

SCHOOL DISTRICT  
OF  
**CITY OF**  
**EGG HARBOR**

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

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011



# **Comprehensive Annual Financial Report**

of the

City of Egg Harbor Board of Education

Egg Harbor City, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

City of Egg Harbor Board of Education

Finance Department



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## **Introductory Section**

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# Egg Harbor City Public Schools

## BOARD OF EDUCATION OFFICES

730 Havana Avenue  
Egg Harbor City, NJ 08215  
Phone: 609-965-1034  
Fax: 609-965-6719

JOHN GILLY III  
Superintendent of Schools

JOSEPH SMURLO  
Business Administrator

November 4, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Egg Harbor City School District (District) for the fiscal year ended June 30, 2011, 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 operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: 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, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and State Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Egg Harbor City School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Egg Harbor City Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K – 8. These include regular, as well as special education for handicapped students. The District completed the 2010-2011 fiscal year with an average enrollment of 466 students, which is 7 students below the previous year’s enrollment.

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

<b>Average Daily Enrollment</b>		
<b>Fiscal</b>	<b>Student</b>	<b>Percent</b>
<b><u>Year</u></b>	<b><u>Enrollment</u></b>	<b><u>Change</u></b>
2010-2011	466	(1.47%)
2009-2010	473	(1.25%)
2008-2009	479	(2.04%)
2007-2008	489	(2.00%)
2006-2007	499	(6.55%)

**2) ECONOMIC CONDITION AND OUTLOOK:**

The City of Egg Harbor is anticipating significant growth and economic development over the next several years, due in part to the opening of the full interchange at Exit 17 on the Atlantic Expressway. Several projects that have been completed or are in the planning phase are listed below.

The Egg Harbor City School District has completed construction of the \$22 million Egg Harbor City Community School which opened to students in January 2011. In addition, Egg Harbor City is part of the Greater Egg Harbor Regional High School District which encompasses several municipalities in the surrounding area. The Greater Egg Harbor Regional High School District consists of three high schools, the most recently constructed being the Cedar Creek High School which is located in Egg Harbor City and opened to students in the fall of 2010. The increased traffic due the growth of the student population at the school has been a benefit to the local economy.

The land surrounding the new high school has been sold to Brad Haber Homes. The builder is planning to construct The Neighborhoods at Cedar Creek, which will consist of several 50-home neighborhoods in the grand tradition of South Jersey’s most desirable communities.

In other development, the Egg Harbor City Industrial Park has completely sold out. The City is now trying to locate enough property adjacent to the existing Industrial Park to start Phase II.

In 2010 the City appointed Conifer LLC (“Conifer”) as the Redeveloper for a senior housing complex with approximately 100 units to be built on the site of the former Fanny D. Rittenberg School.

Major re-development along Route 30 and following up to the train station on Route 30, known as the Gateway West project is also in process. This project plans to incorporate retail/commercial and residential development, including 80 Towne Homes designated "Workforce Housing".

Finally, service projects for the City of Egg Harbor are moving along. The Train Station Transportation Hub is being designed to go out to bid before the end of the year. Also, a sidewalk grant that will construct large walkways parallel to the train tracks heading west for over five (5) blocks linking the west end of the city to the Train Station.

The City of Egg Harbor is working hard to utilize the window of opportunity offered by the Federal Government Stimulus Grants that have been made available. The City is in the process of totally re-writing its Master Plan because of what the future will bring to this City. It is a time for growth and opportunity in Egg Harbor City.

**3) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). 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 the District management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management. Each month a printout is given of all funds available, expenditures against those funds and the balance available to spend.

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.

**4) 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 the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

**5) 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.

**6) DEBT ADMINISTRATION:** At June 30, 2011, the District's outstanding debt issues included \$8,993,653 of general obligation bonds and \$247,433 of State of New Jersey SAFE loan.

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

**8) RISK MANAGEMENT:** Egg Harbor City Board of Education is a member of the Atlantic Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This fund was formed under the provisions of N.J.S.A. 18A:18B 1-10. The Fund commenced operations on July 1, 1991 with sixteen member districts from Atlantic and Cape May counties. The Fund provided average savings of 13% for members as compared to their previous insurance. In 1993 ACCASBOJIF entered into a joint purchase agreement with Burlington County Insurance Pool to negotiate additional discounts for their members. This effort resulted in additional savings of over \$300,000 to ACCASBOJIF members.

The ACCASBOJIF provides members with a long term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures. The Fund provides the following coverage:

1. Property, including buildings, contents, inland marine, crime, boiler and machinery and auto physical damages.
2. General Liability, including school board legal liability.
3. Automobile Liability
4. Workers' Compensation

The Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund.

The Fund's mission statement is as follows: "The ACCASBOJIF is committed to united local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through proactive membership involvement in claims management and loss prevention activities."

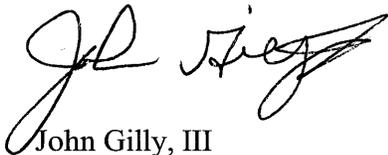
**9) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Swartz & Co., 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, OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. 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.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,



