

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

NEW ISSUE – Book-Entry Only

Rating: Moody's: "A1"
See "RATING" herein

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.

\$35,975,000
SCHOOL BONDS, SERIES 2026
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF EGG HARBOR
IN THE COUNTY OF ATLANTIC, NEW JERSEY
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

CALLABLE

Dated: Date of Delivery

Due: April 15, as shown on inside cover

The \$35,975,000 aggregate principal amount of School Bonds, Series 2026 (the "Bonds") of The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of April and October in each year, commencing April 15, 2027 until maturity or prior redemption. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding April 1 and October 1 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS – Redemption" herein.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Cooper Levenson, Atlantic City, New Jersey General Counsel to the Board. Acacia Financial Group, Inc., Mount Laurel, New Jersey, served as Municipal Advisor in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about May 7, 2026.

ELECTRONIC SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, MUST BE MADE VIA PARITY PRIOR TO 11:15 A.M. EASTERN DAYLIGHT SAVING TIME ON APRIL 22, 2026. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MCELWEEQUINN.COM.

\$35,975,000
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF EGG HARBOR
IN THE COUNTY OF ATLANTIC, NEW JERSEY
SCHOOL BONDS, SERIES 2026

(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

CALLABLE

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

<u>Maturity (April 15)</u>	<u>Principal Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers**</u>
2028	\$1,100,000			282317__
2029	1,100,000			282317__
2030	1,620,000			282317__
2031	1,650,000			282317__
2032	1,685,000			282317__
2033	1,735,000			282317__
2034	1,790,000			282317__
2035	1,840,000			282317__
2036	1,895,000			282317__
2037	1,975,000			282317__
2038	2,050,000			282317__
2039	2,135,000			282317__
2040	2,200,000			282317__
2041	2,200,000			282317__
2042	2,200,000			282317__
2043	2,200,000			282317__
2044	2,200,000			282317__
2045	2,200,000			282317__
2046	2,200,000			282317__

* Preliminary, subject to change in accordance with the Notice of Sale.

** A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE
TOWNSHIP OF EGG HARBOR
IN THE COUNTY OF ATLANTIC, NEW JERSEY**

BOARD MEMBERS

President – Tamika Gilbert-Floyd
Vice President – Michael Price

Kristy Bird
Chad Byers
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Juanita Hyman
Patrick Ireland
Nicholas Seppy
Barbara Szilagyi

SUPERINTENDENT

Dr. Kimberly A. Gruccio

BUSINESS ADMINISTRATOR/BOARD SECRETARY

Daniel Smith

BOARD ATTORNEY

Cooper Levenson
Atlantic City, New Jersey

BOARD AUDITOR

Ford, Scott & Associates, LLC
Ocean City, New Jersey

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.
Mount Laurel, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
TOWNSHIP OF EGG HARBOR
IN THE COUNTY OF ATLANTIC, NEW JERSEY

\$35,975,000
SCHOOL BONDS, SERIES 2026
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)

CALLABLE

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$35,975,000 aggregate principal amount of School Bonds, Series 2026 (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated their date of delivery and shall mature on April 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of April and October (each an "Interest Payment Date"), commencing on April 15, 2027, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity or prior redemption by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each April 1 and October 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds of this issue maturing prior to April 15, 2037 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after April, 2037 are redeemable at the option of the Board in whole or in part on any date on or after April 15, 2036 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued

prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one and one-half percent (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized and are issued pursuant to (i) Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented, (ii) a proposal adopted by the Board pursuant to a resolution adopted on December 16, 2025 and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 10, 2026 and (iii) a resolution duly adopted by the Board on March 24, 2026 (the "Resolution").

The proceeds of the Bonds will be used to finance various capital improvements in and for the School District (the "Project") and to pay the costs of issuance associated with the issuance of the Bonds. The State has awarded the School District aid for the Project in the amount of 46.3618% of the eligible costs of such Project. As such, the State has agreed to pay 46.3618% of the annual debt service on the eligible costs financed by the Bonds each year.

BOOK-ENTRY ONLY SYSTEM*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

* Source: The Depository Trust Company

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Notices of Redemption shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participant and not of DTC, nor its nominee, Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board or its paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the registrar for such purposes only upon the surrender thereof to the Board or its paying agent together with the duly executed assignment in form satisfactory to the Board or its paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board or its paying

agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. The Superintendent of Schools is the chief administrative officer of the School District. The Business Administrator/Board Secretary is the chief financial officer of the School District and oversees the board's business functions. The Business Administrator/Board Secretary reports to the Superintendent of Schools.

The School District is a Type II school district serving the Township of Egg Harbor, in the County of Atlantic, State of New Jersey (the "Township") and provides a full range of educational services appropriate to pre-kindergarten ("Pre-K") through grade twelve (12), including regular and special education programs for the Township. The School District operates two (2) Pre-K schools, four (4) elementary schools, one (1) upper elementary school, two (2) middle schools, one (1) high school and one (1) Alternative Education Program school. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Township of Egg Harbor, in the County of Atlantic, State of New Jersey."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation

and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners of the county, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district without a board of school estimate.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district and a Type II school district with a board of school estimate, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, a budget is no longer required to be submitted to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the "Budget Election Law") establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

The Board conducts its annual election in November.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate in accordance with the requirements of the New Jersey Department of Education. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the “QEA”) (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the “CEIFA”), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited the annual increase in a school district's net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the “Spending Growth Limitations”). Generally, budgets could increase either by two and one-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012. Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the “Tax Levy Cap Law”). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of “banked cap” only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under “SUMMARY OF STATE AID TO SCHOOL DISTRICTS”, are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property

within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district and a Type II school district with a board of school estimate), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be financed for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease purchase is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, financed purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

Financing Under County School Construction Financing Law

Recently enacted P.L. 2023, c. 311, approved January 16, 2024, as amended by P.L. 2024, c. 79, approved September 12, 2024, provides a means by which a county and a county improvement authority can assist a local school district with financing and construction of a school capital project without the school

district authorizing and issuing school bonds. Under the newly enacted legislation, a school district can lease a school property to a county improvement authority, which would issue its bonds for the financing and construction of a school project. The county improvement authority would then lease the school property to the county and the county would further lease it back to the school district. The school district would be obligated to cover the cost of principal and interest on the authority bonds through its lease payments to the county, and the county would pass through the payments to the authority through its lease to the authority for the payment of the bonds. The leases would remain valid and binding and in effect until the bonds are fully paid off. When the leases expire, the school property will be fully vested in the school district. The lease payments would be outside the caps on spending and raising taxes for both the school district and the county. The obligation would not be limited by the school district's legal borrowing limit as the school district is not issuing school bonds. The law requires the annual school district lease payments to be included in each school budget over the life of the bonds. The county improvement authority bonds would receive debt service aid otherwise available to the school district project as if the school district had authorized and issued school bonds. The program requires the cooperation of the county, the county improvement authority and the school district. Under the county improvement authorities law, the county or municipality could agree to guaranty the authority bonds as well if the credit support would help reduce financing costs. The program could help school districts that otherwise have difficulty getting voter approval to be able to obtain financing at a reduced cost, as (i) the State would still pay a share of the debt service due on the improvement authority bonds for which the project is entitled under the Educational Facilities Construction and Financing Act and (ii) if guaranteed, the improvement authority bonds could benefit from the credit enhancement provided by a county or municipality.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades pre-kindergarten (Pre-K) through twelve (12) school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its four percent (4%) debt limit. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Township of Egg Harbor, in the County of Atlantic, State of New Jersey."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of three and one-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective sixty (60) days thereafter, school districts may issue "energy savings obligations" without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (the "Public School Education Act") (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called “Abbott Districts”, now referred to as “SDA Districts”) were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State’s responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State’s then current plan for school aid was a “constitutionally adequate scheme.” However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. Since 2019 and in accordance with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State has increased funding for underfunded school districts and decreased funding for overfunded school districts and will continue to do so as set forth therein. It has also provided cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State has reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the “EDA”), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district’s proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State (“SFRA Modification Law”). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts Federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township is limited by statute, subject to certain exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the Township as annually determined by the New Jersey Board of Taxation is set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual modified accrual basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government

Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The annual modified accrual basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

A provision in the Local Budget Law, N.J.S.A. 40A:4-26, provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of

sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon taxable property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2)

consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Appropriations “Cap”

The New Jersey “Cap Law” (the “Cap Law”) (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two and one-half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two and one-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three and one-half percent (3.5%) over the previous year’s final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored “cap” banking to the Local Budget Law. Municipalities are permitted to appropriate available “cap bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “cap”.

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget “cap” and the tax levy limitation. Neither the tax levy limitation nor the Cap Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Generally, tax bills are mailed annually in June of the current fiscal year. The taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged for the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year for review. The county Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the county Board of Taxation, appeal may be made to the Tax Court of the State of New Jersey (the "State Tax Court") for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The audited financial statements of the Board as of and for the year ended June 30, 2025 together with the notes to the financial statements have been provided by Ford, Scott & Associates, LLC, Ocean City, New Jersey (the "Auditor") and are presented in APPENDIX B to this Official Statement (the "Financial Statements"). See "APPENDIX B – Financial Statements of The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey."

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Board in connection with the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the best of the knowledge, information and belief of the Board Attorney, Cooper Levenson, Atlantic City, New Jersey (the "Board Attorney"), and without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the best of the knowledge, information and belief of the Board Attorney, and without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax.

Premium Bonds

[The Bonds [maturing on April 15 in the years 20__ through 20__, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

Discount Bonds

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 15 in the years 20__ through 20__, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis

of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See “APPENDIX C – Form of Approving Legal Opinion” for the complete text of the proposed form of Bond Counsel's approving legal opinion.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Bonds and the State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOARD HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOARD EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Board should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a political subdivision must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a political subdivision, including the Board, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Cyber Security

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. To mitigate these risks to the greatest extent possible, the School District has implemented multi-factor authentication for all staff with access to sensitive information. Furthermore, the School District leverages network segmentation to harden security. All workstations and servers are outfitted with Endpoint Detection and Response (EDR) with 24/7 Managed Detection and Response (MDR). In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Weather Events

The School District cannot predict the timing, extent, or severity of weather events and the impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and Business Administrator/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the preparation and review of this Official Statement but has not verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion with respect thereto. Certain information set forth herein has been obtained from the Board and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Auditor takes responsibility for the Financial Statements to the extent specified in the Independent Auditor's Report appearing in APPENDIX B hereto.

The Board Attorney has not participated in the preparation of the information contained in this Official Statement, nor has the Board Attorney verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Board considers to be reliable, but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

Moody's Ratings (the "Rating Agency"), has assigned a rating of "A1" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the Board by _____ (the "Underwriter"), at a price of \$ _____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

SECONDARY MARKET DISCLOSURE

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board by no later than each January 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "SEC Rule").

