00	285,261,300.00	5,440,545,200.00	22,503,815.00	5,463,049,015.00	346,183,300.00	5,957,428,218.00	0.996

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

Source: Burlington County Board of Taxation

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

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>				<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Regional High School District</u>	<u>Township of Evesham</u>	<u>Township of Evesham Fire District</u>	<u>Burlington County</u>	
2018	\$ 1.112	\$ 0.066	\$ 1.178	\$ 0.705	\$ 0.457	\$ 0.137	\$ 0.416	\$ 2.893
2017	1.092	0.067	1.159	0.695	0.460	0.137	0.408	2.859
2016	1.065	0.068	1.133	0.665	0.445	0.139	0.407	2.789
2015	1.033	0.068	1.101	0.648	0.445	0.138	0.408	2.740
2014	1.019	0.069	1.088	0.619	0.450	0.137	0.368	2.662
2013	0.997	0.064	1.061	0.610	0.450	0.132	0.372	2.625
2012	0.964	0.080	1.044	0.621	0.427	0.132	0.391	2.615
2011	0.958	0.078	1.036	0.610	0.421	0.130	0.396	2.593
2010	0.948	0.075	1.023	0.598	0.403	0.128	0.407	2.559
2009	0.932	0.064	0.996	0.561	0.403	0.122	0.416	2.498

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
Davis & Associates LLC (Retail)	\$ 54,096,000.00	1	1.03%	\$ 122,048,000.00	1	2.23%
Hunters Chase Assoc. LLC - Scully Co.	33,000,000.00	2	0.63%	39,747,500.00	5	0.73%
East Coast Woodview at Marlton LLC	32,000,000.00	3	0.61%	40,314,600.00	4	0.74%
Davis & Associates LLC (Apartments)	23,850,000.00	4	0.45%			
Davis Enterprises	22,360,000.00	5	0.43%	37,372,300.00	7	0.68%
Marlton VF LLC	21,574,400.00	6	0.41%	22,572,400.00	9	0.41%
Marlton Plaza Assoc - Thomson PTS	21,000,000.00	7	0.40%	38,109,000.00	6	0.70%
WRV Apartments Association LLC	20,500,000.00	8	0.39%	28,118,000.00	8	0.51%
Paramount Square at Marlton LLC	19,000,000.00	9	0.36%			
Marlton Plaza Assoc - Thomson PTS - 124	18,183,100.00	10	0.35%			
Liberty Property Partnership				46,756,300.00	2	0.86%
Brandywine Operating P/S				46,462,200.00	3	0.85%
Wiley Mission Inc				21,072,500.00	10	0.39%
Total	\$ 265,563,500.00		5.06%	\$ 442,572,800.00		8.10%

Source: Municipal Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2018	\$ 60,903,410.00	\$ 60,903,410.00	100.00%	
2017	60,035,046.00	60,035,046.00	100.00%	-
2016	58,243,811.00	58,243,811.00	100.00%	-
2015	56,826,571.00	56,826,571.00	100.00%	-
2014	56,250,571.00	56,250,571.00	100.00%	-
2013	54,508,214.00	54,508,214.00	100.00%	-
2012	55,053,421.00	55,053,421.00	100.00%	-
2011	55,369,559.00	55,369,559.00	100.00%	-
2010	55,085,508.00	55,085,508.00	100.00%	-
2009	53,753,207.00	53,753,207.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

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

Fiscal Year Ended <u>June 30,</u>	Governmental Activities				Business-Type <u>Activities</u>		Percentage of Personal <u>Income (2)</u>	<u>Per Capita (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes</u>	<u>Capital Leases</u>	<u>Total District</u>		
2018	\$ 8,150,000.00		\$ 1,971,984.69			\$ 10,121,984.69	Unavailable	Unavailable
2017	12,325,000.00	-	1,561,319.68	-	-	13,886,319.68	Unavailable	Unavailable
2016	16,415,000.00	-	1,265,127.46	-	-	17,680,127.46	0.69%	\$ 56,812.00
2015	20,335,000.00	-	1,376,098.34	-	-	21,711,098.34	0.86%	55,351.00
2014	24,145,000.00	-	806,194.17	-	-	24,951,194.17	1.03%	52,843.00
2013	27,850,000.00	-	446,891.30	-	-	28,296,891.30	1.21%	51,136.00
2012	30,720,000.00	-	102,919.93	-	-	30,822,919.93	1.33%	50,739.00
2011	34,745,000.00	-	338,806.88	-	-	35,083,806.88	1.54%	49,697.00
2010	38,465,000.00	-	431,764.86	-	-	38,896,764.86	1.78%	47,985.00
2009	42,130,000.00	-	29,533.65	-	-	42,159,533.65	1.95%	47,569.00