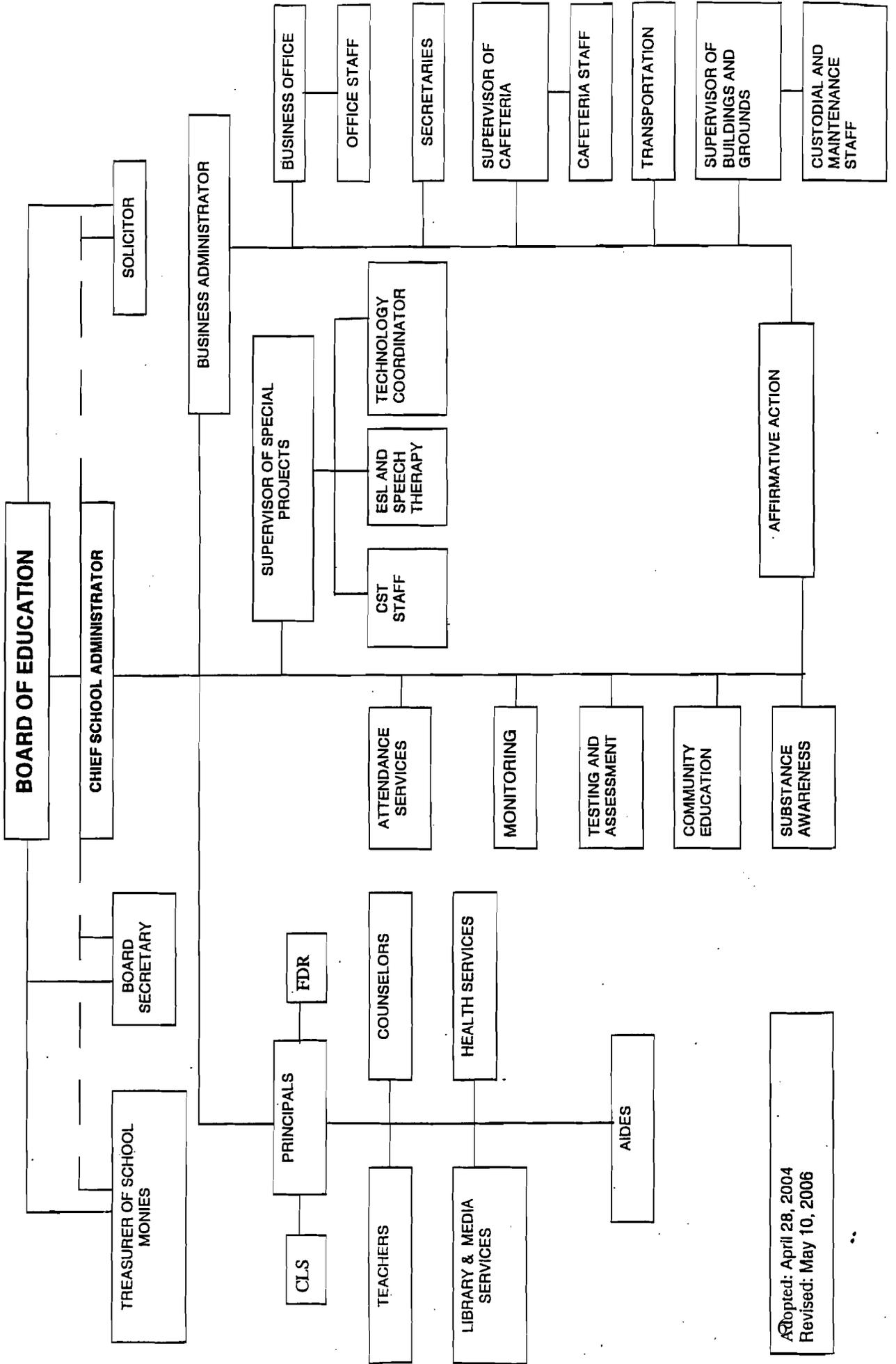
John Gilly, III  
Superintendent



Joseph Smurlo  
Business Administrator

# EGG HARBOR CITY BOARD OF EDUCATION

## ORGANIZATIONAL CHART (Unit Control)



Adopted: April 28, 2004  
 Revised: May 10, 2006

**CITY OF EGG HARBOR BOARD OF EDUCATION**

**EGG HARBOR CITY, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2011

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Stephen Bouchard, President	2012
Richard Dovey, Vice President	2012
Scott Senn	2013
Jeanne Williams	2013
Joseph Farnan	2013
Michael Beaulieu	2014
Janine Brown	2014

**Other Officials**

John Gilly, III, Superintendent of Schools

Joseph Smurlo, School Business Administrator

Marie Setterman, Board Secretary

Susan Palaia, CPA, Treasurer

Ronald Sahli, Esq., Solicitor

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

**Architect**

Manders/Merighi Associates  
Architect and Planner  
1138 E. Chestnut Ave.  
Vineland, NJ 08360

**Audit Firm**

Swartz & Co., LLC  
Certified Public Accountants  
1409 Cantillon Blvd.  
PO Box 548  
Mays Landing, NJ 08330

**Attorney**

Ronald Sahli, Esq.  
503 White Horse Pike  
Hammonton, NJ 08037

**Official Depositories**

Sun National Bank  
PO Box 849, 226 Landis Avenue  
Vineland, NJ 08360

Wells Fargo  
32 E. Front Street  
Trenton, NJ 08608

Beneficial Mutual Bancorp, Inc.  
530 Walnut Street  
Philadelphia, PA 19106

**Technology Consultant**

Systems for You  
P.O. Box 67  
Millville, NJ 08332

## **Financial Section**

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CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 548, Mays Landing, NJ 08330

Member: New Jersey Society of CPAs  
American Institute of CPAs  
AICPA Private Companies Practice Section

[www.swartzcocpa.com](http://www.swartzcocpa.com)

Phone: (609) 625-0999  
in N.J.: (877) 310-0999  
Fax: (609) 625-2421

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### **Independent Auditor's Report**

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

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 Board of Education of the Egg Harbor City School District in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Egg Harbor City Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

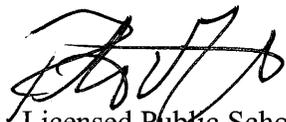
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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 City Board of Education, in the County of Atlantic, State of New Jersey, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011 on our consideration of the Egg Harbor City Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Egg Harbor City Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements of the Egg Harbor City Board of Education in the County of Atlantic, State of New Jersey. The combining and individual non-major fund financial statements and the schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.



Licensed Public School Accountant  
No. CS00667



Swartz & Co., LLC

November 4, 2011

**Required Supplementary Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Egg Harbor School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net assets of the District increased \$3,224,728 as a result of the construction in progress at the new middle school.
- The State of New Jersey reimbursed the District \$294,555 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$286,015 on behalf of the District for TPAF Pension Contributions. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2011 the District had excess surplus in the amount of \$715,718 which will be included in the 2012-2013 budget.
- During the fiscal year ended June 30, 2011, the District's governmental fund expenditures were \$2,654,504 more than total revenues realized.
- In the District's business-type activities, net assets increased \$85,521.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service program.

- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**A-1 Major Features of City of Egg Harbor 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	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 assets  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net assets  Statement of revenues, expenses, and changes in net assets  Statement of cash flows	Statement of fiduciary net assets  Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 assets* and how they have changed. Net assets – 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 assets 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 non-financial factors such as changes in the City’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 programs are included here.

## **Fund Financial Statements**

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

The District has three kinds of funds:

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

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net assets.** The District’s governmental activities net assets increased between fiscal years 2010 and 2011 as a result of additional grant funds, including state funding for the construction of the new school of approximately \$3,147,412 and expenditures which were below budgeted amounts by approximately \$436,000. Net assets for business-type activities increased \$85,521 during the current fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,445,896	4,151,069	81,979	89,456	1,527,875	4,240,525
Capital assets	25,374,114	19,808,837	106,927	14,756	25,481,041	19,823,593
Total assets	<u>26,820,010</u>	<u>23,959,906</u>	<u>188,906</u>	<u>104,212</u>	<u>27,008,916</u>	<u>24,064,118</u>
Long-term liabilities	9,371,661	9,678,159			9,371,661	9,678,159
Other liabilities	213,680	271,806	503	1,322	214,183	273,128
Total liabilities	<u>9,585,341</u>	<u>9,949,965</u>	<u>503</u>	<u>1,322</u>	<u>9,585,844</u>	<u>9,951,287</u>
Net Assets						
Invested in capital assets	16,002,453	10,130,678	106,927		16,109,380	10,130,678
Restricted	1,558,521	4,253,443			1,558,521	4,253,443
Unrestricted	(326,305)	(374,180)	81,483	102,890	(244,822)	(271,290)
Total net assets	<u>\$ 17,234,669</u>	<u>14,009,941</u>	<u>188,410</u>	<u>102,890</u>	<u>17,423,079</u>	<u>14,112,831</u>

**Changes in net assets.** The total governmental fund revenue of the District decreased over amounts recognized in the prior year. This was the result of a decrease in capital grants and contributions of approximately \$6,800,000. For 2011 and 2010, the local tax levy was 17.37% and 16.63% of total governmental fund revenues, respectively. The municipality levies this tax on properties located in the City and remits the collections on a monthly basis to the District.