The School District has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. In the previous five (5) years, the School District failed to timely file the June 30, 2021, June 30, 2022 and June 30, 2023 annual comprehensive financial report due to the State of New Jersey extension of the deadline for the 2020-2021, 2021-2022 and 2022-2023 school fiscal years. The School District has since filed the financial reports on EMMA along with Notices of Failure to Timely File Financial information. Acacia Financial Group, Inc. serves as dissemination agent for the School District.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, Daniel Smith, (609) 646-8441, ext. 1007 or to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material

adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

THE BOARD OF EDUCATION OF THE TOWNSHIP OF EGG HARBOR IN THE COUNTY OF ATLANTIC, NEW JERSEY

DANIEL SMITH,
Business Administrator/Board Secretary

DATED: _____, 2026

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APPENDIX A

**Certain Economic and Demographic Information Relating to the
School District and the Township of Egg Harbor,
in the County of Atlantic, State of New Jersey**

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CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO
THE BOARD OF EDUCATION OF THE TOWNSHIP OF EGG HARBOR AND THE
TOWNSHIP OF EGG HARBOR, IN THE COUNTY OF ATLANTIC, STATE OF NEW JERSEY

SUMMARY

The School District, a Type II school district, is an independent legal entity under the laws of the State and is coterminous with the borders of the Township of Egg Harbor, in the County of Atlantic, State of New Jersey (the "Township" or "Egg Harbor"). The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) governs the operations of the School District. The School District provides a full range of educational services for students in grades Pre-Kindergarten through twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District.

The Board appoints a Superintendent who is the chief administrative officer of the Board and is in charge of carrying out Board policies. The administrative structure of the Board gives final responsibility for both the educational process and the business operations to the Superintendent. The Business Administrator/Board Secretary is the chief financial officer of the Board.

TRENDS OF ENROLLMENT

<u>Fiscal</u> <u>Year</u>	<u>Average</u> <u>School District</u> <u>Enrollment</u>
2025	7,335
2024	7,354
2023	7,455
2022	7,253
2021	7,155

Source: Egg Harbor Township Board of Education, 2025 Comprehensive Annual Finance Report p.110 .

Staff

During the past five years, the School District has employed the following staff:

<u>School Year</u>	<u>Staff Instructional</u>	<u>Staff Non-Instructional</u>
2025	692	644
2024	682	726
2023	695	788
2022	629	697
2021	622	699

Source: The Board of Education of the Township of Egg Harbor, Business Administrator/Board Secretary, Board Records.

Labor Relations

The Board currently has a contract with the Egg Harbor Township Education Association ("EHTEA"), which represents approximately 692 teachers and 644 administrative/non-instructional staff of the School District. This contract expires June 30, 2030. The Board considers its relationship with the EHTEA to be good.

Pensions

The teachers and members of the professional staff are enrolled in the New Jersey Teachers Pension & Annuity Fund (TPAF). All other eligible board employees are enrolled in the New Jersey Public Employees' Retirement System (PERS). Both TPAF and PERS are administered by the Division of Pensions, within the Department of the Treasury of the State of New Jersey.

School District Debt Limit and Borrowing Margin

The debt limitation of the School District is established by statute (N.J.S.A. 18A:24-19). The School District is permitted to incur debt up to 4% of the average equalized valuation of taxable property in the School District before utilizing the Township's borrowing margin or requesting an extension of credit from the Local Finance Board or the Commissioner of Education. The total equalized valuation of real property, including improvements in the Township for the last three (3) years and the School District available borrowing margin as of June 30, 2025, are summarized below:

School District Debt Limit:

Average Three-Year Equalized Valuation (2022, 2023 and 2024)	\$5,674,538,565
School District Borrowing Margin (4% of \$5,674,538,565)	226,981,543
Net School Debt as of June 30, 2025	25,440,000
Remaining School District Borrowing Margin	201,541,543
Net Bonded Indebtedness as a Percentage of the Average of Equalized Valuations of Real Property	<u><u>0.448%</u></u>

Source: Township of Egg Harbor 2025 Annual Debt Statement

OVERLAPPING DEBT INFORMATION AS OF JUNE 30, 2025

<u>Name of Overlapping Entity</u>	<u>Amount of Authorized Overlapping</u>	<u>Percentage Chargeable to Township</u>	<u>Amount Chargeable to Township</u>
County of Atlantic	\$249,783,988	12.08%	\$30,183,005
Egg Harbor Township Golf Corporation	3,655,000		3,655,000
Egg Harbor Township Board of Education	24,211,465		<u>24,211,465</u>
Total Overlapping Debt			\$58,049,470
Total Direct General Debt			\$25,445,000
Total Direct and Overlapping Debt			\$83,494,470

Source: Egg Harbor Township Board of Education, 2025 Comprehensive Annual Finance Report Unaudited

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWNSHIP OF EGG HARBOR

General Information

The Township is situated in the southeast portion of Atlantic County, approximately 7 miles from Atlantic City. With a land area of 67.94 square miles, it is the second largest municipality in the County. The Township is bounded by Hamilton Township and Galloway Township to the west and north, respectively, the cities of Absecon, Pleasantville, Northfield, Linwood and Somers Point to the east and the City of Estell Manor to the south. Residential and commercial developments in the Township are concentrated in its northern and eastern portions, with the southern and western areas containing farms and open green space. In addition, the Federal Aviation Administration Technical Center, including the Atlantic City International Airport, occupies 3,615 acres in the Township's northern section.

Form of Government

The Township is governed by an elected, five-member committee form of government, with the Mayor appointed annually by the committee members. The committee is comprised of five individuals serving three-year terms. Two committee members are elected annually except for every third year when one committee person is elected.

Transportation

The Atlantic City Expressway ("Expressway") crosses the northern section of the Township and provides a direct east-west access to Atlantic City (7 miles) and Philadelphia (55 miles). The Garden State Parkway (the "Parkway") runs north/south along the eastern section of the Township. Both the Expressway and the Parkway interchange in the Township's commercial and retail areas. Forms of public transportation include County-wide bus service on New Jersey Transit and commercial airline service at the Atlantic City International Airport.

Public Services

A number of services are provided by the Township and paid from general revenues. Among them are police, street lighting, road and park maintenance, garbage and trash collection, recreation and playgrounds, snow removal, health and welfare facilities, building and zoning protection and any emergency service affecting the community. The Township also provides dispatching services to four municipalities outside of the Township.

Additional Township services are fire protection, staffed by approximately 150 volunteer firefighters in 5 companies and ambulance services, with an estimated 21 full-time and 22 part-time members. The Township also provides ambulance services to Somers Point City.

Water service for the Township is provided in part by the New Jersey American Water Company.

The Egg Harbor Township Municipal Utilities Authority (EHTMUA) operates and maintains the public sewer system in the Township. The raw sewage collected within the collector lines throughout the Township is pumped to the Atlantic County Utilities Authority Treatment Plant located in Atlantic City.

Employment figures from 2021-2025

The following chart represents average employment figures from 2021-2025 for the Township, County and State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
Township of Egg Harbor				
2025	24,497	23,120	1,377	5.6%
2024	24,453	23,251	1,202	4.9
2023	24,360	23,235	1,125	4.6
2022	24,083	23,020	1,063	4.4
2021	23,872	21,938	1,934	8.1
County of Atlantic				
2025	135,950	127,119	8,831	6.5%
2024	135,506	127,836	7,670	5.7
2023	134,796	127,750	7,046	5.2
2022	133,129	126,553	6,576	4.9
2021	132,882	120,696	12,186	9.2
State of New Jersey				
2025	4,897,829	4,649,130	248,698	5.1%
2024	4,898,008	4,676,064	221,944	4.5
2023	4,867,113	4,659,779	207,334	4.3
2022	4,756,002	4,572,879	183,123	3.9
2021	4,654,243	4,342,075	312,468	6.7

Source: State of New Jersey, Department of Labor and Workforce Estimates 2021 - 2025

TEN LARGEST TAXPAYERS OF THE TOWNSHIP

<u>Taxpayer</u>	<u>Assessed Valuation</u> <u>2025</u>	<u>As a %</u> <u>of Township's</u> <u>Net Assessed</u> <u>Valuation</u>
Atlanticare Health Services, Inc.	\$36,153,100	0.86%
Egg Harbor Associates, LLC	32,155,600	0.77
AHIP NJ	21,769,900	0.52
Harbor Landing 2021, LLC	20,500,000	0.49
DR Horton, Inc.	20,115,200	0.48
English Creek, LLC	14,500,000	0.35
Spencer Gifts, Inc.	14,365,100	0.34
US Realty Financial Corp.	13,627,000	0.33
DXD F1 Atlantic City, LLC	11,003,000	0.26
Home Depot Development Co of MD	<u>10,500,000</u>	<u>0.25</u>
Total	\$194,688,900	4.64%

Source: The Township of Egg Harbor School District Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025

CURRENT TAX COLLECTIONS

<u>Year Ended</u> <u>December 31</u>	<u>Total Tax</u> <u>Levy</u>	<u>Current tax</u> <u>Collection</u>	<u>% of Tax</u> <u>Levy</u> <u>Collected</u>	<u>Delinquent</u> <u>Taxes</u>	<u>Tax Title</u> <u>Liens</u>
2025*	\$143,987,650	\$143,645,577	99.76%	\$32,344	\$474,002
2024	140,939,680	140,603,186	99.76	32,864	473,862
2023	139,897,040	139,231,328	99.52	37,426	497,210
2022	137,578,420	137,110,852	99.66	43,192	611,921
2021	137,272,330	136,755,077	99.62	55,049	572,539

Source: The Township of Egg Harbor Audit for the Fiscal Year Ended December 31, 2024.

*The Township of Egg Harbor Annual Financial Statement 2025

ASSESSED VALUATION OF REAL PROPERTY BY CLASSIFICATION

<u>Year</u>	<u>Vacant</u> <u>Land</u>	<u>Farm</u> <u>Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartments</u>	<u>Industrial</u>	<u>Total</u>
2025	\$108,339,700	\$4,777,000	\$3,226,193,000	\$762,825,690	\$47,929,100	\$41,404,800	\$4,191,469,290
2024	125,310,300	4,777,000	3,226,061,200	737,085,600	47,929,100	41,404,800	4,182,568,000
2023	95,729,900	4,824,700	3,182,555,800	749,171,950	44,637,700	38,649,100	4,115,569,150
2022	105,496,400	5,646,500	3,148,896,100	741,900,750	36,341,500	40,806,400	4,079,087,650
2021	112,745,100	6,216,300	3,099,354,500	760,807,250	23,126,000	40,806,400	4,043,055,550

Source: The Township of Egg Harbor School District Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025

**RATIO OF ASSESSED VALUATION TO
ESTIMATED FULL CASH VALUE**

<u>Year Ended December 31</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuation</u>	<u>Percentage of Net Assessed to Estimate Full Cash Valuations</u>
2025	\$4,191,469,390	\$6,810,967,322	61.54%
2024	4,182,583,400	6,189,084,492	67.58
2023	4,115,569,150	5,752,822,407	71.54
2022	4,086,862,243	5,081,708,798	80.42
2021	4,051,333,089	4,707,248,283	86.06

Source: County of Atlantic Abstract of Ratables 2021 – 2025, Township of Egg Harbor Annual Debt Statements 2021-2025

**COMPONENTS OF REAL ESTATE TAX RATE
(PER \$100 OF ASSESSMENT) YEAR ENDED DECEMBER 31**

<u>Year</u>	<u>School District</u>	<u>Township</u>	<u>Atlantic County</u>	<u>Total</u>
*2025	\$2.091	\$0.689	\$0.621	\$3.401
2024	2.062	0.679	0.613	3.354
2023	2.068	0.662	0.618	3.348
2022	2.099	0.632	0.604	3.335
2021	2.139	0.633	0.590	3.362

Source: The Township of Egg Harbor Audit for the Fiscal Year Ended December 31, 2024

*Atlantic County Abstract of Ratables 2025

**STATEMENT OF BOND INDEBTEDNESS
FOR THE TOWNSHIP OF EGG HARBOR
As of December 31, 2025**

<u>Gross Debt</u>	
School Purposes	\$18,440,000
Municipal Purposes:	
Issued and Outstanding:	
Serial Bonds	14,900,000
Serial Bonds Authorized but not Issued	1,425,000
Green Acres Loans	100,240
Bond Anticipation Notes	<u>9,500,000</u>
	25,925,240
 Total Gross Debt	 <u>\$44,365,240</u>
 Deductions:	
School Bonds	18,440,000
General Debt	-
	<u>18,440,000</u>
 <u>Net Bonded Indebtedness</u>	 <u>\$25,925,240</u>
 Average equalized valuation of taxable property as of December 31, 2025	 \$6,250,958,074
 Net Debt as a percentage of Average equalized valuation	 0.415%

Source: The Township of Egg Harbor ADS for the Fiscal Year Ended December 31, 2025.