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published

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

Fiscal Year Ended June 30.	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2018	\$ 8,150,000.00		\$ 8,150,000.00	0.16%	Unavailable
2017	12,325,000.00	-	12,325,000.00	0.24%	\$ 271.59
2016	16,415,000.00	-	16,415,000.00	0.31%	362.20
2015	20,335,000.00	-	20,335,000.00	0.39%	447.01
2014	24,145,000.00	-	24,145,000.00	0.46%	529.14
2013	27,850,000.00	-	27,850,000.00	0.53%	610.57
2012	30,720,000.00	-	30,720,000.00	0.59%	670.86
2011	34,745,000.00	-	34,745,000.00	0.65%	759.19
2010	38,465,000.00	-	38,465,000.00	0.71%	844.07
2009	42,130,000.00	-	42,130,000.00	0.77%	928.59

Sources:

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Evesham Township</u>
Municipal Debt: (1)				
Evesham Township School District	\$ 10,650,000.00	\$ 10,650,000.00		
Regional High School District	16,324,713.38	16,324,713.38		
Evesham Township	<u>56,893,382.12</u>	<u>483,513.18</u>	<u>\$ 56,409,868.94</u>	<u>\$ 56,409,868.94</u>
	<u>83,868,095.50</u>	<u>27,458,226.56</u>	<u>56,409,868.94</u>	<u>56,409,868.94</u>
Overlapping Debt Apportioned to the Municipality:				
Evesham Township Fire District	3,065,000.00		3,065,000.00	3,065,000.00
Evesham Township Municipal Utility Authority	18,602,179.31		18,602,179.31	18,602,179.31
County of Burlington: (2)				
Solid Waste Utility				
Bonds	55,355,000.00	55,355,000.00		
General:				
Bonds	201,099,000.00	30,655,986.00 (3)	170,443,014.00	19,227,323.51 (5)
Notes	66,300,000.00		66,300,000.00	7,479,165.73 (5)
Loans	4,930,439.00		4,930,439.00	556,192.62 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>323,415,000.00</u>	<u>323,415,000.00 (4)</u>		
	<u>672,766,618.31</u>	<u>409,425,986.00</u>	<u>263,340,632.31</u>	<u>48,929,861.17</u>
	<u>\$ 756,634,713.81</u>	<u>\$ 436,884,212.56</u>	<u>\$ 319,750,501.25</u>	<u>\$ 105,339,730.11</u>

Sources:

- (1) 2017 Annual Debt Statement
- (2) County's 2017 Audit Report
- (3) Includes Cash on Hand, Accounts Receivable and County College Bonds paid with State Aid.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2017 Equalized Value, which is 11.28%.
The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2018

<u>Equalized valuation basis (1)</u>	
\$ 5,402,462,970	2017
5,227,623,649	2016
<u>5,201,824,898</u>	2015
<u>\$ 15,831,911,517</u>	
\$ 5,277,303,839	Average equalized valuation of taxable property
\$ 158,319,115	Debt limit (3% of average equalization value) (2)
<u>8,150,000</u>	Total Net Debt Applicable to Limit
<u>\$ 150,169,115</u>	Legal Debt Margin

	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 158,319,115	\$ 155,221,835	\$ 152,581,835	\$ 153,207,653	\$ 156,986,495	\$ 162,719,496	\$ 169,137,531	\$ 173,659,398	\$ 175,953,308	\$ 170,730,871
Total net debt applicable to limit (3)	<u>8,150,000</u>	<u>12,325,000</u>	<u>16,415,000</u>	<u>20,335,000</u>	<u>24,145,000</u>	<u>27,850,000</u>	<u>30,720,000</u>	<u>34,745,000</u>	<u>38,465,000</u>	<u>42,130,000</u>
Legal debt margin	<u>\$ 150,169,115</u>	<u>\$ 142,896,835</u>	<u>\$ 136,166,835</u>	<u>\$ 132,872,653</u>	<u>\$ 132,841,495</u>	<u>\$ 134,869,496</u>	<u>\$ 138,417,531</u>	<u>\$ 138,914,398</u>	<u>\$ 137,488,308</u>	<u>\$ 128,600,871</u>
Total net debt applicable to the limit as a percentage of debt limit	5.15%	7.94%	10.76%	13.27%	15.38%	17.12%	18.16%	20.01%	21.86%	24.68%

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2017	45,381	Unavailable	Unavailable	3.3%
2016	45,320	\$ 2,574,719,840.00	\$ 56,812.00	3.6%
2015	45,491	2,517,972,341.00	55,351.00	4.2%
2014	45,631	2,411,278,933.00	52,843.00	4.9%
2013	45,613	2,332,466,368.00	51,136.00	6.4%
2012	45,792	2,323,440,288.00	50,739.00	7.5%
2011	45,766	2,274,432,902.00	49,697.00	7.3%
2010	45,571	2,186,724,435.00	47,985.00	7.0%
2009	45,370	2,158,205,530.00	47,569.00	6.9%
2008	45,275	2,160,613,550.00	47,722.00	4.0%

Sources:

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Virtua Hospital	965	1	3.69%	915	1	3.40%
Freedom Mortgage	425	2	1.62%			
Burns Honda/GMC	300	3	1.15%			
Care One	275	4	1.05%	240	4	0.89%
Whole Foods	265	5	1.01%			
Shop Rite	235	6	0.90%	300	3	1.12%
Davis Enterprises	200	7	0.76%	150	9	0.56%
Wal Mart	200	8	0.76%	198	6	
Rastelli's	191	9	0.73%			
Kohl's	130	10	0.50%			
Computer Science Corp				800	2	2.98%
Target				200	5	0.74%
Champs				190	7	0.71%
Parker, McKay & Criscuolo, P.A.				180	8	0.67%
	3,186		12.17%	3,173		11.07%

Source: Individual Employers

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction										
Regular	247	247	245	246	244	246	258	285	323	331
Special education	126	126	127	126	127	120	111	114	127	125
Other special education	16	16	17	17	17	16	18	15	16	15
Other instruction	105	104	106	106	106	103	104	143	225	227
Support Services:										
Student & instruction related services	71	72	72	73	71	72	78	50	49	50
General administrative services	4	4	4	5	5	5	6	7	7	7
School administrative services	35	35	35	36	36	36	37	45	45	47
Business administrative services	13	13	13	16	16	17	17	13	13	14
Plant operations and maintenance	102	104	105	106	110	112	115	117	134	141
Pupil transportation	56	56	56	57	59	59	59	59	61	62
Food Service				1	1	1	2	18	18	18
Total	<u>775</u>	<u>777</u>	<u>780</u>	<u>789</u>	<u>792</u>	<u>787</u>	<u>805</u>	<u>866</u>	<u>1,018</u>	<u>1,037</u>

Source: District Records

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2018	4,458	\$ 84,815,153.78	\$ 19,025.38	3.06%	386	1/11.5	1/11.7	4,425	4,240	-0.09%	95.82%
2017	4,446	82,071,452.92	18,459.62	3.76%	387	1/11.4	1/11.6	4,429	4,244	-0.83%	95.82%
2016	4,481	79,717,280.24	17,790.06	4.50%	391	1/11.3	1/11.5	4,466	4,282	-1.98%	95.88%
2015	4,559	77,610,299.08	17,023.54	4.71%	393	1/12.0	1/12.1	4,556	4,361	-0.76%	95.72%
2014	4,618	75,081,778.33	16,258.51	2.82%	385	1/11.9	1/12.2	4,591	4,412	0.86%	96.10%
2013	4,716	74,571,415.19	15,812.43	5.73%	394	1/11.7	1/12.1	4,552	4,368	-3.60%	95.96%
2012	4,740	70,890,620.35	14,955.83	0.67%	409	1/12	1/12.4	4,722	4,546	-0.08%	96.27%
2011	4,750	70,566,508.52	14,856.11	-1.50%	437	1/10.42	1/12.12	4,726	4,627	-2.44%	97.91%
2010	4,827	72,804,452.69	15,082.75	4.49%	456	1/11.5	1/10.3	4,844	4,782	-0.92%	98.72%
2009	4,924	71,078,876.24	14,435.19	3.36%	456	1/11.1	1/10.6	4,889	4,785	-1.03%	97.87%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District Building										
Elementary										
Frances DeMasi Elementary School										
Square Feet	33,872	33,872	33,872	33,872	33,872	33,872	33,872	33,872	33,872	33,872
Capacity (students)	392	392	450	450	450	450	450	450	450	450
Enrollment	300	311	289	293	286	305	319	238	234	264
Florence V. Evans School										
Square Feet	77,637	77,637	77,637	77,637	77,637	77,637	77,637	77,637	77,637	77,637
Capacity (students)	614	614	625	625	625	625	625	625	625	625
Enrollment	(A)	351	505	479	512	472	495	594	573	586
H.L. Beeler School										
Square Feet	63,971	63,971	63,971	63,971	63,971	63,971	63,971	63,971	63,971	63,971
Capacity (students)	649	649	625	625	625	625	625	625	625	625
Enrollment	568	470	406	452	436	388	421	431	462	457
J. Harold Van Zant School										
Square Feet	59,391	59,391	59,391	59,391	59,391	59,391	59,391	59,391	59,391	59,391
Capacity (students)	613	613	625	625	625	625	625	625	625	625
Enrollment	517	369	347	375	384	363	400	409	421	421
Marlton Elementary School										
Square Feet	88,852	88,852	88,852	88,852	88,852	88,852	88,852	88,852	88,852	88,852
Capacity (students)	577	577	625	625	625	625	625	625	625	625
Enrollment	454	414	423	443	478	472	492	498	521	513
Richard L. Rice School										
Square Feet	71,657	71,657	71,657	71,657	71,657	71,657	71,657	71,657	71,657	71,657
Capacity (students)	632	632	625	625	625	625	625	625	625	625
Enrollment	571	549	513	492	497	396	477	467	453	449
Robert B. Jaggard School										
Square Feet	86,178	86,178	86,178	86,178	86,178	86,178	86,178	86,178	86,178	86,178
Capacity (students)	667	667	625	625	625	625	625	625	625	625
Enrollment	442	404	418	427	478	456	420	441	462	466
Middle School										
Frances DeMasi Middle School										
Square Feet	135,490	135,490	135,490	135,490	135,490	135,490	135,490	135,490	135,490	135,490
Capacity (students)	820	820	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	767	785	781	783	791	855	847	709	690	680
Marlton Middle School										
Square Feet	126,220	126,220	126,220	126,220	126,220	126,220	126,220	126,220	126,220	126,220
Capacity (students)	1,129	1,129	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	839	793	799	815	835	854	815	963	1,011	1,088
Other										
District Admin. Building										
Square Feet	26,200	26,200	26,200	26,200	26,200	26,200	26,200	26,200	26,200	26,200
District Bus Garage										
Square Feet	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
District Maint./Trans. Building										
Square Feet	13,684	13,684	13,684	13,684	13,684	13,684	13,684	13,684	13,684	13,684
Number of Schools at June 30, 2018										
Elementary = 7										
Middle School = 2										
High School = 0										
Other = 3										