Approximately 37.6% of the District's governmental fund revenue comes from the State of New Jersey in the form of state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the SFRA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$2,355,700	18.25%	2,255,380	17.47%
Unrestricted State and Federal Aid	4,856,166	37.62%	4,710,498	36.49%
Federal & State Aid restricted	101,703	0.79%	120,996	0.94%
Operating grants and contributions	2,244,224	17.38%	2,529,024	19.59%
Capital grants and contributions	3,147,412	24.38%	10,652,699	82.52%
Other	204,763	1.59%	99,778	0.77%
Totals	<u>\$12,909,968</u>	<u>100.00%</u>	<u>20,368,375</u>	<u>157.77%</u>

## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2011 and 2010 fiscal years.

	Governmental Activities		Business Activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenue						
Charges for services			69,482	71,010	69,482	71,010
Federal and State grants	\$ 5,391,636	13,181,723	211,920	228,837	5,603,556	13,410,560
General revenues						
Property taxes	2,355,700	2,255,380			2,355,700	2,255,380
Interest	1,900	224	63	45	1,963	269
State aid entitlements	4,957,869	4,831,494			4,957,869	4,831,494
Other	202,863	99,554	101,550		304,413	99,554
<b>Total revenues</b>	<u>12,909,968</u>	<u>20,368,375</u>	<u>383,015</u>	<u>299,892</u>	<u>13,292,983</u>	<u>20,668,267</u>
<b>Expenses</b>						
Instruction:						
Regular	3,867,344	4,756,183			3,867,344	4,756,183
Special Education	973,757	964,458			973,757	964,458
Other Special Instruction	171,402	152,413			171,402	152,413
Support services:						
Tuition	541,696	652,097			541,696	652,097
Student & instruction related services	1,631,064	1,256,793			1,631,064	1,256,793
General & business admin services	353,476	357,718			353,476	357,718
School administration services	242,647	251,309			242,647	251,309
Plant operations & maintenance	884,958	790,412			884,958	790,412
Pupil transportation	209,294	286,701			209,294	286,701
Business and other support services	261,269	246,965			261,269	246,965
Interest on long term debt	365,936	317,281			365,936	317,281
Capital outlay	182,397					
Other financing uses		250,000				
Business-type activities			297,494	301,214	297,494	301,214
<b>Total expenses</b>	<u>9,685,240</u>	<u>10,282,330</u>	<u>297,494</u>	<u>301,214</u>	<u>9,800,337</u>	<u>10,333,544</u>
<b>Increase in net assets</b>	<u>\$ 3,224,728</u>	<u>10,086,045</u>	<u>85,521</u>	<u>(1,322)</u>	<u>3,492,646</u>	<u>10,334,723</u>

## Business-type Activities

Operating and non-operating revenues of the District's business-type activities increased approximately \$84,000 from the previous year while expenses decreased approximately \$4,000. Factors contributing to these results included:

- A decrease in Federal and state grant receipts.
- An increase in capital assets.
- A decrease in expenses for food and supplies.

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

As of the year end, the governmental funds reported a combined fund balance of \$1,349,039 which is \$2,654,504 lower than in the beginning of the year. This was caused by Capital Project fund expenditures exceeding revenues by \$2,598,684, in addition to a decrease in the Debt Service fund balance of \$406,084, and offset with an increase in the General Fund balance of \$350,005.

**General Fund Budgetary Highlights**

As further explained in the Footnotes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30<sup>th</sup> 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 was about \$1,500 more than the budgeted amount. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$517,000.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2011, the District had invested \$25,374,114, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery.

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	1,745,000	1,745,000			1,745,000	1,745,000
Buildings & Improvments	2,518,949	27,296			2,518,949	27,296
Machinery & Equipment	998,803	53,618	106,927	14,756	1,105,730	68,374
Construction in progress	20,111,362	17,982,923			20,111,362	17,982,923
<b>Total</b>	<b>25,374,114</b>	<b>19,808,837</b>	<b>106,927</b>	<b>14,756</b>	<b>25,481,041</b>	<b>19,823,593</b>

Total aggregate cost basis for the districts capital assets as of June 30, 2011 aggregated approximately \$26.6 million with accumulated depreciation of approximately \$1.3 million. During the 2011 fiscal year the District did incur construction costs for the new school. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements.

**Long-term Debt**

	Balance 6/30/2010	Issued	Retired/ Adjusted	Balance 6/30/2011
Bonds Payable	\$9,170,684		177,031	8,993,653
State of New Jersey - “SAFE” loan	329,912		82,477	247,435
Compensated Absences Payable	177,563	29,850	76,841	130,572
<b>Total</b>	<b>\$9,678,159</b>	<b>29,850</b>	<b>336,349</b>	<b>9,371,660</b>

More detailed information about the District’s long-term debt is presented in Note 7 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The Egg Harbor City School District is presently in satisfactory financial condition. Future challenges include stabilizing or increasing student enrollment, flat state aid revenues, and reduced surplus from prior years to offset increases in tax rates.

The school district has been fortunate to receive both State and Federal grants, offering additional resources for teachers assisting students to make increased strides in all instructional areas. For instance, the Reading First Grant, a multi-year grant, will aid students in their reading skills at the elementary school (K-3 level). The After School Learning Centers (21<sup>st</sup> Century) grant provided services to students throughout the year to supplement school-day instruction.

Although Egg Harbor City’s ratable base has decreased slightly in the last year, multiple residential and service projects are expected to bring in new ratables in future years. In recent years it has become the responsibility of homeowners to foot the majority of the tax burden. Because of the continued influx of families of many nationalities with lower socio-economic backgrounds, this school district has hired a full time child study team social worker to include support and assistance to at-risk youth and their families. A continuation of appropriate teacher/student classroom ratios remains a priority of the administration.

In conclusion, the Egg Harbor City School District has committed itself to financial excellence. In addition, the school district's system for financial planning, budgeting, and internal financial controls are well guarded. The school district plans to continue its sound fiscal management to meet challenges of the future.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Joseph Smurlo, School Business Administrator at the Egg Harbor City Board of Education District Office, 730 Havana Avenue, Egg Harbor City, NJ 08215.