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APPENDIX B

**Financial Statements of The Board of Education of the
Township of Egg Harbor
in the County of Atlantic, New Jersey**

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Egg Harbor Township Schools

www.eht.k12.nj.us

Administration Offices

13 Swift Drive

Egg Harbor Township, NJ 08234#

Dr. Kimberly A. Gruccio
Superintendent

Mr. Daniel Smith
Business Administrator/Board Secretary

November 28, 2025

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

The annual comprehensive financial report of the Egg Harbor Township School District (District) for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and the US Office of Management and Budget Uniform Guidance, and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Egg Harbor Township School District is a pre-kindergarten through twelfth grade system of quality public education serving approximately 7,300 in-district students. There are two Pre-K facilities, two outside partnerships with providers, two K to 1st grade schools (one with Pre-K classrooms), two 2nd to 3rd grade schools (one with Pre-K classrooms), one 4th and 5th grade school, two middle schools, and one high school that meets alternative school student needs. The school district covers over 64 square miles and is considered the largest school district in Atlantic County. Egg Harbor Township is home to a diverse population, with housing ranging from million-dollar homes to federally funded housing units. The population consists of 56% white students, 16% Hispanic, 13% Asian, 9% black, 6% multi-racial/other. District data shows that at least 55 different languages are spoken in students' homes.

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

2) **ECONOMIC CONDITION AND OUTLOOK:** Historically, the casino industry has generated job opportunities for residents. Economic changes and downfalls have caused the Atlantic County Economic Alliance to focus on aviation. The Egg Harbor Township School District recognizes the new mission of the Atlantic County Economic Alliance for business retention, business growth, and business attraction. They are looking to form different partnerships that are molding schools to meet the future economic needs of Atlantic County.

The FAA Technical Center and the Atlantic City International Airport, located here in Egg Harbor Township, along with the Embry Riddle Aeronautical University, are now focusing their efforts on building partnerships with advanced aviation sciences and job opportunities for Atlantic County residents.

3) **MAJOR INITIATIVES:** During the 2024-2025 school year, the Egg Harbor Township School District focused on tiered supports to support students academically and with social and emotional learning needs. Initiatives to promote advanced application of career readiness through S.T.R.E.A.M. (Science, Technology, Reading, Engineering, Art, and Mathematics) and Career and Technical education were also a major focus. Continued efforts in climate and culture and community partnerships were enhanced through the foundations of the district mission statement and goals:

Mission Statement:

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

District Goals:

1. Improve Student Achievement – Provide Literacy for ALL; meet the social and emotional learning needs of individuals; foster critical thinking, create student-centered lessons, relevant and innovative learning experiences; infuse STREAM Education and new technologies into the classroom learning experiences.
2. Support Climate, Culture and #EHTPride – Administrators, teachers, students, parents and community members will support positive learning environments, where all are recognized and rewarded for achievement, progress, good character, work ethic and a respect for diversity. We will continue to focus on and expand upon cultural proficiency, student agency, and ensuring equity in our schools.
3. Expand Community Partnerships – Foster meaningful relationships and cultivate partnerships with our stakeholders

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

Curriculum and professional development activities:

The district's curriculum is standards-driven and aligned to the New Jersey Student Learning Standards, ensuring that all investments in instructional materials and staffing remain focused on state expectations and student outcomes. Instruction in literacy follows a workshop framework grounded in the Science of Reading, supported by ongoing professional learning and research-based resources. Mathematics instruction emphasizes authentic, problem-based learning, requiring curricular materials and technology

that promote student inquiry and conceptual understanding. Science instruction aligns to the Next Generation Science Standards (NGSS) and supports S.T.R.E.A.M. initiatives and the engineering design process across grade levels. Social Studies instruction meets state standards while providing relevant learning experiences, leveraging digital resources and aligned curricular texts.

The World Language program offers Latin, German, Spanish, and French, including the opportunity for students to earn the Seal of Biliteracy. Students also benefit from global learning experiences, including study-abroad opportunities that require careful budgeting, planning, and program coordination. Courses in Physical Education, Health, and Fine & Performing Arts are required for all students and necessitate investment in equipment, instructional supplies, and facilities that promote wellness, creativity, and skill development. The Career and Technical Education (CTE) program includes courses in computer science, business, engineering, aviation, industrial technology, and family and consumer sciences, and each program offers hands-on and apprenticeship opportunities.

Our high school offers four-year learning academies in Medical Science, Law and Business, Communications, Engineering and Aviation, along with multiple concentration pathways. These programs create career-aligned learning experiences that prepare students for both postsecondary education and workforce readiness.

Professional Learning Communities (PLCs) provide dedicated time for teacher collaboration, common assessment development, instructional planning, and data analysis. This structure supports strategic use of staff time and ensures alignment of instructional practices across content areas.

The District utilizes a modified version of the Charlotte Danielson Framework for Teaching and Learning. This framework guides professional growth and informs budget decisions related to observation tools, training, and evaluation systems.

Strategic higher-education partnerships have been established with Atlantic Cape Community College, Richard Stockton College of NJ, Rowan University, and the Southern Regional Institute & Educational Technology Training Center (SRI&ETTC). Additionally, the district contracts with educational specialists and provides internal expertise to provide access to high-quality training. Current professional development investments prioritize literacy, mathematics, and social-emotional learning, ensuring alignment to district goals and student needs.

Information Technology Services

HARDWARE:

- A district-wide inventory of hardware with the focus of maintaining the minimum 1:1 student to computer ratios across the District was performed. This was accomplished via desktop computers and Chromebooks utilizing the District Wi-Fi network with approximately 99% coverage within the schools with access to over 300 access points. Current 1:1 plan includes Student access to carts in every classroom in grades 1-8. Grades 9-12 are provided student take home devices. Kindergarten maintains a ratio of approximately 2:1 access via Chrome tablets.
- Repair tickets documented application exceed over 1,400. The number of Help Desk calls during the school year totaled over 3,000 including Chromebook Support.
- Completed network Backbone upgrades including replacing aging switches in our middle schools to include support up to 10Gb bandwidth between switches and WAN.

COMMUNICATIONS

- The district utilizes a combination of ParentSquare notification, the District and Building Websites, social media, etc. to communicate emergencies, school events, informational messages, etc.

ETTC:

- Utilize purchasing of credits for District wide training sessions related to various topics hosted and conducted via the Stockton University SRI-ETTC.

EHT TV:

- The community/district broadcast channel, EHT TV has continued to provide excellent programming during 2024-2025 school through its streaming platforms that are free and available for all to view. These productions range from various High School sports and performing arts productions to Township Monthly Municipal Meetings. The district also now live streams many high school sporting events, graduation, and major events as requested.
- The department utilizes other forms of communication for marketing, productions, and other district events, and student, parent, and staff training such as: YouTube, Facebook, and other social media services.

SOFTWARE/ASSESSMENTS/NJSLA:

- Support of software assessments used for Benchmark assessments and other testing such as NJSLA, WIDA ELL, DLM, Branching Minds, etc.

SECURITY:

- Added cameras due to new needs to various locations due to changes in building layout; Supported construction projects with moving of cameras or relocation such as the Davenport Primary and Elementary construction project. Updated the district's CRG maps and installed 12x12 numbers on all perimeter doors throughout the district. This door numbering will greatly enhance response time and help first responders to efficiently identify entry points during a crisis event. The security booth located at the High School was also reconfigured to enhance security measures. The district continually evaluates security and remains ahead of the curve across Atlantic County.

NJSMART (NJ Standards Measurement and Resource for Teaching - NJSELDS for the 2025-2026 School Year)

- Successfully completed, with no errors, all NJ Smart Reporting requirements such as Fall Submissions, Staff Submission, Evaluations, Course Roster, etc.

STUDENT INFORMATION SYSTEM:

- Standard support and upgrades of Infinite Campus were conducted throughout the 2024-2025 school year. This included implementation of the Online Registration System.

Extended Enrichment

The Office of Extended Enrichment PreK-5th is a newly created department within the district that implements and oversees the before and after school programs, Talent and Learning of NextGen Students and the After School Program for Instruction, Recreation and Enrichment. Both programs employ caring and nurturing school day teachers and paraprofessionals as well as community members and offer

homework help and a variety of extended enrichment opportunities that are aligned with school-day curricula.

TALONS

Talent and Learning of NextGen Students, T.A.L.O.N.S., is the district's fee for service before and after school enrichment program for Preschool through fifth grades. T.A.L.O.N.S. operates every day that school is open including abbreviated days. The hours of operation are 6:30am until the start of school at six locations. After school sessions begin at the end of the school day until 6:00pm. T.A.L.O.N.S includes a summer camp component which offers weekly themes and includes Science, Technology, Engineering, Reading, Art, Math, Sports/Recreation as well as weekly off-site educational field trips. Average daily attendance for before and after school sessions is approximately 300 students daily. The program enrolls 500+ students in total.

A.S.P.I.R.E.

The Egg Harbor Township School District has implemented a comprehensive after school program at one location, the Dr. Joyanne D. Miller Elementary School and serves a minimum of 150 students in grades 4th and 5th. The After School Program for Instruction, Recreation, & Enrichment aka A.S.P.I.R.E offers academic remediation; homework help and tutoring, academic enrichment, health, nutrition and fitness education, culture and the arts, positive youth development and a parental involvement component.

A.S.P.I.R.E. employs school day and district staff in order to align itself with school and district goals and initiatives, including "Literacy for All" and STREAM. A.S.P.I.R.E. incorporates curriculum from several sources including Too Good for Drugs and Violence, NASA, and Engineering is Elementary. Science, Technology and Math are infused across the curriculum as we are a STREAM themed program.