(A) Building is not utilized for enrolled students.

Source: District Records

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

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Frances DeMasi Middle School	40	\$ 276,053.56	\$ 190,148.50	\$ 232,985.24	\$ 152,245.74	\$ 183,406.69	\$ 154,052.70	\$ 96,947.79	\$ 158,833.12	\$ 100,330.90	\$ 121,356.40
Florence V. Evans School	50	57,181.13	76,394.65	64,364.19	104,185.70	89,925.19	74,222.41	114,215.24	76,267.51	94,349.37	75,795.26
H.L. Beeler School	55	50,318.55	88,166.17	76,001.67	116,442.25	165,788.12	147,812.11	60,349.35	81,081.37	60,492.67	84,933.49
J. Harold Van Zant School	57	42,969.98	73,045.36	46,903.65	99,433.50	74,079.70	62,299.48	64,313.98	45,411.59	53,895.07	62,756.28
Marlton Elementary School	58	120,883.01	101,132.69	57,745.65	78,694.41	79,013.28	68,383.62	75,222.31	109,350.87	109,323.24	80,074.12
Marlton Middle School	60	66,493.03	132,269.77	103,436.54	138,775.30	135,282.32	131,108.65	161,251.05	94,137.45	127,630.65	173,327.16
Richard L. Rice	65	54,002.36	92,769.45	81,664.79	44,854.23	30,127.47	67,918.18	61,036.08	57,304.47	63,609.69	62,758.88
Robert B. Jaggard School	70	81,519.90	90,680.63	80,423.98	73,558.41	51,734.64	79,690.09	88,814.65	56,700.03	78,890.08	66,431.22
District Adm. Building	999	37,200.12	49,902.53	32,324.62	37,667.84	46,171.39	48,022.23	39,341.12	40,276.10	40,558.67	32,047.64
District Bus Garage	999	52,471.16	3,787.85	8,875.65	12,389.20	9,388.92	12,444.06	2,641.22	5,849.87	6,411.02	17,581.74
Operations (building and grounds)	999	10,970.70	41,333.30	73,449.50	45,975.72	17,593.24	81,765.41	16,857.05	16,806.21	53,956.62	26,392.74
District Maint./Trans. Building	999	99,000.96	16,765.65	18,227.40	19,284.28	13,706.28	18,259.48	11,481.51	24,065.38	27,915.84	18,704.96
Total School Facilities		<u>949,064.46</u>	<u>956,396.55</u>	<u>876,402.88</u>	<u>923,506.58</u>	<u>896,217.24</u>	<u>945,978.42</u>	<u>792,471.35</u>	<u>766,083.97</u>	<u>817,363.82</u>	<u>822,159.89</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 949,064.46</u>	<u>\$ 956,396.55</u>	<u>\$ 876,402.88</u>	<u>\$ 923,506.58</u>	<u>\$ 896,217.24</u>	<u>\$ 945,978.42</u>	<u>\$ 792,471.35</u>	<u>\$ 766,083.97</u>	<u>\$ 817,363.82</u>	<u>\$ 822,159.89</u>

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

Source: District Records

TOWNSHIP OF EVESHAM SCHOOL DISTRICT

Insurance Schedule

June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Burlington County Insurance Pool Joint Insurance Fund		
Property / Inland Marine / Automobile Physical Damage - JIF Self Insured Retention	\$ 250,000.00	\$ 500.00
Crime - JIF Self Insured Retention	250,000.00	500.00
General Liability / Auto Liability - JIF Self Insured Retention	250,000.00	
Educators Legal Liability - JIF Self Insured Retention	175,000.00	
Workers Compensation - JIF Self Insured Retention	250,000.00	
School Pool for Excess Liability Limits Joint Insurance Fund (SPELL JIF)		
Property / Inland Marine / Automobile Physical Damage	175,000,000.00	
Crime	500,000.00	
Workers Compensation	Statutory	
General Liability / Auto Liability	20,000,000.00	
Educators' Legal Liability	20,000,000.00	
Travelers Insurance Company		
Boiler and Machinery	125,000,000.00	1,000.00
Beazley / Lloyd's of London		
Pollution Legal Liability	3,000,000.00	25,000.00
AIG / Lexington Insurance Company, Inc.		
Cyber Liability	1,000,000.00	25,000.00
Lloyd's of London		
Violent Malicious Acts	1,000,000.00	15,000.00
Disaster Management Services	2,000,000.00	15,000.00