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## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2011

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## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-type funds as of June 30, 2011

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**City of Egg Harbor School District**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 926,533	66,118	992,651
Restricted cash:			
Cash on deposit with State Development Authority	352,939		352,939
Internal balances	(1,550)	1,550	-
Due from agency account	133		133
Due from other governments	167,841	11,153	178,994
Inventory		3,165	3,165
Capital assets, not depreciated	21,856,362		21,856,362
Capital assets, net	3,517,752	106,927	3,624,679
Total Assets	<u>26,820,010</u>	<u>188,913</u>	<u>27,008,923</u>
<b>LIABILITIES</b>			
Accrued interest	109,629		109,629
Accounts payable	63,271	503	63,774
Deferred revenue	40,780		40,780
Noncurrent liabilities:			
Due within one year	268,894		268,894
Due beyond one year	9,102,767		9,102,767
Total liabilities	<u>9,585,341</u>	<u>503</u>	<u>9,585,844</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	16,002,453	106,927	16,109,380
Restricted for:			
Debt Service	31,160		31,160
Other purposes	1,527,361		1,527,361
Unrestricted	(326,305)	81,483	(244,822)
Total net assets	<u>\$ 17,234,669</u>	<u>188,410</u>	<u>17,423,079</u>

City of Egg Harbor School District  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 2,905,878	961,466		1,252,678		(2,614,666)		(2,614,666)
Special education	736,643	237,114		62,099		(911,658)		(911,658)
Other special instruction	129,665	41,737		10,931		(160,471)		(160,471)
Support services:								
Tuition	437,625	104,071		196,846		(344,850)		(344,850)
Student & instruction related services	1,233,892	397,172		597,209		(1,033,855)		(1,033,855)
General administrative services	267,403	86,073		22,542		(330,934)		(330,934)
School administrative services	183,562	59,085		15,474		(227,173)		(227,173)
Plant operations and maintenance	669,467	215,491		56,436		(828,522)		(828,522)
Pupil transportation	158,330	50,964		13,347		(195,947)		(195,947)
Business and other support services	197,649	63,620		16,662		(244,607)		(244,607)
Unallocated benefits	2,216,793	(2,216,793)						
Capital Outlay	182,397				3,147,412	2,965,015		2,965,015
Interest on long-term debt	365,936					(365,936)		(365,936)
Total governmental activities	9,685,240	-	-	2,244,224	3,147,412	(4,293,604)	-	(4,293,604)
Business-type activities:								
Food Service	297,494		69,482	211,920			(16,092)	(16,092)
Total business-type activities	297,494		69,482	211,920			(16,092)	(16,092)
Total primary government	\$ 9,982,734		69,482	2,456,144	3,147,412	(4,293,604)		(4,309,696)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						2,235,239		2,235,239
Taxes levied for debt service						120,461		120,461
Federal and State aid not restricted						4,856,166		4,856,166
Federal and State aid restricted						101,703		101,703
Investment Earnings						1,900	63	1,963
Miscellaneous Income						199,266		199,266
Amortization of Bond Refunding credit						3,597		3,597
Contributed Capital							101,550	101,550
Total General Revenues						7,518,332	101,613	7,619,945
Total general revenues, special items, extraordinary items and transfers						7,518,332	101,613	7,619,945
Change in Net Assets						3,224,728	85,521	3,310,249
Net Assets—beginning						14,009,941	102,889	14,112,830
Net Assets—ending						\$ 17,234,669	188,410	17,423,079

## FUND FINANCIAL STATEMENTS

The combining and individual fund statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

**Governmental Funds** - This section consists of the general, special revenue capital projects funds.

**Proprietary Funds** - This section consists of the food service fund and after school program. This fund is operated in a manner similar to a private business enterprise.

**Fiduciary Funds** - This section consists of the unemployment compensation insurance trust fund, the student activity fund, and the payroll agency fund.

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**City of Egg Harbor School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 862,510	-	64,023		926,533
Restricted cash					
Cash on deposit with State Development Authority				352,939	352,939
Due from other funds	182,413				182,413
Receivables from other governments	12,997	154,844			167,841
Other current assets					-
Total assets	<u>1,057,920</u>	<u>154,844</u>	<u>64,023</u>	<u>352,939</u>	<u>1,629,726</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	63,271	-			63,271
Due to other funds	1,550	149,417	32,863		183,830
Due to other governments		-			
Deferred revenue		33,586			33,586
Total liabilities	<u>64,821</u>	<u>183,003</u>	<u>32,863</u>		<u>280,687</u>
Fund Balances:					
Restricted for:					
Excess surplus	715,718				715,718
Excess surplus - designated for subsequent year's expenditures					
Capital projects fund				352,939	352,939
Committed to:					
Capital reserve	191,207				191,207
Designated for subsequent year's expenditures	97,076				97,076
Assigned to:					
Encumbrances	170,421				170,421
Unreserved, reported in:					
General fund	(181,323)				(181,323)
Special revenue fund		(28,159)			(28,159)
Debt service fund			31,160		31,160
Total Fund balances	<u>993,099</u>	<u>(28,159)</u>	<u>31,160</u>	<u>352,939</u>	<u>1,349,039</u>
Total liabilities and fund balances	<u>\$ 1,057,920</u>	<u>154,844</u>	<u>64,023</u>	<u>352,939</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,374,114
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(109,629)
Bond refunding credit, net	(7,194)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,371,661)</u>
Net assets of governmental activities	<u>\$ 17,234,669</u>

**City of Egg Harbor School District**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local tax levy	\$ 2,235,239		120,461		2,355,700
Interest	1,900				1,900
Miscellaneous	198,210	1,977	1,056		201,243
State sources	5,406,703	286,587	101,703	3,147,412	8,942,405
Federal sources	30,033	1,375,349			1,405,382
Total revenues	<u>7,872,085</u>	<u>1,663,913</u>	<u>223,220</u>	<u>3,147,412</u>	<u>12,906,630</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	1,937,046	1,000,873			2,937,919
Special education instruction	724,543				724,543
Other special instruction	127,535				127,535
Support services and undistributed costs:					
Tuition	148,415	169,590			318,005
Student & instruction related services	953,177	260,447			1,213,624
General administrative services	263,011				263,011
School administrative services	180,546				180,546
Plant operations and maintenance	658,470				658,470
Pupil transportation	155,729				155,729
Business and other support services	194,403				194,403
Unallocated Benefits	1,984,049	232,744			2,216,793
Transfer to Charter School	114,309				114,309
Debt service:					
Principal			259,508		259,508
Interest and other charges			369,796		369,796
Capital outlay	80,847	-		5,746,096	5,826,943
Total expenditures	<u>7,522,080</u>	<u>1,663,654</u>	<u>629,304</u>	<u>5,746,096</u>	<u>15,561,134</u>
Excess (Deficiency) of revenues and other financing (uses) over expenditures	<u>350,005</u>	<u>259</u>	<u>(406,084)</u>	<u>(2,598,684)</u>	<u>(2,654,504)</u>
Net change in fund balances	350,005	259	(406,084)	(2,598,684)	(2,654,504)
Fund balance—July 1	643,094	(28,418)	437,244	2,951,623	4,003,543
Fund balance—June 30	<u>\$ 993,099</u>	<u>(28,159)</u>	<u>31,160</u>	<u>352,939</u>	<u>1,349,039</u>