A.S.P.I.R.E. operates on most days that school is open and running on a full day schedule as well as in the summer. The goals of this summer camp experience is to prevent "summer slide" and offers one hour each of English Language Arts and Math enrichment as well as organized recreation, art and technology. Summer camp operates four days a week, Monday through Thursday, five hours a day for four weeks and includes off-site educational field trips as well as breakfast and lunch at no cost to the family through our partnership with the Community Food Bank of New Jersey and the Child and Adult Care Food Program funded by the USDA.

Perkins/CTE Grant Implementation

Perkins is a federal education program that invests in secondary career and technical education (CTE) programs. The purpose is to increase learner access to high skill, high wage, and in demand occupations. FY 2025 Perkins/CTE funds paid for program supplies, students certification testing, CTE awareness activities, and professional development opportunities for staff. The current NJDOE approved CTE Perkins programming includes Graphic Design, Web Design, CAD/Engineering, Telecommunications and Networking, Business Administration, Child Development, Culinary Arts, and Broadcast Journalism.

Individuals with Disabilities Education Act (IDEIA) Grant Implementation

FY 2024 IDEA funds paid for out of district tuition placements for EHT disabled students from preschool through grade 12. Funds were also used to pay for contracted services including Occupational Therapy, Physical Therapy, Speech Therapy and other related services.

ESSA-NCLB Grant Implementation

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

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

1. Title I parent coordinators were hired to educate all of the district's Title I parents regarding the reading and math curricula and resources in each grade level. They also instructed parents in NJSLA, helping children with foundational skills, and how to meaningfully participate in parent-teacher conferences. Mandated Title I Needs Assessment, Parent-Student-Teacher compact, Parent's Right to Know and District/Building Board Policies on Parental Involvement were also discussed and received parental input.
2. The Egg Harbor Township ESSA/NCLB website was improved to increase parent, teacher, student and administrator knowledge of ESSA/NCLB. NJSLA results and Understanding NJSLA results, as well as the addition of Google translate for parents who are non-English speakers and other academic websites were updated to increase parent participation and knowledge of ESSA/NCLB, along with various resources. NJSLA information increases parental awareness of the standards and test skills needed by their children.

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund

balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2025.

6) **ACCOUNTING SYSTEM AND REPORTS**: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) **DEBT ADMINISTRATION**: At June 30, 2025, the District's outstanding debt issues included \$25,445,000 in bonds. The proceeds of these bond issues were to provide funds for capital improvement to the District's buildings. These improvements include repairs and renovations to the High School, Davenport, Slaybaugh and Swift elementary schools, additions to the High School and Swift elementary school, the construction of two new elementary schools as well as another addition to the High School, boiler and chiller replacements, window replacements, roof replacements, solar panel installation, upgrades to the high school athletic complex, and the construction of a fueling canopy.

8) **OTHER INFORMATION**:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, LLC, CPAs was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules 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.

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

Respectfully submitted,



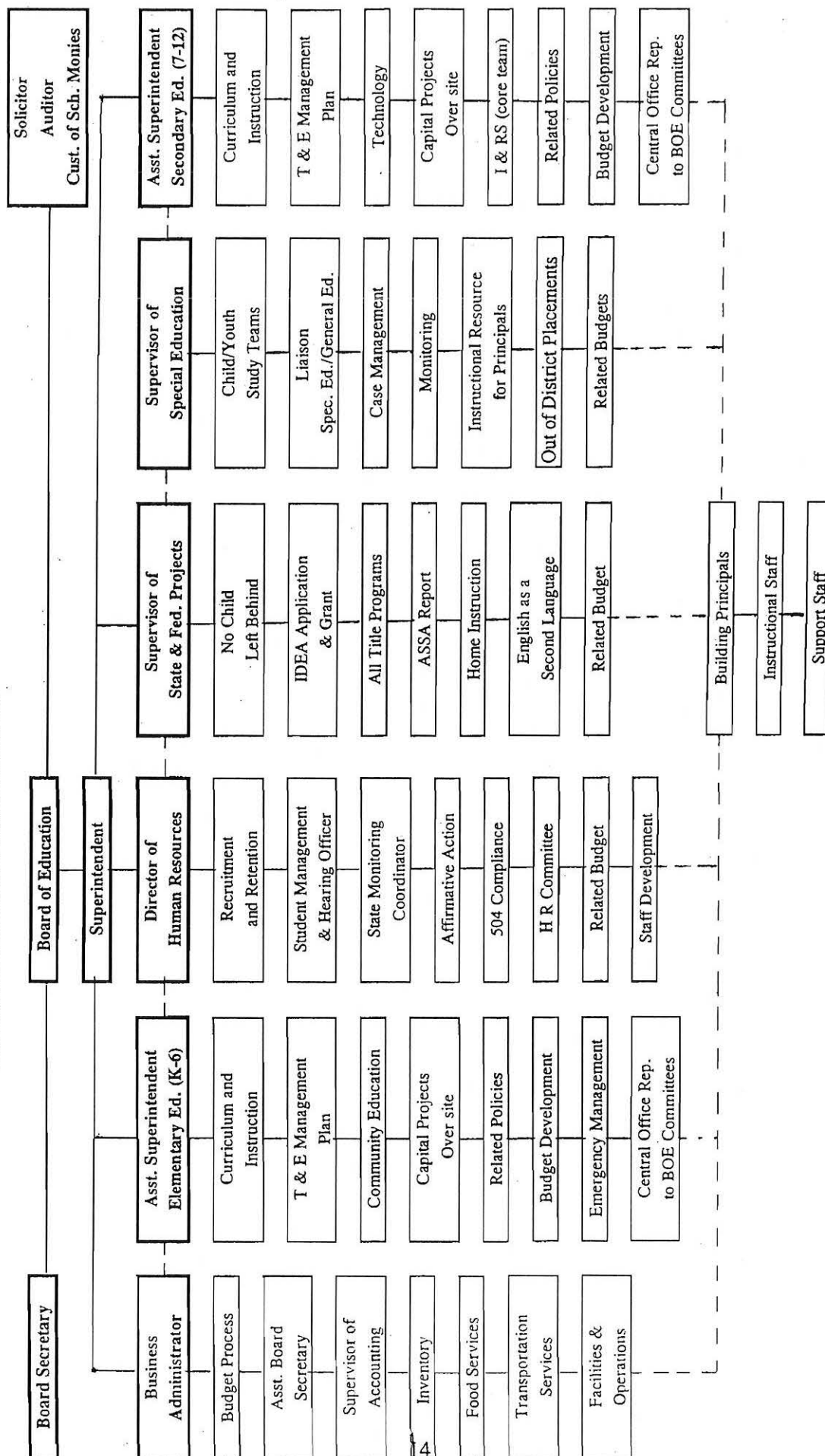
Kimberly A. Gruccio, Ed. D.
Superintendent



Daniel Smith
School Business Administrator/
Board Secretary

Board Policy 1110 Organizational Chart

EGG HARBOR TOWNSHIP PUBLIC SCHOOLS



Current Policy Adopted 1/15/86, Revision Introduced 8/27/02
 Revision 8/27/02, 4/27/04
 Revision Introduced May 24, 2005

EGG HARBOR TOWNSHIP BOARD OF EDUCATION

EGG HARBOR TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2025

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lou Della Barca, President	2025
Juanita Hyman, Vice President	2027
Chad Byers	2027
Tamika Gilbert-Floyd	2026
Patrick Ireland	2026
Michael Price	2026
Nicholas Seppy	2025
Marita Sullivan	2025
Barbara Szilagyi	2027
<u>Other Officials</u>	
Kimberly Gruccio, Ed.D., Superintendent	
Daniel Smith, Board Secretary/Business Administrator	
Amy Houck-Elco, Esq., Solicitor	

EGG HARBOR TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Architect

Fraytak Veisz Hopkins Duthie, PC
1515 Lower Ferry Rd.
Ewing, NJ 08616

Audit Firm

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

Attorney

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

Bond Counsel

Wilentz, Goldman & Spitzer, P.A.
90 Woodbridge Center Drive
Woodbridge, NJ 07095

Official Depository

Ocean First Bank
1184 Ocean Heights Avenue/3003 Fire Road
Egg Harbor Township, NJ 08234



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor Township School District, Egg Harbor Township, New Jersey, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor Township School District, as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Egg Harbor Township School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Egg Harbor Township School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Egg Harbor Township School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025 on our consideration of the Egg Harbor Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 entity'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 Egg Harbor Township School District's internal control over financial reporting and compliance.

Very truly yours,

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

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

November 28, 2025

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

The Discussion and Analysis of the Egg Harbor Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position increased by \$9,722,751, which represents a 9% percent increase from 2024.
- General revenues accounted for \$176,536,448 or 81 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$42,004,355 or 19 percent of total revenues of \$218,540,803.
- Total assets of governmental activities increased by \$729,949 as cash and cash equivalents increased by \$997,270, receivables decreased by \$3,287,072, and capital assets increased by \$3,050,650.
- The School District had \$208,818,052 in expenses, only \$42,004,355 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes and grants and entitlements) of \$176,536,448 were adequate to provide for the majority of these programs.
- Among governmental funds, the General Fund had \$205,284,800 in revenues and \$209,391,076 in expenditures. The General Fund's fund balance decreased \$4,106,276 compared to 2024.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

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**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

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

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

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the School District's net position for 2025 and 2024.

	2025	2024
Assets		
Current and Other Assets	\$ 33,196,067	36,872,583
Capital Assets	158,765,066	154,476,313
Total Assets	<u>191,961,133</u>	<u>191,348,896</u>
Deferred Outflow of Resources		
Loss of Refunding of Long Term Debt	2,369,960	2,668,104
Deferred Outflows Related to Pensions	1,690,609	2,285,938
Total Deferred Outflows	<u>4,060,569</u>	<u>4,954,042</u>
Liabilities		
Long-Term Liabilities	61,522,533	70,985,047
Other Liabilities	10,525,729	10,679,450
Total Liabilities	<u>72,048,262</u>	<u>81,664,497</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	1,955,967	2,160,474
Bond Premiums	0	183,245
Total Deferred Inflows	<u>1,955,967</u>	<u>2,343,719</u>
Net Position		
Net Investment in Capital Assets	132,598,602	122,422,253
Restricted	17,858,013	22,100,620
Unrestricted	(28,439,142)	(32,228,151)
Total Net Position	<u>\$ 122,017,473</u>	<u>112,294,722</u>

The School District's combined net position were \$122,017,473 on June 30, 2025. This was an increase of \$9,722,751 or almost 10 percent from the prior year.