Non-JIF Coverage

Selective Insurance Company of America:		
Business Administrator/Board Secretary	100,000.00	
Treasurer	200,000.00	

Excess and Reinsurance Carriers Involved

Property and Crime:

SPELL JIF, Great American Insurance Company
 Axis Surplus Insurance Company
 Westchester Fire Insurance Company
 Alterra Excess & Surplus Insurance Company
 Ironshore Specialty Insurance Company
 Evanston Insurance Company
 RSUI Indemnity Company
 James River Insurance Company
 BRIT / Lloyd's of London
 Colony Insurance Company
 Arch Specialty Insurance Company
 United National Insurance Company

General Liability and Automobile Liability:

SPELL JIF, Great American Insurance Company

Workers Compensation:

SPELL JIF, Great American Insurance Company,
 Safety National Casualty Corp.

Educators Legal Liability:

SPELL JIF, Great American Insurance Company

Source: District Records

SINGLE AUDIT SECTION

Exhibit K-2

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Evesham School District
County of Burlington
Marlton, New Jersey 08053

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Evesham School District's, in the County of Burlington, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Evesham School District's, in the County of Burlington, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Public School Accountant No. CS 002376

Voorhees, New Jersey
February 14, 2019

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2017	Carryover / (Walkover) Amount
					From	To		
General Fund:								
U.S. Department of Health and Human Services:								
Passed-through the State Department of Education:								
Medical Assistance Program (Medicaid):								
Special Education Medicaid Initiative	93.778	1805NJ5MAP	N/A	\$ 76,762.71	7-1-17	6-30-18		
Medicaid Administrative Claiming Aid	93.778	1805NJ5MAP	N/A	10,319.23	7-1-17	6-30-18		
Total Medical Assistance Program (Medicaid) Cluster							-	-
Total General Fund								
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
N.C.L.B. / E.S.S.A.:								
Title I, Part A	84.010A	S010A160030	NCLB142017	300,812.00	7-1-16	6-30-17	\$ (128,928.00)	
Title I, Part A	84.010A	S010A170030	NCLB142018	295,007.00	7-1-17	6-30-18		
Total Title I, Part A							(128,928.00)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A160029	NCLB142017	84,584.00	7-1-16	6-30-17	(44,698.66)	
Title II, Part A, Improving Teacher Quality	84.367A	S367A170029	NCLB142018	79,959.00	7-1-17	6-30-18		
Total Title II, Part A, Improving Teacher Quality							(44,698.66)	-
Title III	84.365A	S365A160030	NCLB142017	10,151.00	7-1-16	6-30-17	(5,793.00)	
Title III	84.365A	S365A170030	NCLB142018	10,000.00	7-1-17	6-30-18		
Title III, Immigrant	84.365A	S365A160030	NCLB142017	5,321.00	7-1-16	6-30-17	(701.00)	
Title III, Immigrant	84.365A	S365A170030	NCLB142018	3,745.00	7-1-17	6-30-18		
Total Title III							(6,494.00)	-
Title IV	84.424	S424A1700031	NCLB142018	10,000.00	7-1-17	6-30-18	-	-
I.D.E.A. Part B:								
Special Education Cluster:								
Basic	84.027	H027A160100	FT142017	1,105,370.00	7-1-16	6-30-17	(120,022.64)	\$ (22,837.00)
Basic	84.027	H027A170100	FT142018	1,087,790.00	7-1-17	6-30-18		22,837.00
Preschool	84.173	H173A160114	PS142017	72,318.00	7-1-16	6-30-17	(11,102.64)	
Preschool	84.173	H173A170114	PS142018	72,016.00	7-1-17	6-30-18		
Total I.D.E.A. Part B Special Education Cluster							(131,125.28)	-
Total Special Revenue Fund								
(311,245.94)								
Enterprise Fund:								
U.S. Department of Agriculture:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
School Breakfast Program	10.553	171NJ304N1099	Unavailable	15,854.51	7-1-16	6-30-17	(1,191.04)	
School Breakfast Program	10.553	181NJ304N1099	Unavailable	13,000.91	7-1-17	6-30-18		
Food Distribution Program	10.555	171NJ304N1099	Unavailable	65,637.99	7-1-16	6-30-17	7,087.24	
Food Distribution Program	10.555	181NJ304N1099	Unavailable	61,188.65	7-1-17	6-30-18		
National School Lunch Program	10.555	171NJ304N1099	Unavailable	214,799.90	7-1-16	6-30-17	(13,512.42)	
National School Lunch Program	10.555	181NJ304N1099	Unavailable	211,978.35	7-1-17	6-30-18		
Total Child Nutrition Cluster							(7,616.22)	-
Total Enterprise Fund								
(7,616.22)								
Total Federal Financial Assistance								
\$ (318,862.16)								