**City of Egg Harbor 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, 2011**

**Total net change in fund balances - governmental funds (from B-2)** \$ (2,654,504)

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	(160,116)	
	Capital outlays	<u>5,725,392</u>	5,565,276

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 259,508

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

Amortization of bond refunding credit 3,597

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. (+) 3,860

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 (+). 46,991

**Change in net assets of governmental activities** \$ 3,224,728

**City of Egg Harbor School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	66,118
Accounts receivable		11,153
Interfund receivable		1,550
Inventories		3,165
Total current assets		<u>81,986</u>
Noncurrent assets:		
Furniture, machinery & equipment		158,992
Less accumulated depreciation		<u>(52,065)</u>
Total noncurrent assets		<u>106,927</u>
Total assets		<u><u>188,913</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		<u>503</u>
Total current liabilities		<u>503</u>
Total liabilities		<u>503</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		106,927
Unrestricted		81,483
Total net assets (deficit)	\$	<u><u>188,410</u></u>

**City of Egg Harbor School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities</b>
	<b>Enterprise Funds</b>
	<b>Food Service</b>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 31,350
Daily sales - non-reimbursable programs	38,132
Total operating revenues	69,482
Operating expenses:	
Cost of sales	288,115
Depreciation	9,379
Total Operating Expenses	297,494
Operating (loss)	(228,012)
Nonoperating revenues and expenses:	
State sources:	
State school lunch program	3,349
Federal sources:	
National school lunch program	156,950
National school breakfast program	31,070
School Snack program	5,536
Food distribution program	15,015
Interest and investment revenue	63
Total nonoperating revenues	211,983
Income before contributions & transfers	(16,029)
Contribution of fixed capital	101,550
Change in net assets	85,521
Total net assets—beginning	102,889
Total net assets—ending	\$ 188,410

See Accompanying Notes to the Financial Statements

Exhibit B-6

**City of Egg Harbor School District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	69,482
Payments to cost of sales	(269,022)
Net cash (used in) operating activities	(199,540)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	3,901
Federal Sources	200,478
(To)/From other funds	37,380
Net cash provided by non-capital financing activities	241,759
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Equipment	
Net cash used in capital and related financing activities	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and investment revenue	63
Net cash provided by investing activities	63
Net (decrease)/increase in cash and cash equivalents	42,282
Balances—beginning of year	23,836
Balances—end of year	66,118
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating (loss)	(228,012)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities	
Depreciation and net amortization	9,379
Food distribution program	15,015
(Increase) in inventories	4,897
Increase in accounts payable	(819)
Total adjustments	28,472
Net cash (used in) operating activities	\$ (199,540)

**City of Egg Harbor School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents		2,610	88,713
Other current assets			
Due from payroll agency	\$ 50,485		
Total assets	<u>50,485</u>	<u>2,610</u>	<u>88,713</u>
<b>LIABILITIES</b>			
Payable to district			133
Payable to unemployment trust			50,485
Total liabilities	<u>-</u>	<u>-</u>	<u>50,618</u>
<b>NET ASSETS</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 50,485</u>	<u>2,610</u>	

**City of Egg Harbor School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2011**

	Unemployment Compensation	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Investment earnings:		
Interest		3
Employee contributions	\$ 8,485	
Total additions	<u>8,485</u>	<u>3</u>
<b>DEDUCTIONS</b>		
Other payments	<u>24,100</u>	
Total deductions	<u>24,100</u>	<u>-</u>
Change in net assets	(15,615)	3
Net assets—beginning of the year	<u>66,100</u>	<u>2,607</u>
Net assets—end of the year	<u><u>\$ 50,485</u></u>	<u><u>2,610</u></u>

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Board of Education (Board) of the City of Egg Harbor School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. Reporting Entity:**

The City of Egg Harbor 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 seven members elected to a three-year term. The purpose of the District is to educate students in grades K-8. The City of Egg Harbor School District had an approximate enrollment at June 30, 2011 and 2010 of 481 and 489 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.

**City of Egg Harbor Board School District  
Notes to Financial Statements  
June 30, 2011**

**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 and special revenue activities are classified as governmental activities. The District's food service and latchkey programs are classified as business-type activities.

In the governmental-wide Statement of Net Assets, 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 assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

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). 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 depreciation expense, compensated absences, 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 assets resulting from the current year's activities.

**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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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.
- c. **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.

**2. Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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.

**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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

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 No. 34 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**D. BASIS OF ACCOUNTING**

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

**1. Accrual:**

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

**2. Modified Accrual:**

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

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

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

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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 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 on investments 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, 2006, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	2,586
Supplies		579
	\$	<u>3,165</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) 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.

**City of Egg Harbor Board School District  
Notes to Financial Statements  
June 30, 2011**

**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	5-20 years
Improvements	10-20 years

GASBS No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

**5. Fund Balances – Governmental Funds**

The Egg Harbor City School District elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. 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, ect.) 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

- 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:

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.

**6. 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 based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**7. Expenditures:**

Expenses 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.

**8. 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**9. 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.

**10. 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 are voted upon at the annual school election on the third Tuesday in April. 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(g). 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 County Superintendent of Schools. The following material transfers were made to/(from) budgetary line items:

**{This section is intentionally left blank.}**

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

<u>Account</u>	<u>Amount</u>
Salaries of Teachers (Gr 1-5)	(105,005)
Salaries of Teachers (Gr 6-8)	(65,250)
Multiple Disabilities Salaries of Teachers	(25,291)
Mult. Disab. Other Salaries for Instruction	21,728
Resource Room Salaries of Teachers	110,711
Basic Skills Salaries of Teachers	55,993
Tuition to CSSD & Regional Day Schools	(33,370)
Tuition to Private Schools for Disabled w/in State	(27,078)
Social Security Contributions	47,712
Group Insurance	(37,446)
Other Retirement Contributions - Regular	41,954
Health Benefits	(24,390)
Other Employee Benefits	(32,330)

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

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

**10. Encumbrances:**

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

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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**11. 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.

**12. Tuition Payable**

Tuition charges for the fiscal years 2009-10 and 2008-09 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**13. 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.

**14. 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**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position”. The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District’s financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”. This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District’s financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2011, the District had no investments.