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

Table 2 shows changes in net position for fiscal year 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 2,413,294	2,625,253
Operating Grants and Contributions	39,591,061	44,485,513
General Revenues:		
Property Taxes	86,820,180	85,475,690
Grants and Entitlements	88,262,354	86,151,584
Other	1,453,914	1,273,494
Total Revenues	<u>218,540,803</u>	<u>220,011,534</u>
Program Expenses		
Instruction	106,007,104	102,536,799
Support Services:		
Tuition	2,630,653	2,262,587
Student and Instruction Related Services	38,636,640	36,950,954
General Administration, School Administration	13,848,881	13,459,080
Operations and Maintenance of Facilities	25,021,173	23,685,270
Pupil Transportation	15,510,435	16,019,179
Interest on Debt	2,021,698	2,276,021
Food Service	4,296,000	4,291,063
Other Enterprise Funds	845,468	661,973
Total Expenses	<u>208,818,052</u>	<u>202,142,926</u>
Increase (decrease) in Net Position	<u>\$ 9,722,751</u>	<u>17,868,608</u>

Governmental Activities

Property taxes made up 41 percent of revenues for governmental activities for the Egg Harbor Township School District for fiscal year 2025. The District's total revenues from governmental activities were \$213,471,982 for the year ended June 30, 2025. Federal, state, and local grants accounted for 58 percent of this revenue.

Business-type Activities

Operating revenues of the District's business-type activities decreased \$196,041 from the previous year while expenses increased by \$188,432. Factors contributing to these results included:

- Increase in the cost of food and other materials as compared to the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For of the year ended June 30, 2025, the governmental funds reported a combined fund balance of \$20,698,642, which is \$2,306,767 less than the beginning of the year. This decrease is due primarily to close monitoring of expenditures and surplus anticipated in the annual budget.

The business-type enterprise fund reported a combined net position of \$2,917,581 as of June 30, 2025. This is \$72,647 lower than the prior fiscal year.

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by \$2,590,143. This is a result of additional extraordinary aid as well as realizing miscellaneous revenue. Again, after adjusting for the Reimbursed TPAF Social Security Contribution, on-behalf TPAF Pension Contributions and capital leases, actual expenditures were below the budgeted appropriations by \$11,971,366.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For FY 2025, the District had invested \$158,765,066, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net increase (including additions and deductions) of \$4,288,753, or 3%, over last year. The increase is due to projects within the District offset by current year depreciation expense.

Table 3

	2025	2024
Land	\$ 1,836,300	\$ 1,836,300
Construction in Progress	12,055,702	14,083,977
Land Improvements	5,747,671	4,321,843
Sites, Buildings and Building Improvements	127,931,640	124,413,228
Machinery and Equipment	4,067,525	2,940,453
Vehicles	7,126,228	6,880,512
Total	<u>\$ 158,765,066</u>	<u>\$ 154,476,313</u>

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

Debt Administration

At June 30, 2025, the School District had \$30,268,620 of outstanding debt. Of this amount, \$1,664,252 is for compensated absences, \$25,445,000 of serial bonds for school construction, \$1,863,664 for various capital leases and \$1,227,760 is the balance on the premium from the Bond Sale.

**Table 4
Bonded Outstanding Debt at June 30,**

	2025	2024
2004 General Obligation Refunding Bonds	\$ 4,985,000.00	9,700,000.00
2016 General Obligation Bonds	11,950,000.00	12,945,000.00
2016 General Obligation Bonds	8,510,000.00	10,480,000.00
Premium on Bond Sale	1,227,760.00	1,413,919.00
Compensated Balances	1,732,196.00	1,799,547.00
Capital Leases	1,863,664.00	1,250,251.00
Total	\$ 30,268,620.00	37,588,717.00

At June 30, 2025, the School District was within its legal debt margin. For more detailed information, please refer to the Notes to the Financial Statements and Schedule J-13 in the statistical section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district's 2025-26 tax levy was not required to be approved by the voters due to the district moving the annual election to November, in accordance with State statute. The statute provides districts the option to move their school elections to the general election in November, and tax levies within the statutory cap. The 2025-26 tax levy is \$88,355,535, which created banked cap of \$3,995,198. The District's 2025-2026 state aid of \$85,288,426 increased by \$3,154,496 from the 2024-25 amended allocation due to additional funding required to ensure fair funding.

The housing market and economy have stabilized over the past few years. The Township has started approving new housing developments that should be completed in the next 3 to 5 years. In 2020-21, the district began operating a full day kindergarten program versus the historical half day program as well as implementing full day preschool. The District is expanding free preschool for 3 and 4-year-old students annually with preschool funding from the State for general education students and the local budget providing funding for special education preschool students.

EFFECTS OF COVID-19 ON THE DISTRICT'S OPERATIONS

There has been a significant delay in learning and the District recognizes that making up the learning loss and curtailing behaviors has been a large undertaking. This will require additional intervention and resources to support the students during and after school.

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,555,487	2,063,492	26,618,979
Receivables, net	5,811,501	456,829	6,268,330
Internal balances	7,111	(7,111)	-
Inventory		125,098	125,098
Other Assets	182,932	728	183,660
Right to Use Leased Asset	1,863,664		1,863,664
Capital assets not being depreciated			
Construction in progress	12,055,702		12,055,702
Land	1,836,300		1,836,300
Capital assets, net	142,361,546	647,854	143,009,400
Total Assets	<u>188,674,243</u>	<u>3,286,890</u>	<u>191,961,133</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on bond issue refunding	2,369,960		2,369,960
Deferred outflows related to pensions	1,690,609		1,690,609
Total Deferred Outflows of Resources	<u>4,060,569</u>	<u>-</u>	<u>4,060,569</u>
LIABILITIES			
Accounts payable	5,288,713	165,131	5,453,844
Other liabilities	3,040,588	47,763	3,088,351
Payable to state government	42,328		42,328
Accrued interest	365,975		365,975
Unearned revenue	1,486,760	88,471	1,575,231
Noncurrent liabilities:			
Due within one year	9,001,472		9,001,472
Due beyond one year	21,199,204	67,944	21,267,148
Net Pension Liability	31,253,913		31,253,913
Total liabilities	<u>71,678,953</u>	<u>369,309</u>	<u>72,048,262</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,955,967		1,955,967
Total Deferred Inflows of Resources	<u>1,955,967</u>	<u>-</u>	<u>1,955,967</u>
NET POSITION			
Invested in capital assets, net of related debt	131,950,748	647,854	132,598,602
Restricted for:			
Debt service	191,280		191,280
Capital projects	9,622,031		9,622,031
Maintenance reserve	395,000		395,000
Excess surplus	5,638,609		5,638,609
Unemployment compensation	1,435,517		1,435,517
Student activities	575,576		575,576
Unrestricted	(30,708,869)	2,269,727	(28,439,142)
Total net position	<u>\$ 119,099,892</u>	<u>2,917,581</u>	<u>122,017,473</u>

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 37,293,822	27,308,719	808,766	7,042,734	(56,751,041)		(56,751,041)
Special education	22,529,734	9,036,465		11,249,995	(20,316,204)		(20,316,204)
Other special instruction	4,161,107	2,696,396		695,382	(6,162,121)		(6,162,121)
Other instruction	1,864,801	874,098		225,424	(2,513,475)		(2,513,475)
Nonpublic school programs	241,962			241,962	-		-
Support services:							
Tuition	2,630,653				(2,630,653)		(2,630,653)
Student & instruction related services	26,640,044	11,996,596		10,174,988	(28,461,652)		(28,461,652)
School administrative services	4,146,285	3,911,853		1,008,840	(7,049,298)		(7,049,298)
General and business administrative services	3,489,830	2,300,913		593,390	(5,197,353)		(5,197,353)
Plant operations and maintenance	15,292,241	9,728,932		3,325,928	(21,695,245)		(21,695,245)
Pupil transportation	9,302,815	6,207,620		1,600,906	(13,909,529)		(13,909,529)
Unallocated benefits	74,061,592	(74,061,592)					
Interest on long-term debt	2,021,698				(2,021,698)		(2,021,698)
Total governmental activities	203,676,584	-	808,766	36,159,549	(166,708,269)	-	(166,708,269)
Business-type activities:							
Food Service	4,296,000		952,712	3,431,512		88,224	88,224
Child Care	841,979		651,706	-		(190,273)	(190,273)
Eagle Enterprises	3,489		110			(3,379)	(3,379)
Total business-type activities	5,141,468	-	1,604,528	3,431,512	(166,708,269)	(105,428)	(105,428)
Total primary government	\$ 208,818,052	-	2,413,294	39,591,061	(166,708,269)	(105,428)	(166,813,697)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					81,275,586		81,275,586
Taxes levied for debt service					5,544,594		5,544,594
Federal and State aid not restricted					84,255,471		84,255,471
Federal and State aid restricted					4,006,883		4,006,883
Investment Earnings					1,500	32,781	34,281
Miscellaneous Income					1,379,526		1,379,526
Other financing sources/(uses):							
Gain/(Loss) on disposal of capital assets					(21,420)	-	(21,420)
Prior year receivables/payable canceled					61,527		61,527
Total general revenues and special items					176,503,667	32,781	176,536,448
Change in Net Position					9,795,398	(72,647)	9,722,751
Net Position—beginning					109,304,494	2,990,228	112,294,722
Net Position—ending					\$ 119,099,892	2,917,581	122,017,473

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,793,593	938,890	2,631,724	\$ 191,280	\$ 24,555,487
Intergovernmental Accounts Receivable:					
Federal	8,535	1,235,426			1,243,961
State	2,476,138	85,243	435,115		2,996,496
Other	1,423,470	16,000		-	1,439,470
Other Accounts Receivable	106,642	24,932		-	131,574
Interfund Accounts Receivable	621,764	-			621,764
Other Current Assets	182,932				182,932
Total assets	<u>25,613,074</u>	<u>2,300,491</u>	<u>3,066,839</u>	<u>191,280</u>	<u>31,171,684</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	3,755,688	560,498	972,527		5,288,713
Due to other governments		42,328			42,328
Interfund Accounts Payable	890	613,763			614,653
Other liabilities	128,547				128,547
Health Insurance Reserve	2,262,401				2,262,401
Payroll Deductions and Withholdings	24,501				24,501
Unemployment Compensation Claims	625,139				625,139
Unearned revenue	5,642	1,355,045	126,073		1,486,760
Total liabilities	<u>6,802,808</u>	<u>2,571,634</u>	<u>1,098,600</u>	<u>-</u>	<u>10,473,042</u>
Fund Balances:					
Restricted for:					
Excess Surplus	2,657,346				2,657,346
Excess Surplus - Designated for					
Subsequent Year's Expenditures	2,981,263				2,981,263
Capital Reserve Fund	9,622,031				9,622,031
Maintenance Reserve Fund	395,000				395,000
Unemployment Compensation	1,435,517				1,435,517
Capital Projects					-
Debt service fund				191,280	191,280
Committed for:					
Conduit		28,561			28,561
Student Activities/Athletics		547,015			547,015
Assigned to:					
Encumbrances	4,908,943		1,968,239		6,877,182
Unassigned, reported in:					
General fund	(3,189,834)				(3,189,834)
Special Revenue fund		(846,719)			(846,719)
Total Fund balances	<u>18,810,266</u>	<u>(271,143)</u>	<u>1,968,239</u>	<u>191,280</u>	<u>20,698,642</u>
Total liabilities and fund balances	<u>\$ 25,613,074</u>	<u>2,300,491</u>	<u>3,066,839</u>	<u>191,280</u>	

EGG HARBOR TOWNSHIP SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30 2025