(A) See Note 6 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2018		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 76,762.71 10,319.23	\$ 76,762.71 10,319.23		\$ 76,762.71 10,319.23						
87,081.94	87,081.94	-	87,081.94	-	-	-	-	-	-
87,081.94	87,081.94	-	87,081.94	-	-	-	-	-	-
128,928.00 149,854.00	295,007.00		295,007.00				\$ (145,153.00)		
278,782.00	295,007.00	-	295,007.00	-	-	-	(145,153.00)	-	-
44,699.00 48,724.00	79,959.00		79,959.00		\$ (0.34)		(31,235.00)		
93,423.00	79,959.00	-	79,959.00	-	(0.34)	-	(31,235.00)	-	-
5,793.00 6,851.00 701.00 2,602.00	10,000.00 3,745.00		10,000.00 3,745.00				(3,149.00) (1,143.00)		
15,947.00	13,745.00	-	13,745.00	-	-	-	(4,292.00)	-	-
4,337.00	10,000.00	-	10,000.00	-	-	-	(5,663.00)	-	-
142,860.00 702,518.00 11,109.00 43,056.00	1,108,253.99 72,016.00		1,108,253.99 72,016.00		(0.36) (6.36)		(385,272.00) (28,960.00)	\$ 2,373.01	
899,543.00	1,180,269.99	-	1,180,269.99	-	(6.72)	-	(414,232.00)	2,373.01	-
1,292,032.00	1,578,980.99	-	1,578,980.99	-	(7.06)	-	(600,575.00)	2,373.01	-
1,191.04 11,796.41	13,000.91 7,087.24		13,000.91 7,087.24				(1,204.50)		
61,188.65 13,512.42 195,884.61	51,675.27 211,978.35		51,675.27 211,978.35					9,513.38	
283,573.13	283,741.77	-	283,741.77	-	-	-	(17,298.24)	9,513.38	-
283,573.13	283,741.77	-	283,741.77	-	-	-	(17,298.24)	9,513.38	-
\$ 1,662,687.07	\$ 1,949,804.70	-	\$ 1,949,804.70	-	\$ (7.06)	-	\$ (617,873.24)	\$ 11,886.39	-