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

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

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

NOTE 3. CASH

**Custodial Credit Risk – Deposits.** Custodial credit risk 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) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$1,008,397 of the District’s bank balance of \$2,283,793 was exposed to credit risk.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the City of Egg Harbor Board of Education in a prior year, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). 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. 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 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1	\$	191,207
Interest earned		<u>222</u>
Ending balance, June 30	\$	<u><u>191,429</u></u>

NOTE 5. FIXED ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

**{This section is intentionally left blank}**

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

	Balance June 30, 2010	Additions	Disposals/ Adjustments	Balance June 30, 2011
<b>Governmental Activities:</b>				
Land	\$ 1,745,000			1,745,000
Buildings & Improvements	638,300	2,520,690		3,158,990
Machinery & Equipment	1,077,352	1,076,264	416,180	1,737,436
Construction in Progress	17,982,923	5,644,546	3,516,107	20,111,362
<b>Total at Cost</b>	<b>21,443,575</b>	<b>9,241,500</b>	<b>3,932,287</b>	<b>26,752,788</b>
Accumulated Depreciation:				
Buildings & Improvements	(611,004)	(29,037)		(640,041)
Machinery & Equipment	(1,023,734)	(131,079)	(416,180)	(738,633)
<b>Total Accumulated Depreciation</b>	<b>(1,634,738)</b>	<b>(160,116)</b>	<b>(416,180)</b>	<b>(1,378,674)</b>
<b>Governmental activities Capital Assets, net</b>	<b>19,808,837</b>	<b>9,081,384</b>	<b>3,516,107</b>	<b>25,374,114</b>
<b>Business Type Activities</b>				
Equipment	72,923	101,550	15,481	158,992
Accumulated depreciation	(58,167)	(9,379)	(15,481)	(52,065)
<b>Business Type Activities Capital Assets, net</b>	<b>\$ 14,756</b>	<b>92,171</b>	<b>-</b>	<b>106,927</b>

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**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	69,445
Special education		17,126
Other special instruction		3,015
Tuition		7,517
Student & instruction related services		28,687
General Administration		6,217
School administrative expenses		4,268
General and business administration		3,681
Plant operations and maintenance		15,565
Student transportation services		3,681
Business and other support services		4,595
	\$	<u>160,116</u>

**NOTE 6. OPERATING LEASES**

Effective July 2007, the District entered into a lease agreement for a Canon Copier/Fax/Printer. The lease term is 48 months with payments in the amount of \$331.93 due monthly. Total rent expense for the 2011 fiscal year was \$332.

Effective March 2008, the District entered into a lease agreement for a Ricoh Copier/Printer/Scanner. The lease term is 48 months with payments in the amount of \$302.80 due monthly. Total rent expense for the 2011 fiscal year was \$3,634.

Effective November 2008, the District entered into a lease agreement for a Ricoh Digital Copier. The lease term is 48 months with payments of \$524.37 due monthly. Total rent expense for the 2011 fiscal year was \$6,292.

Effective October 2009, the District entered into a lease agreement for a Ricoh Digital Copier/Printer/Scanner. The lease term is 48 months with payments of \$276 due monthly. Total rent expense for the 2011 fiscal year was \$3,312.

Effective December 2010, the District entered into a lease agreement for a Ricoh Multitprinter. The lease term is 48 months with payments of \$88 due monthly. Total rent expense for the 2011 fiscal year was \$616.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

The following are minimum lease payments due on an annual basis:

Year ending June 30,	
2012	\$9,715
2013	4,368
2014	1,884
2015	440
Total	<u>\$16,407</u>

**NOTE 7. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2011 the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance June 30, 2010	Issued	Retired	Balance June 30, 2011	Due Within One Year
Compensated absences	\$ 177,563	29,850	76,841	130,572	
Bonds Payable	9,170,684		177,031	8,993,653	186,417
State of New Jersey - "SAFE" loan	329,912		82,477	247,435	82,477
Total	<u>\$ 9,678,159</u>	<u>29,850</u>	<u>336,349</u>	<u>9,371,660</u>	<u>268,894</u>

**A. Bonds Payable:**

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

Long-term debt as of June 30, 2011 consisted of the following:

\$1,567,078 School Bonds dated 8/13/93 payable in annual installments through 7/15/13. Interest is paid semiannually at a rate of 5.288% per annum. The balance remaining as of June 30, 2011 was \$333,653. The refunding bonds for the 1993 Small Project Loan Program, were sold on January 29, 2004. The City's portion of the refunded bonds was only a small component of a statewide issue and due to the unique situation, all of the savings were applied in one year for the fund statements. The savings were structured as a credit against the July 15, 2004 and January 15, 2005 loan payments. Total savings towards principal and interest were \$35,970 and \$28,879, respectively.

\$1,567,078 State of New Jersey SAFE loan, through the New Jersey Economic Development Authority, dated 8/18/93 payable in annual installments through 7/15/13. Interest is paid semiannually at a rate of 1.5% per annum. The balance remaining as of June 30, 2011 was \$247,435.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

\$8,870,000 School Bonds dated 2/28/08 payable in annual installments through 3/15/33. Interest is paid semiannually at varying rates. The balance remaining as of June 30, 2011 was \$8,660,000.

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

Year ending June 30,	Principal	Interest	Total
2012	\$ 268,894	342,672	611,566
2013	278,616	330,101	608,717
2014	293,578	343,463	637,041
2015	300,000	332,562	632,562
2016	310,000	321,312	631,312
2017-2021	1,755,000	2,821,150	4,576,150
2022-2026	2,160,000	1,044,660	3,204,660
2027-2031	2,650,000	574,860	3,224,860
2032-2033	1,225,000	74,924	1,299,924
Total	<u>\$ 9,241,088</u>	<u>6,185,704</u>	<u>15,426,792</u>

**NOTE 8. PENSION PLANS**

*Description of Plans*

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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

*Teachers' Pension and Annuity Fund*

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

*Public Employees' Retirement System*

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

*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 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 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2011, 2010 and 2009 were \$286,015, \$273,345, and \$253,883 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, 2011, 2010 and 2009 were \$102,954, \$75,104, and \$51,631, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2011, 2010 and 2009 was \$5,470,491, \$5,994,321, \$5,526,530, and \$5,196,760, covered payroll was \$3,913,098, \$4,331,605, and \$4,045,494 for TPAF; and \$903,694, \$922,912, and \$892,916 for PERS.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 10. COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Eligible administrators may bank unused vacation up to the total number of vacation days earned per year. Any unused vacation days which result in an employee exceeding the allowable number of banked days on June 30 of any given year will be forfeited.