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.	156,253,548
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,863,664
Deferred inflow of resources	
Gain on 10/1/04 refunding bond issue	-
Deferred outflows of resources	
Loss on 1/6/16 refunding bond issue	1,689,849
Loss on 6/1/16 refunding bond issue	680,111
Loss on 12/1/12 refunding bond issue	-
Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds	(31,519,271)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the current period and therefore are not reported in the funds.	
Bond payable	(25,445,000)
Premium on Refunding Bonds	(1,227,760)
Capital leases	(1,863,664)
Compensated absences	(1,664,252)
Accrued interest payable	(365,975)

Net position of governmental activities

\$ 119,099,892

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$ 81,275,586			5,544,594	86,820,180
Tuition Charges	777,555				777,555
Transportation Fees	31,211				31,211
Interest	1,500				1,500
Miscellaneous	1,379,526			-	1,379,526
Local sources		900,166			900,166
State sources	120,077,319	9,769,781	745,421	3,261,462	133,853,983
Federal sources	152,103	6,389,616			6,541,719
Total revenues	203,694,800	17,059,563	745,421	8,806,056	230,305,840
EXPENDITURES					
Current:					
Regular instruction	46,268,006				46,268,006
Special education instruction	14,676,232	8,919,552			23,595,784
Other special instruction	4,479,206				4,479,206
Other instruction	1,967,921				1,967,921
Nonpublic school programs		241,962			241,962
Support services and undistributed costs:					
Tuition	2,630,653				2,630,653
Student & instruction related services	19,209,966	8,845,341			28,055,307
School administrative services	4,607,774				4,607,774
Other administrative services	3,761,273				3,761,273
Plant operations and maintenance	16,439,982				16,439,982
Pupil transportation	10,035,140				10,035,140
Unallocated Benefits	74,061,592				74,061,592
Debt service:					
Principal				7,680,000	7,680,000
Interest and other charges	543,141			1,126,056	1,669,197
Capital outlay	6,474,581	816,902	1,478,854		8,770,337
Total expenditures	205,155,467	18,823,757	1,478,854	8,806,056	234,264,134
Excess (Deficiency) of revenues over expenditures	(1,460,667)	(1,764,194)	(733,433)	-	(3,958,294)
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	1,590,000				1,590,000
Transfers in		1,533,937	2,701,672	-	4,235,609
Transfers out	(4,235,609)		-		(4,235,609)
Prior year payables canceled	-	61,527			61,527
Total other financing sources and uses	(2,645,609)	1,595,464	2,701,672	-	1,651,527
Net change in fund balances	(4,106,276)	(168,730)	1,968,239	-	(2,306,767)
Fund balance—July 1	22,916,542	(102,413)	-	191,280	23,005,409
Fund balance—June 30	\$ 18,810,266	(271,143)	1,968,239	191,280	20,698,642

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30 2025

Total net change in fund balances - governmental funds (from B-2) **\$ (2,306,767)**

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

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

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

Depreciation expense	(9,931,059)	
Loss on disposition of capital assets	(21,420)	
Capital outlays	<u>13,003,129</u>	3,050,650

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

Serial Bonds		7,680,000
Lease Payments		976,587

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 119,380

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

District pension contributions	3,129,798	
Cost of benefits earned, net of employee contributions	<u>(1,378,203)</u>	1,751,595

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 (+).

Compensated absences		42,693
Amortization of gain on 2004 refunding bond issue		183,245
Amortization of loss on 2016 refunding bond issue		(298,144)
Amortization of premium on 2016 refunding bond issue		186,159

Change in net position of governmental activities: **\$ 9,795,398**

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30 2025

	Business-type Activities - Enterprise Funds			
	Food Service	Latchkey Program	Eagle Enterprises	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,551,170	505,232	7,090	2,063,492
Intergovernmental Accounts Receivable				
Federal	265,914			265,914
State	16,770			16,770
Other Accounts Receivable	171,959	2,186		174,145
Prepaid Expenses	728			728
Inventories	125,098			125,098
Total current assets	<u>2,131,639</u>	<u>507,418</u>	<u>7,090</u>	<u>2,646,147</u>
Noncurrent assets:				
Furniture, machinery & equipment	1,518,396	29,184	34,892	1,582,472
Less accumulated depreciation	(909,416)	(8,919)	(16,283)	(934,618)
Total noncurrent assets	<u>608,980</u>	<u>20,265</u>	<u>18,609</u>	<u>647,854</u>
Total assets	<u>2,740,619</u>	<u>527,683</u>	<u>25,699</u>	<u>3,294,001</u>
LIABILITIES				
Current liabilities:				
Accounts payable	165,131	-		165,131
Interfund payable	1,840	5,271		7,111
Student Deposits	47,763			47,763
Deferred revenue	88,471			88,471
Total current liabilities	<u>303,205</u>	<u>5,271</u>	<u>-</u>	<u>308,476</u>
Noncurrent liabilities:				
Compensated absences	67,944			67,944
Total noncurrent liabilities	<u>67,944</u>	<u>-</u>	<u>-</u>	<u>67,944</u>
Total liabilities	<u>371,149</u>	<u>5,271</u>	<u>-</u>	<u>376,420</u>
NET POSITION				
Invested in capital assets	608,980	20,265	18,609	647,854
Unrestricted	1,760,490	502,147	7,090	2,269,727
Total net position	<u>\$ 2,369,470</u>	<u>522,412</u>	<u>25,699</u>	<u>2,917,581</u>

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30 2025

	Business-type Activities - Enterprise Fund			
	Food Service	Latchkey Program	Eagle Enterprises	Total
Operating revenues:				
Charges for services:				
Daily sales - non-reimbursable programs	\$ 933,365			933,365
Special functions	19,347			19,347
Latchkey program revenue		651,706		651,706
Miscellaneous			110	110
Total operating revenues	<u>952,712</u>	<u>651,706</u>	<u>110</u>	<u>1,604,528</u>
Operating expenses:				
Cost of sales - Reimbursable	1,576,119			1,576,119
Cost of sales - Non-Reimbursable	428,702			428,702
Salaries	1,747,939	629,751		2,377,690
Employee benefits	328,511	127,514		456,025
Other purchased services	2,551			2,551
General supplies & materials	156,416	41,131		197,547
Miscellaneous	-	38,436		38,436
Depreciation	55,762	5,147	3,489	64,398
Total Operating Expenses	<u>4,296,000</u>	<u>841,979</u>	<u>3,489</u>	<u>5,141,468</u>
Operating income/(loss)	<u>(3,343,288)</u>	<u>(190,273)</u>	<u>(3,379)</u>	<u>(3,536,940)</u>
Nonoperating revenues:				
State sources:				
State school breakfast program	72,491			72,491
State school lunch program	106,434			106,434
Federal sources:				
National school lunch program	2,052,998			2,052,998
National school breakfast program	780,163			780,163
Food distribution program	419,426			419,426
Interest and investment revenue	22,699	10,082	-	32,781
Total nonoperating revenues	<u>3,454,211</u>	<u>10,082</u>	<u>-</u>	<u>3,464,293</u>
Change in net position	<u>110,923</u>	<u>(180,191)</u>	<u>(3,379)</u>	<u>(72,647)</u>
Total net position—beginning	<u>2,258,547</u>	<u>702,603</u>	<u>29,078</u>	<u>2,990,228</u>
Total net position—ending	<u>\$ 2,369,470</u>	<u>522,412</u>	<u>25,699</u>	<u>2,917,581</u>

The accompanying notes are an integral part of these financial statements

EGG HARBOR TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30 2025

	Business-type Activities - Enterprise Funds			
	Food Service	Latchkey Program	Eagle Enterprises	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 959,371	650,219	110	1,609,700
Payments to employees	(1,747,939)	(629,751)		(2,377,690)
Payments for employee benefits	(353,169)	(127,514)		(480,683)
Payments to suppliers	(1,767,312)	(105,901)		(1,873,213)
Net cash (used for) operating activities	(2,909,049)	(212,947)	110	(3,121,886)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	173,755			173,755
Federal Sources	2,758,613			2,758,613
Payments from other funds	1,840	(69,828)		(67,988)
Net cash provided by/(used for) non-capital financing activities	2,934,208	(69,828)	-	2,864,380
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(52,250)			(52,250)
Net cash (used for) capital financing activities	(52,250)	-	-	(52,250)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	22,699	10,082	-	32,781
Net cash provided by investing activities	22,699	10,082	-	32,781
Net (decrease) in cash and cash equivalents	(4,392)	(272,693)	110	(276,975)
Balances—beginning of year	1,555,562	777,925	6,980	2,340,467
Balances—end of year	1,551,170	505,232	7,090	2,063,492
Reconciliation of operating (loss) to net cash (used) by operating activities:				
Operating Income/loss	(3,343,288)	(190,273)	(3,379)	(3,533,561)
Adjustments to reconcile (loss) to net cash (used for) operating activities				
Depreciation and net amortization	55,762	5,147	3,489	60,909
Federal commodities	419,426			419,426
(Increase) decrease in receivables	(6,883)	(1,487)		(8,370)
(Increase) decrease in inventories	(14,912)			(14,912)
(Increase) decrease in prepaid expenses	(423)			(423)
Increase (decrease) in accounts payable	(7,615)	(26,334)		(33,949)
Increase (decrease) in student deposits	1,714	-		1,714
Increase (decrease) in deferred revenue	11,828			11,828
Increase (decrease) in compensated absences	(24,658)			(24,658)
Total adjustments	434,239	(22,674)	3,489	411,565
Net cash (used for) operating activities	\$ (2,909,049)	(212,947)	110	(3,121,996)

The accompanying notes are an integral part of these financial statements

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY:

The Egg Harbor Township School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-12. The Egg Harbor Township School District had an enrollment at June 30, 2025 of 7,335 students.

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

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

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

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

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

Egg Harbor Township School District Notes to Financial Statements June 30, 2025

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund Balances – Governmental Funds

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

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

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

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

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

Eagle Enterprises – provides for the operation of a printing service.

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3. Fiduciary Funds:

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

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

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

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Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

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

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2025, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	103,973
Supplies		<u>21,125</u>
	\$	<u><u>125,098</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food service inventory on June 30, 2025 is \$88,471.

4. Capital Assets:

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

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

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

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5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities, expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

6. Expenditures:

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

7. Compensated Absences:

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

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

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

8. Interfund Activity:

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

Egg Harbor Township School District
Notes to Financial Statements
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9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(f). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the Executive County Superintendent of Schools. The Board of Education approved the following significant budgetary appropriation transfers during the 2024 fiscal year:

	<u>From</u>	<u>To</u>
Regular Programs - Inst. - Salaries - Grades 1-5	176,465	
Regular Programs - Undist. Inst. - Purch Prof-Ed Svc		632,109
Regular Programs - Undist. Inst. - General Supplies		164,657
Preschool Disabilities - Salaries of Teachers	239,398	
Tuition to Private Schools for the Disabled - Within State	1,920,317	
Undist Expend - Related Svc - Purchased Prof Ed Sevices	274,099	
Undist Expend - Extra Svc - Salaries	479,580	
Undist Expend - Extra Svc - Purchased Prof Ed Services		438,406
Undist Expend - Custodial - Energy (Natural Gas)		382,526
Undist Expend - Custodial - Energy (Electricity)		552,882
Undist Expend - Trans - Salaries - Between Home & School	333,893	
Undist Expend - Trans - Supplies	520,473	
Undist Expend - Unallocated Benefits - Health Benefits		2,839,253
Equipment - Undist Expend - Instruction		185,644
Equipment - Undist Expend Student Trans - Non Instructional		185,498
Facilities Acquisition - Architectural/Engineering		623,629
Facilities Acquisition - Const. Svc.	623,629	

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

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

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2025

10. Tuition Receivable

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

11. Tuition Payable

Tuition charges for the fiscal year 2021/22 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

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

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement is effective for fiscal years beginning after June 15, 2025 and will not have any effect on the District's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement is effective for fiscal years beginning after June 15, 2025 and will not have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2025, the District had no investments.