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2017		Carryover / (Walkover) Amount
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor	
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	17-495-034-5120-078	\$ 9,135,441.00	N/A	7-1-16	6-30-17	\$ (883,503.59)		
Equalization Aid	18-495-034-5120-078	9,135,441.00	N/A	7-1-17	6-30-18			
Categorical Special Education Aid	17-495-034-5120-089	2,610,392.00	N/A	7-1-16	6-30-17	(252,455.32)		
Categorical Special Education Aid	18-495-034-5120-089	2,610,392.00	N/A	7-1-17	6-30-18			
Categorical Security Aid	17-495-034-5120-084	347,614.00	N/A	7-1-16	6-30-17	(33,618.32)		
Categorical Security Aid	18-495-034-5120-084	347,614.00	N/A	7-1-17	6-30-18			
PARCC Readiness Aid	17-495-034-5120-098	44,200.00	N/A	7-1-16	6-30-17	(4,274.65)		
PARCC Readiness Aid	18-495-034-5120-098	44,200.00	N/A	7-1-17	6-30-18			
Per Pupil Growth Aid	17-495-034-5120-097	44,200.00	N/A	7-1-16	6-30-17	(4,274.65)		
Per Pupil Growth Aid	18-495-034-5120-097	44,200.00	N/A	7-1-17	6-30-18			
Professional Learning Community Aid	17-495-034-5120-101	42,245.00	N/A	7-1-16	6-30-17	(4,085.58)		
Professional Learning Community Aid	18-495-034-5120-101	42,245.00	N/A	7-1-17	6-30-18			
Total State Aid - Public Cluster						(1,182,212.11)	-	-
State Aid - Transportation:								
Categorical Transportation Aid	17-495-034-5120-014	1,295,334.00	N/A	7-1-16	6-30-17	(125,273.89)		
Categorical Transportation Aid	18-495-034-5120-014	1,295,334.00	N/A	7-1-17	6-30-18			
Additional Non-Public Transportation Aid	17-495-034-5120-014	27,949.00	N/A	7-1-16	6-30-17	(27,949.00)		
Additional Non-Public Transportation Aid	18-495-034-5120-014	34,622.00	N/A	7-1-17	6-30-18			
Total State Aid - Transportation						(153,222.89)	-	-
Extraordinary Aid								
Extraordinary Aid	17-495-034-5120-044	363,662.00	N/A	7-1-16	6-30-17	(363,662.00)		
Extraordinary Aid	18-495-034-5120-044	345,550.00	N/A	7-1-17	6-30-18			
Total Extraordinary Aid						(363,662.00)	-	-
Reimbursed TPAF Social Security Contributions								
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	2,361,675.01	N/A	7-1-16	6-30-17	(115,167.07)		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	2,395,743.26	N/A	7-1-17	6-30-18			
Total Reimbursed TPAF Social Security Contributions						(115,167.07)	-	-
Lead Water Testing for Schools Aid	18-495-034-5120-104	15,316.14	N/A	7-1-17	6-30-18	-	-	-
Total General Fund						(1,814,264.07)	-	-
Special Revenue Fund:								
New Jersey Department of Education:								
Nonpublic Aid:								
Nursing Services	17-100-034-5120-070	43,830.00	N/A	7-1-16	6-30-17	\$ 1,757.00		
Nursing Services	18-100-034-5120-070	47,724.00	N/A	7-1-17	6-30-18			
Total Nursing Services						-	1,757.00	-
Textbook Aid (Ch. 194)	18-100-034-5120-064	26,787.00	N/A	7-1-17	6-30-18	-	-	-
Technology	18-100-034-5120-373	18,093.00	N/A	7-1-17	6-30-18	-	-	-
Security	17-100-034-5120-509	24,350.00	N/A	7-1-16	6-30-17		7,900.00	
Security	18-100-034-5120-509	36,900.00	N/A	7-1-17	6-30-18			
Total Security						-	7,900.00	-
Auxiliary Services (Ch. 192)								
Compensatory Education	17-100-034-5120-067	93,074.00	N/A	7-1-16	6-30-17			
Compensatory Education	18-100-034-5120-067	86,812.00	N/A	7-1-17	6-30-18			
Home Instruction	17-100-034-5120-067	495.45	N/A	7-1-16	6-30-17	(495.45)		
English as a Second Language	17-100-034-5120-067	1,827.00	N/A	7-1-16	6-30-17		274.00	
English as a Second Language	18-100-034-5120-067	2,710.00	N/A	7-1-17	6-30-18			
Total Auxiliary Services (Ch. 192)						(495.45)	274.00	-
Handicapped Services (Ch. 193)								
Corrective Speech	17-100-034-5120-066	35,870.00	N/A	7-1-16	6-30-17		13,252.00	
Corrective Speech	18-100-034-5120-066	40,176.00	N/A	7-1-17	6-30-18			
Supplementary Instruction	17-100-034-5120-066	31,624.00	N/A	7-1-16	6-30-17		16,165.00	
Supplementary Instruction	18-100-034-5120-066	34,097.00	N/A	7-1-17	6-30-18			
Examination and Classification	17-100-034-5120-066	39,262.00	N/A	7-1-16	6-30-17		2,520.00	
Examination and Classification	18-100-034-5120-066	38,602.00	N/A	7-1-17	6-30-18			
Total Handicapped Services (Ch. 193)						-	31,937.00	-
Total Nonpublic Aid:						(495.45)	41,868.00	-
Total Special Revenue Fund						(495.45)	41,868.00	-
Capital Projects Fund:								
New Jersey School Development Authority:								
School Facility Project -- Marlton Middle HVAC	1420-060-14-1003	713,069.00	\$ 1,514,956.00	7-1-14	Completion	121,683.95	-	-
Debt Service Fund:								
New Jersey Department of Education:								
School Construction Debt Service Aid	18-495-034-5120-075	1,231,660.00	N/A	7-1-17	6-30-18	-	-	-
Enterprise Fund:								
New Jersey Department of Agriculture:								
Child Nutrition Cluster:								
State School Lunch Aid	17-100-010-3350-023	9,348.30	N/A	7-1-16	6-30-17	(577.76)		
State School Lunch Aid	18-100-010-3350-023	11,001.48	N/A	7-1-17	6-30-18			
Total Enterprise Fund						(577.76)	-	-
Total State Financial Assistance subject to Major Program Determination for Sate Single Audit						(1,693,653.33)	41,868.00	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of the Treasury:								
TPAF Post Retirement Medical	18-495-034-5094-001	3,047,955.00	N/A	7-1-17	6-30-18			
Teacher's Pension & Annuity Fund	18-495-034-5094-002	4,607,276.00	N/A	7-1-17	6-30-18			
TPAF Non-Contributory Insurance	18-495-034-5094-004	111,807.00	N/A	7-1-17	6-30-18			
TPAF Long-Term Disability Insurance	18-495-034-5094-004	4,802.00	N/A	7-1-17	6-30-18			
Total General Fund (Non-Cash Assistance)						-	-	-
Total State Financial Assistance						\$ (1,693,653.33)	\$ 41,868.00	-