Teachers are entitled to twelve sick days per school year and are permitted to accumulate these days from year to year with no maximum limit. In order to be reimbursed for unused sick time, the teacher must have a minimum of fifty days accumulated at the end of the academic year in which their retirement is executed. Teachers will only be reimbursed up to a maximum of \$3,600 for the unused sick time.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011 no liability existed for compensated absences in the proprietary fund types.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans 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 plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

MetLife  
Aetna  
Vanguard  
Syracusa  
Equitable  
Thomas Seely  
Travelers

NOTE 12. RISK MANAGEMENT

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2009 the District did not incur claims in excess of their coverage.

This District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBO JIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10.

The purpose of this Fund is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability, General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

is billed quarterly for amounts due to the State. The following is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

Fiscal Year	District Contributions	Employee Contributions	Claims Paid	Ending Balance
2010-2011		8,485	24,100	50,485
2009-2010		16,667	6,990	66,100
2008-2009	39,947	15,086	44,976	56,423

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2011, interfunds remained on the various balance sheets of the City of Egg Harbor Board of Education.

Fund	Interfund Receivable	Interfund Payable
General Fund	182,413	1,550
Special Revenue Fund		149,417
Debt Service Fund		32,863
Agency Fund		133
Enterprise Fund	1,550	
	183,963	183,963

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. In addition, state aid cash is directly deposited into the general bank account and subsequently transferred to the enterprise bank account. It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 14. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 15. FUND BALANCE APPROPRIATED

**General Fund (Exhibit B-1)** - Of the \$993,099 General Fund fund balance at June 30, 2011, \$170,421 is reserved for encumbrances; \$191,207 has been committed to the capital reserve fund; \$715,718 is reserved as excess surplus in accordance with NJSA 18A:7F-7; \$97,076 has been legally restricted and budgeted for the year ended June 30, 2012; and \$(181,323) is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

The designation for Reserved 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 reserve 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, 2011 is \$715,718. The excess fund balance at June 30, 2010 was \$0.

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$181,323 and \$28,159 in the General Fund and Special Revenue Fund, respectively, as of June 30, 2011 as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund and Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

NOTE 18. ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations and debt service. State sources funded approximately 74% of the Districts 2010-2011 governmental operations.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2011**

NOTE 19. STATE DEVELOPMENT AUTHORITY

The District has received a grant from the State Development Authority for the construction of new school facilities. The estimated total cost of the project is \$24,597,412, and the District has issued bonds in the amount of \$8,870,000 which has been placed on deposit with the State Development Authority to fund the entire District portion of the project. The State Development Authority will supervise all construction activity and make all payments related to the project.

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 4, 2011, the date which the financial statements were available to be issued and no items were noted for disclosure.

**Required Supplementary Information**  
**Part II**

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## **BUDGETARY COMPARISON SCHEDULES**

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and special revenue funds.