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

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

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

Egg Harbor Township School District
Notes to Financial Statements
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NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) which mandates the collateralization of all government deposits, or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2025, \$1,516,414 of the District's bank balance of \$28,646,787 was exposed to custodial credit risk.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2025, consisted of accounts (extraordinary services), interfund, intergovernmental, and other revenues. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Business-type Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 2,996,496	16,770	3,013,266
Federal Aid	1,243,961	265,914	1,509,875
Other	<u>1,571,044</u>	<u>174,145</u>	<u>1,745,189</u>
Gross Receivables	5,811,501	456,829	6,268,330
Less: Allowance for Uncollectibles	-	-	-
Total Receivables, Net	<u><u>\$ 5,811,501</u></u>	<u><u>456,829</u></u>	<u><u>6,268,330</u></u>

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2025, several interfunds remained on the various balance sheets of the Egg Harbor Township Board of Education.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 621,764	890
Special Revenue Fund		613,763
Food Service Fund		1,840
Latch Key Program Fund		<u>5,271</u>
	<u><u>\$ 621,764</u></u>	<u><u>621,764</u></u>

Egg Harbor Township School District
Notes to Financial Statements
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NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,836,300			1,836,300
Construction in Progress	14,083,977	6,236,454	8,264,729	12,055,702
Total capital assets not being depreciated	<u>15,920,277</u>	<u>6,236,454</u>	<u>8,264,729</u>	<u>13,892,002</u>
Capital assets being depreciated:				
Land Improvements	13,138,813	1,835,376	(40,023)	15,014,212
Buildings and building improvements	293,587,611	11,034,426	15,648	304,606,389
Machinery and Equipment	14,569,505	657,413	147,250	15,079,668
Vehicles	13,512,745	890,776	508,881	13,894,640
Total capital assets being depreciated at historical cost	<u>334,808,674</u>	<u>14,417,991</u>	<u>631,756</u>	<u>348,594,909</u>
Less accumulated depreciation for:				
Land Improvements	(8,816,970)	(450,853)	1,283	(9,266,540)
Buildings and improvements	(169,174,382)	(7,507,188)	6,821	(176,674,749)
Machinery and Equipment	(10,996,589)	(779,564)	148,886	(11,627,267)
Vehicles	(7,924,699)	(1,193,454)	453,346	(8,664,807)
Total capital assets being depreciated, net of accumulated depreciation	<u>(196,912,640)</u>	<u>(9,931,059)</u>	<u>610,336</u>	<u>(206,233,363)</u>
Governmental activity capital assets, net	<u>153,816,311</u>	<u>10,723,386</u>	<u>9,506,821</u>	<u>156,253,548</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	1,435,371	52,250		1,487,621
Vehicles	94,851			94,851
Less accumulated depreciation	(870,220)	(64,398)		(934,618)
Business-type capital assets, net	<u>660,002</u>	<u>(12,148)</u>	<u>-</u>	<u>647,854</u>
Grand Total	<u>\$ 154,476,313</u>	<u>10,711,238</u>	<u>9,506,821</u>	<u>156,901,402</u>

Depreciation expense charged to governmental functions is as follows:

Regular instruction	\$ 3,690,541
Special education	1,231,745
Other special instruction	360,129
Other instruction	119,347
Student & instruction related services	1,594,624
School administrative expenses	514,388
General and business administration	302,558
Plant operations and maintenance	1,293,600
Student transportation services	824,127
	<u>\$ 9,931,059</u>

Egg Harbor Township School District
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No interest on debt was capitalized during the year and the amount of interest expense paid on long term debt was \$1,126,056.

NOTE 7. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the 2025 fiscal year is as follows:

Beginning balance, July 1, 2024		\$ 12,523,354
Deposits		
Increased by Resolution	\$ 4,000,000	
Interest earned	<u>1,000</u>	
		4,001,000
Withdrawals:		
Withdrawal by budget		<u>(6,902,323)</u>
Ending balance, June 30, 2025		<u><u>\$ 9,622,031</u></u>

NOTE 8. MAINTENANCE RESERVE ACCOUNT

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may be increased through an appropriation in the annual general fund budget certified for taxes or a resolution of the Board at the June meeting. This reserve may be used at any time during the year, by resolution, to transfer to the required maintenance budget lines for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted for use on required maintenance appropriations and may not be transferred to any other line-item account. Per resolution made on June 27, 2017, the district established a Maintenance Reserve Account and transferred surplus of \$393,000 to Maintenance Reserve.

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The activity of the Maintenance reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning balance, July 1, 2024		\$ 394,500
Deposits		
Interest earned	\$ 500	
Board Resolution - June	-	
	500	
Withdrawals:		
Withdrawal by Budget		-
Ending balance, June 30, 2025		\$ 395,000

NOTE 9. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2023	Issues or Additions	Payments or Expenditures	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities					
Bonds Payable	\$ 33,125,000	-	7,680,000	25,445,000	7,960,000
Capital Leases	1,250,251	1,590,000	976,587	1,863,664	854,200
Compensated Absences	1,706,945	-	42,693	1,664,252	-
Premium on Refunding Bonds	1,413,919	-	186,159	1,227,760	187,272
Net Pension Liability	33,270,866	-	2,016,953	31,253,913	-
	\$ 70,766,981	1,590,000	10,902,392	61,454,589	9,001,472
Business-type Activities					
Compensated Absences	92,602		24,658	67,944	-

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

A. Bonds Payable:

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

Long-term debt as of June 30, 2025 consisted of the following:

\$50,735,000 Refunding Bonds dated October 1, 2004, payable in annual installments on January 15, 2005 and each July 15 thereafter commencing in 2012 and continuing through 2025. Semi-annual interest payments are due, at rates ranging from 3.00% to 5.75%, on January 15 and July 15, commencing January 15, 2005. The total savings to the District was \$1,588,925, or 3.021% as a result of refunding the 2001 bond issue. The refunding bonds are not subject to redemption prior to their stated maturities. The balance remaining as of June 30, 2025, was \$4,985,000.

On January 6, 2016, the District issued \$14,365,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance in November 2015 which provided for the refunding of all or a portion of the callable portion of the \$15,410,000 issue dated

Egg Harbor Township School District
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December 5, 2006. The total savings to the District was \$1,013,330, or 7.05% as a result of refunding the 2006 bond issue. The callable portion refunded includes the bonds maturing on April 1, 2017, and annually thereafter through April 1, 2030, and total \$14,675,000. Semi-annual interest payments are due, at rates ranging from 2.00% to 5.00%, on April 1 and October 1, commencing April 1, 2016. The bonds will mature annually on April 1, commencing in 2016 through 2030. Refunding bonds maturing on or after April 1, 2026, are subject to redemption prior to maturity at the option of the Board on any date on or after April 1, 2025. The balance remaining as of June 30, 2025, was \$11,950,000.

On June 1, 2016, the District issued \$19,320,000 in refunding school bonds. These bonds were authorized by a board of education approved refunding bond ordinance in April 2016 which provided for the refunding of all or a portion of the callable portion of the \$27,924,000 issue dated September 15, 2008. The total savings to the District was \$1,138,616, or 6.01% as a result of refunding the 2008 bond issue. The callable portion refunded includes the bonds maturing on September 15, 2019, and annually thereafter through September 15, 2028, and total \$18,950,000. Semi-annual interest payments are due, at rates ranging from 2.00% to 5.00%, on March 15 and September 15, commencing September 15, 2016. The bonds will mature annually on September 15, commencing in 2016 through 2028. The balance remaining as of June 30, 2025, was \$8,510,000.

Principal and interest due on serial bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 7,960,000	756,269	8,716,269
2026	4,390,000	501,938	4,891,938
2028	4,685,000	342,369	5,027,369
2029	5,435,000	213,275	5,648,275
2030	2,975,000	89,250	3,064,250
	\$ 25,445,000	1,903,101	27,348,101

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had authorized but not issued bonds in the amount of \$1,357.

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Notes to Financial Statements
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C. Capital Leases Payable:

The District is leasing various equipment, vehicles, and facilities totaling \$3,037,250 under capital leases. Semiannual lease payments are made to Banc of America, JP Morgan Chase Bank, NA, and TD Equipment Finance, Inc., and include interest at a rate of .9121% to 4.57% per annum. The following is a schedule of the future minimum lease payments under this capital lease and the net minimum lease payments at June 30, 2025.

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 854,200	76,397	930,597
2027	453,868	46,132	500,000
2028	555,596	25,391	580,987
	\$ 1,863,664	147,920	2,011,584

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/omb/publications/21fr/NJFRFY2021complete.pdf>

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of 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 cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. 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. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District has employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2025.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 45.28% and the PERS rate is 17.11% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2025, 2024, and 2023 were \$23,708,576, \$23,457,872, and \$21,897,117, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2025, 2024, and 2023 were \$3,129,831, \$3,081,604, and \$2,826,698, respectively, equal to the required contributions for each year.

The Board's total payroll for the years ended June 30, 2025, 2024, and 2023 was \$102,972,678, \$98,865,003 and \$89,805,649, covered payroll was \$73,376,704, \$69,787,499, and \$66,503,822 for TPAF; and \$19,521,534, \$18,992,305, and \$17,685,127 for PERS.

Significant Legislation

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

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

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active

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member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

NOTE 10. PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (PERS)

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the District's pension liabilities. The following information describes the District's proportionate share of the statewide pension system's liabilities and expenses.

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The following represents the District's pension liabilities as June 30, 2024:

Public Employees' Retirement System

The District has a liability of \$31,253,913 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 that was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion is 0.23001035600%, which is a decrease of 0.24% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized negative pension expense of (\$1,751,595). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 626,073	\$ (83,207)
Changes of assumptions	38,827	(355,598)
Net difference between projected and actual earnings on pension plan investments	-	(1,449,158)
Changes in proportion	1,025,709	(68,004)
Total	<u>\$ 1,690,609</u>	<u>\$ (1,955,967)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2025	\$ (22,631)
2026	(203,648)
2027	(35,599)
2028	(1,114)
2029	(2,366)
Total	<u>\$ (265,358)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 38,023,383	31,253,913	25,498,394

Pension plan fiduciary net position.

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

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

At June 30, 2024, the District liability for its proportionate share of the net pension liability which is considered a Special Funding Situation with the State of New Jersey is reported below.