(A) See Note 6 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo	
					(Accounts Receivable)	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ 883,503.59	\$ 9,135,441.00				\$ (886,568.00)			\$ (886,568.00)	\$ 9,135,441.00
8,248,873.00									
252,455.32	2,610,392.00				(253,330.96)			(253,330.96)	2,610,392.00
2,357,061.04									
33,618.32	347,614.00				(33,734.93)			(33,734.93)	347,614.00
313,879.07									
4,274.65	44,200.00				(4,289.48)			(4,289.48)	44,200.00
39,910.52									
4,274.65	44,200.00				(4,289.48)			(4,289.48)	44,200.00
39,910.52									
4,085.58	42,245.00				(4,099.75)			(4,099.75)	42,245.00
38,145.25									
12,219,991.51	12,224,092.00	-	-	-	(1,186,312.60)	-	-	(1,186,312.60)	12,224,092.00
125,273.89	1,295,334.00				(125,708.40)			(125,708.40)	1,295,334.00
1,169,625.60									
27,949.00	34,622.00				(34,622.00)				34,622.00
1,322,848.49	1,329,956.00	-	-	-	(160,330.40)	-	-	(125,708.40)	1,329,956.00
363,662.00	345,550.00				(345,550.00)				345,550.00
363,662.00	345,550.00	-	-	-	(345,550.00)	-	-	-	345,550.00
115,167.07	2,395,743.26				(116,410.84)				2,395,743.26
2,279,332.42									
2,394,499.49	2,395,743.26	-	-	-	(116,410.84)	-	-	-	2,395,743.26
15,316.14	15,316.14	-	-	-	-	-	-	-	15,316.14
16,316,317.63	16,310,657.40	-	-	-	(1,808,603.84)	-	-	(1,312,021.00)	16,310,657.40
47,724.00	47,724.00			\$ 1,757.00					47,724.00
47,724.00	47,724.00	-	-	1,757.00	-	-	-	-	47,724.00
26,787.00	26,293.87	-	\$ (0.13)	-	-	-	\$ 493.00	-	26,293.87
18,093.00	18,093.00	-	-	-	-	-	-	-	18,093.00
36,900.00	28,768.00			7,900.00			8,132.00		28,768.00
36,900.00	28,768.00	-	-	7,900.00	-	-	8,132.00	-	28,768.00
86,812.00	79,456.26		0.26				7,356.00		79,456.26
495.45									
2,710.00				274.00			2,710.00		
90,017.45	79,456.26	-	0.26	274.00	-	-	10,066.00	-	79,456.26
40,176.00	17,856.00			13,252.00			22,320.00		17,856.00
34,097.00	5,946.75		(0.25)	16,165.00			28,150.00		5,946.75
38,602.00	34,783.20		0.20	2,520.00			3,819.00		34,783.20
112,875.00	58,585.95	-	(0.05)	31,937.00	-	-	54,289.00	-	58,585.95
332,396.45	258,921.08	-	0.08	41,868.00	-	-	72,980.00	-	258,921.08
332,396.45	258,921.08	-	0.08	41,868.00	-	-	72,980.00	-	258,921.08
35,653.45	-	-	(157,337.40)	-	-	-	-	-	2,070,687.60
1,231,660.00	1,231,660.00	-	-	-	-	-	-	-	1,231,660.00
577.76	11,001.48				(830.95)				11,001.48
10,170.53									
10,748.29	11,001.48	-	-	-	(830.95)	-	-	-	11,001.48
17,926,775.82	17,812,239.96	-	(157,337.32)	41,868.00	(1,809,434.79)	-	72,980.00	(1,312,021.00)	19,882,927.56
3,047,955.00	3,047,955.00								3,047,955.00
4,607,276.00	4,607,276.00								4,607,276.00
111,807.00	111,807.00								111,807.00
4,802.00	4,802.00								4,802.00
7,771,840.00	7,771,840.00	-	-	-	-	-	-	-	7,771,840.00
\$ 25,698,615.82	\$ 25,584,079.96	-	\$ (157,337.32)	\$ 41,868.00	\$ (1,809,434.79)	-	\$ 72,980.00	\$ (1,312,021.00)	\$ 27,654,767.56

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Township of Evesham School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$0.00 for the general fund and \$1,796.74 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 87,081.94	\$ 24,077,962.40	\$ 24,165,044.34
Special Revenue	1,579,701.44	268,551.21	1,848,252.65
Capital Projects		35,653.45	35,653.45
Debt Service		1,231,660.00	1,231,660.00
Food Service	283,741.77	11,001.48	294,743.25
	<u>\$ 1,950,525.15</u>	<u>\$ 25,624,828.54</u>	<u>\$ 27,575,353.69</u>
Total Awards and Financial Assistance	<u>\$ 1,950,525.15</u>	<u>\$ 25,624,828.54</u>	<u>\$ 27,575,353.69</u>

Note 5: 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 6: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent minor rounding differences and the cancellation of completed capital projects.

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 8: MAJOR PROGRAMS

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

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		IDEA Part B Special Education Cluster:
84.027	H027A170100	Basic
84.173	H173A170114	Preschool

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

Auditee qualified as low-risk auditee? X yes no

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Categorical Special Education Aid
18-495-034-5120-084	Categorical Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee? X yes no

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2- Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None.

TOWNSHIP OF EVESHAM SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.