The employer contributions for local participating employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 18:66-33. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan, there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>269,008,399</u>
Total	<u><u>\$ 269,008,399</u></u>

The net pension liability was measured as of June 30, 2024 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of (\$24,506,649) and revenue of (\$24,506,649) for support provided by the State.

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

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Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount rate.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will

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be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ -	-	-
State's proportionate share of the net position liability associated with the District	\$ 319,754,565	269,008,399	226,270,534

Pension plan fiduciary net position.

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

Additional Information

Collective balances of the local group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,108,112,477
Deferred inflows of resources	(10,545,101,790)
Net pension liability	49,492,072,325

Collective pension expense for the plan for the measurement period ended June 30, 2024 is \$(180,539,491).

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NOTE 12. LABOR CONTRACTS

As of June 30, 2025, the District's employees are organized in two collective bargaining units.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
EHT Education Association	All regularly employed certified personnel, secretarial, and clerical personnel, and paraprofessional. This contract also includes regularly employed custodial, grounds, maintenance, and cafeteria personnel, except supervisors.	June 30, 2025
Principals' and Supervisors' Association	All certified administrative personnel, excluding the Superintendent, Asst Superintendents, Business Administrator, and all employees considered confidential by law.	June 30, 2027

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

NOTE 13. OTHER POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2024 the State funded the various defined benefit pension systems at 104 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2023, which is required to be reported on the financial statements, is \$79.4 billion.

The Fiscal Year 2025 projected aggregate State contribution to the pension plans of \$7.2 billion represents 104 percent of the actuarially determined contribution.

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2024, the State paid PRM benefits for 161,238 State and local retirees.

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The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2024, the State contributed \$2.3 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$2.1 billion in Fiscal Year 2023. The State has appropriated \$2.4 billion in Fiscal Year 2025 as the State’s contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASBE Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2024 State OPEB liability to provide these benefits is \$76.9 billion, an increase of \$2.0 billion, or 2.6 percent, from the \$74.9 billion liability recorded in Fiscal Year 2023. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: nj.gov/treasury/pensions/financial-reports.shtml.

Total OPEB Liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget’s Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2024, actuarial valuation reported by the State in the State’s most recently issued ACFR was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases

<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
2.75% to 5.65%	2.75% to 6.55%	3.25% to 16.25%
based on service years	based on service years	based on service years

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully

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generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2020 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the TPAF, PERS, and PFRS experience studies for the period July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027, and decreases to 4.5% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.5% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at 6/30/24 (Based on 6/30/2023 measurement date)	\$ 52,361,668,239.00
Changes for the year:	
Service cost	2,152,062,729.00
Interest	1,963,557,443.00
Changes in Benefit Terms	-
Differences between Expected & Actual Experiences	158,934,425.00
Changes in assumptions or other inputs	4,462,660,491.00
Contributions: Member	51,347,810.00
Benefit payments	<u>(1,499,600,607.00)</u>
Net changes	<u>7,288,962,291.00</u>
Balance at 6/30/25 (Based on 6/30/2024 measurement date)	<u><u>\$ 59,650,630,530.00</u></u>

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

The following presents the total OPEB liability as of June 20, 2024, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

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	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB Liability	\$ 69,863,663,542.00	59,650,630,530.00	51,437,232,141.00

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

The following presents the total OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 49,689,409,509.00	59,650,630,530.00	72,625,778,279.00

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

For the year ended June 30, 2024, the board of education recognized OPEB expense of \$14,560,349 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,378,932,312.00	(11,139,706,892.00)
Changes in assumptions	10,004,978,073.00	(11,662,607,882.00)
	<u>\$ 16,383,910,385.00</u>	<u>(22,802,314,774.00)</u>

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

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2025

Year Ended June 30,	
2025	\$ (2,115,877,507.00)
2026	(1,774,175,666.00)
2027	(842,677,045.00)
2028	221,470,185.00
2029	(1,537,725,697.00)
Thereafter	(369,418,659.00)
	<u>\$ (6,418,404,389.00)</u>

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

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

NOTE 14. SPECIAL PAY DEFERRAL PLAN

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

NOTE 15. DEFERRED COMPENSATION

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

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

NOTE 16. COMPENSATED ABSENCES

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

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

Egg Harbor Township School District

Notes to Financial Statements

June 30, 2025

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

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

NOTE 17 – COMMITMENTS

The District did not have an encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or Committed Fund Balance in the Capital Projects Fund. Encumbrances in the Special Revenue Fund are reflected as unearned revenue. Encumbrances as of June 30th are as follows;

Fund	Amount
General Fund Encumbered Orders	\$ 4,908,943

NOTE 18. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) – Of the \$18,810,266 General Fund balance at June 30, 2025, \$4,908,943 is committed for encumbrances; \$5,638,609 is restricted as excess surplus in accordance with NJSA 18A:7F-7 (\$2,981,263 of the total restricted for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2026); \$1,435,517 has been restricted for unemployment claims; \$9,622,031 has been restricted in the Capital Reserve Account; \$395,000 has been restricted in the Maintenance Reserve Account; \$0 is assigned and included as anticipated revenue for the year ending June 30, 2026; and (\$3,189,834) is unassigned.

Special Revenue Fund – Of the (\$271,143) Special Revenue fund balance deficit at June 30, 2025, \$28,561 has been restricted for conduit activities; \$547,015 has been restricted for student activities and (\$846,719) is an unassigned deficit.

Capital Projects Fund – Of the \$1,968,239 Capital Projects fund balance at June 30, 2025, \$1,968,239 is committed for encumbrances.

Debt Service Fund – \$191,280 Debt Service Fund balance at June 30, 2025 is restricted in accordance with N.J.S.A. 7F-41c(2).

NOTE 19. CALCULATION OF EXCESS SURPLUS

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2025 is \$5,638,609, of which \$2,981,263 has been included in the 2025-26 budget.

NOTE 20. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation and State Aid to fund the District operations and debt service. During the 2024-25 fiscal year, 94% of the Districts operations were funded through property taxes and State aid.

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2025

NOTE 21. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2025 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$ 115,410	\$ 33,002	\$ 509,692	\$ 1,435,517
2023-2024	175,911	\$ 28,656	\$ 107,836	\$ 1,796,797
2022-2023	171,940	15,856	36,247	1,700,066

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

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The workers compensation account is reported in the general fund. Only amounts that are current liabilities have been included as a charge against the budget line item. For the fiscal year ended June 30, 2025, \$0 was charged to the worker’s compensation budget line item. The balance of estimated unpaid claims and settlement expense as of June 30, 2025 and 2024 was \$0 and \$0, respectively. There is a potential contingent liability that could exceed the amount the School District has in the worker’s compensation fund.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Received</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2024-2025	\$ 194,525	\$ 2,759	\$ -	\$ 197,284
2023-2024	191,621	2,904	-	194,525
2022-2023	121,314	70,307	-	191,621

Egg Harbor Township School District
Notes to Financial Statements
June 30, 2025

NOTE 22 – CONTINGENT LIABILITIES

Federal and State Grants

The School District participates in numerous federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

NOTE 23 – RIGHT TO USE ASSETS

The school district has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The District has determined the other charges and amortization to be immaterial to the government-wide financial statements and has elected to record the Right of Use Assets at their remaining liability payments.

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Machinery & Equipment	\$ 406,753		406,753	-
Vehicles	843,498	1,590,000	569,834	1,863,664
Right to use assets, net	\$ 1,250,251	1,590,000	976,587	1,863,664

NOTE 24. SUBSEQUENT EVENTS

The School District has evaluated subsequent events through November 28, 2025, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

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APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

_____, 2026

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$35,975,000 aggregate principal amount of School Bonds, Series 2026 (the “Bonds”) of The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board).

The Bonds are issued pursuant to: (i) Title 18A, Chapter 24 of the New Jersey Statutes, as amended and supplemented (the “Education Law”); (ii) a proposal adopted by the Board on December 16, 2025 (the “Proposal”) and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 10, 2026 and (iii) a resolution duly adopted by the Board on March 24, 2026 (the “Resolution”).

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases of the Bonds will be made in book-entry only form in principal amounts of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board directly to Cede & Co., as nominee for DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated their date of delivery and shall bear interest from such date, which interest shall be payable commencing April 15, 2027 and semi-annually thereafter on the fifteenth day of April and October in each year until maturity or prior redemption, and shall mature on April 15 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2028	\$1,100,000		2038	\$2,050,000	
2029	1,100,000		2039	2,135,000	
2030	1,620,000		2040	2,200,000	
2031	1,650,000		2041	2,200,000	
2032	1,685,000		2042	2,200,000	
2033	1,735,000		2043	2,200,000	
2034	1,790,000		2044	2,200,000	
2035	1,840,000		2045	2,200,000	
2036	1,895,000		2046	2,200,000	
2037	1,975,000				

The Bonds of this issue are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including the bond referendum proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Education Law, the Proposals and the Resolution; (ii) the Bonds are valid and legally binding obligations of the Board; and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of the issuance of the Bonds. The Board has covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court

decisions, interest on the Bonds is not includable for federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on April 15 in the years 20__ through 20__, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on April 15 in the years 20__ through 20__, inclusive (the “[Discount] Bonds”) and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

Except as stated in the preceding paragraphs, we express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of _____, 2026 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the Township of Egg Harbor in the County of Atlantic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$35,975,000 aggregate principal amount of School Bonds, Series 2026 dated their date of delivery (the "Bonds"). The Bonds are being issued by virtue of a proposal adopted by the Board on December 16, 2025 and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 10, 2026 and pursuant to a resolution entitled, "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$35,975,000 AGGREGATE PRINCIPAL AMOUNT OF SCHOOL BONDS, SERIES 2026 OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF EGG HARBOR IN THE COUNTY OF ATLANTIC, NEW JERSEY, PROVIDING FOR THEIR SALE AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH", duly adopted by the Board on March 24, 2026 (the "Bond Resolution"). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for federal income tax purposes.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Board with EMMA pursuant to Section 5 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Board or any Dissemination Agent subsequently designated in writing by the Board which has filed with the Board a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

“Financial Obligation” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

“State” shall mean the State of New Jersey.

“Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2026 (for the fiscal year ending June 30, 2026), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board

may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2027) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data of the Board consistent with the information set forth in the Official Statement dated April 22, 2026, prepared in connection with the sale of the Bonds (the "Official Statement") in Appendix A under the sections relating to (1) Board indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final

official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Ratings changes rating to the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
- (15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting

obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of

communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the
Township of Egg Harbor
13 Swift Drive
Egg Harbor Township, New Jersey 08234
Attention: Business Administrator/Board Secretary

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

The Board of Education of the
Township of Egg Harbor
13 Swift Drive
Egg Harbor Township, New Jersey 08234
Attention: Business Administrator/Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE
TOWNSHIP OF EGG HARBOR IN THE
COUNTY OF ATLANTIC, NEW JERSEY**

By: _____
DANIEL SMITH,
Business Administrator/Board Secretary

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the
 Township of Egg Harbor
 in the County of Atlantic, New Jersey

Name of Issue: \$35,975,000 School Bonds, Series 2026
 Dated: _____, 2026
 (CUSIP Number: 282317____)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of _____, 2026 executed by the Board.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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