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**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,235,239		2,235,239	2,235,239	-
Other Tuition			-	2,206	2,206
Interest Earned on Capital Reserve Accounts	1,900		1,900	1,900	-
Miscellaneous	199,000		199,000	196,004	(2,996)
<b>Total - Local Sources</b>	<b>2,436,139</b>	<b>-</b>	<b>2,436,139</b>	<b>2,435,349</b>	<b>(790)</b>
State Sources:					
Categorical Special Education Aid	85,698		241,283	241,283	-
Equalization Aid	4,722,905		4,567,320	4,567,320	-
Extraordinary Aid	25,398		25,398	6,012	(19,386)
Nonpublic Transportation				3,827	3,827
On-Behalf TPAF Pension Contributions (non-budgeted)				286,015	286,015
Reimbursed TPAF Social Security Contributions (non-budgeted)				294,555	294,555
<b>Total - State Sources</b>	<b>4,834,001</b>	<b>-</b>	<b>4,834,001</b>	<b>5,399,012</b>	<b>565,011</b>
Federal Sources:					
Medicaid Reimbursement	15,084		15,084	30,033	14,949
<b>Total - Federal Sources</b>	<b>15,084</b>	<b>-</b>	<b>15,084</b>	<b>30,033</b>	<b>14,949</b>
<b>Total Revenues</b>	<b>7,285,224</b>	<b>-</b>	<b>7,285,224</b>	<b>7,864,394</b>	<b>579,170</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	6,649		6,649	6,649	-
Kindergarten	212,165	1,960	214,125	203,551	10,574
Grades 1-5	935,725	(105,005)	830,720	774,839	55,881
Grades 6-8	906,757	(65,250)	841,507	800,133	41,374
Regular Programs - Home Instruction:					
Salaries of Teachers	4,862	12,300	17,162	17,062	100
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	20,000	(7,760)	12,240	5,406	6,834
Other Purchased Services	17,000	3,000	20,000	17,681	2,319
General Supplies	107,634	2,551	110,185	110,185	-
Textbooks	10,000	(6,650)	3,350	1,540	1,810
<b>Total Regular Programs</b>	<b>2,214,143</b>	<b>(158,205)</b>	<b>2,055,938</b>	<b>1,937,046</b>	<b>118,892</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	292,210	(25,291)	266,919	249,876	17,043
Other Salaries for Instruction	79,544	21,728	101,272	96,994	4,278
Purchased Professional Educational Services	5,000	(5,000)	-	-	-
General Supplies	2,000	135	2,135	2,053	82
Textbooks					
<b>Total Multiple Disabilities</b>	<b>378,754</b>	<b>(8,428)</b>	<b>370,326</b>	<b>348,923</b>	<b>21,403</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	285,695	110,711	396,406	371,721	24,685
General Supplies	1,000	20	1,020	998	22
<b>Total Resource Room/Resource Center</b>	<b>286,695</b>	<b>110,731</b>	<b>397,426</b>	<b>372,719</b>	<b>24,707</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Preschool Disabilities - Full-Time					
Salaries of Teachers	-	-	250	-	-
Supplies	250	-	-	249	1
<b>Total Preschool Disabilities - Full-Time</b>	<b>250</b>	<b>-</b>	<b>250</b>	<b>249</b>	<b>1</b>
Home Instruction					
Salaries of Teachers	7,152	(4,500)	2,652	2,652	-
<b>Total Home Instruction</b>	<b>7,152</b>	<b>(4,500)</b>	<b>2,652</b>	<b>2,652</b>	<b>-</b>
<b>Total Special Education - Instruction</b>	<b>672,851</b>	<b>97,803</b>	<b>770,654</b>	<b>724,543</b>	<b>46,111</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers		55,993	55,993	40,913	15,080
<b>Total Basic Skills/Remedial - Instruction</b>	<b>-</b>	<b>55,993</b>	<b>55,993</b>	<b>40,913</b>	<b>15,080</b>
Bilingual Education - Instruction:					
Salaries of Teachers	49,879	-	49,879	47,731	2,148
General Supplies	1,000	(93)	907	604	303
Textbooks	-	-	-	-	-
<b>Total Bilingual Education - Instruction</b>	<b>50,879</b>	<b>(93)</b>	<b>50,786</b>	<b>48,335</b>	<b>2,451</b>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	37,607	2,027	39,634	36,249	3,385
Supplies and Materials		650	650	639	11
Other Objects	4,700	-	4,700	3,458	1,242
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>42,307</b>	<b>2,677</b>	<b>44,984</b>	<b>40,346</b>	<b>4,638</b>
School-Sponsored Athletics - Instruction					
Salaries		900	900	(3,110)	4,010
Purchased Services		1,273	1,273	1,051	222
Supplies and Materials		-	-	-	-
<b>Total School-Sponsored Athletics - Instruction</b>	<b>-</b>	<b>2,173</b>	<b>2,173</b>	<b>(2,059)</b>	<b>4,232</b>
<b>Total Instruction</b>	<b>2,980,180</b>	<b>348</b>	<b>2,980,528</b>	<b>2,789,124</b>	<b>191,404</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State		19,942	19,942	14,463	5,479
Tuition to CSSD & Regional Day Schools	107,595	(33,370)	74,225	63,281	10,944
Tuition to Private Schools for the Disabled - Within State	78,342	(27,078)	51,264	41,767	9,497
Tuition - Other		28,904	28,904	28,904	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>185,937</b>	<b>(11,602)</b>	<b>174,335</b>	<b>148,415</b>	<b>25,920</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	58,015	838	58,853	56,599	2,254
Purchased Prof. & Tech. Svc.	1,000	-	1,000	-	1,000
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>59,015</b>	<b>838</b>	<b>59,853</b>	<b>56,599</b>	<b>3,254</b>
Undistributed Expenditures - Health Services:					
Salaries	84,930	-	84,930	79,538	5,392
Purchased Professional and Technical Services	8,100	-	8,100	5,529	2,571
Other Purchased Services		-		-	-
Supplies and Materials	3,500	500	4,000	4,000	-
Other Objects		-		-	-
<b>Total Undistributed Expenditures - Health Services</b>	<b>96,530</b>	<b>500</b>	<b>97,030</b>	<b>89,067</b>	<b>7,963</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	57,357	(3,606)	53,751	44,355	9,396
Purchased Professional - Educational Services	50,000	15,160	65,160	65,160	-
Supplies and Materials	200	166	366	366	-
Other Objects		-		-	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>107,557</b>	<b>11,720</b>	<b>119,277</b>	<b>109,881</b>	<b>9,396</b>
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	1,800	-	1,800	1,700	100
<b>Total Undistributed Expenditures - Other Support Services - Extra Services</b>	<b>1,800</b>	<b>-</b>	<b>1,800</b>	<b>1,700</b>	<b>100</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	138,408	4,990	143,398	132,129	11,269
Other Purchased Professional and Technical Services	1,050	(1,050)	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies and Materials	1,750	(465)	1,285	1,279	6
Other Objects	-	-	-	-	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>141,208</b>	<b>3,475</b>	<b>144,683</b>	<b>133,408</b>	<b>11,275</b>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries Other Professional Staff	236,605	(1,893)	234,712	224,539	10,173
Salaries of Secretarial and Clerical Assistants	47,410	(4,227)	43,183	31,834	11,349
Purchased Professional Educational Services	7,500	-	7,500	7,500	-
Other Purchased Professional and Technical Services	15,000	-	15,000	7,550	7,450
Miscellaneous Purchased Services	600	350	950	844	106
Supplies and Materials	3,000	4,357	7,357	6,294	1,063
Other Objects	-	-	-	-	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Special</b>	<b>310,115</b>	<b>(1,413)</b>	<b>308,702</b>	<b>278,561</b>	<b>30,141</b>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	47,246	-	47,246	46,116	1,130
Salaries of Other Professional Staff	89,913	-	89,913	87,078	2,835
Other Purchased Services	-	200	200	115	85
Other Objects	1,500	186	1,686	1,686	-
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>138,659</b>	<b>386</b>	<b>139,045</b>	<b>134,995</b>	<b>4,050</b>
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	70,009	-	70,009	66,349	3,660
Purchased Professional and Technical Services	8,800	-	8,800	7,021	1,779
Supplies and Materials	76,900	-	76,900	75,596	1,304
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>155,709</b>	<b>-</b>	<b>155,709</b>	<b>148,966</b>	<b>6,743</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Support Services - Gen. Admin.:</b>					
Salaries	193,658	-	193,658	191,974	1,684
Legal Services	15,000	-	15,000	-	15,000
Audit Fees	16,000	-	16,000	15,800	200
Other Purchased Professional Services	9,122	-	9,122	3,341	5,781
Communications/Telephone	38,050	-	38,050	19,311	18,739
Other Purchased Services	25,269	-	25,269	24,026	1,243
General Supplies	3,000	(114)	2,886	2,360	526
In-House Training and Meeting Supplies	500	114	614	614	-
Miscellaneous Expenditures	1,747	-	1,747	1,650	97
Membership Dues and Fees	6,000	-	6,000	3,935	2,065
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>308,346</b>	<b>-</b>	<b>308,346</b>	<b>263,011</b>	<b>45,335</b>
<b>Undistributed Expenditures - Support Serv. - School Admin.:</b>					
Salaries of Principals and Assistant Principals	80,381	-	80,381	78,459	1,922
Salaries of Secretarial and Clerical Assistants	87,392	592	87,984	84,286	3,698
Other Purchased Services	12,250	(1,200)	11,050	8,827	2,223
Supplies and Materials	9,000	(490)	8,510	7,015	1,495
Other Objects	2,100	-	2,100	1,959	141
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>191,123</b>	<b>(1,098)</b>	<b>190,025</b>	<b>180,546</b>	<b>9,479</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	152,960	(5,103)	147,857	142,815	5,042
Purchased Professional Services	1,500	(914)	586	586	-
Purchased Technical Services	12,500	6,299	18,799	18,797	2
Misc. Purchased Services	1,500	(632)	868	868	-
Supplies and Materials	3,186	515	3,701	3,688	13
Other Objects	1,100	-	1,100	1,093	7
<b>Total Undistributed Expenditures - Central Services</b>	<b>172,746</b>	<b>165</b>	<b>172,911</b>	<b>167,847</b>	<b>5,064</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Admin. Info Technology					
Salaries	19,060	-	19,060	18,418	642
Purchased Technical Services	11,000	(268)	10,732	8,138	2,594
Other Purchased Services	-	-	-	-	-
<b>Total Undistributed Expenditures - Admin. Info Technology</b>	<b>30,060</b>	<b>(268)</b>	<b>29,792</b>	<b>26,556</b>	<b>3,236</b>
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	107,261	425	107,686	104,503	3,183
Cleaning, Repair, and Maintenance Services	44,010	(1,526)	42,484	39,284	3,200
General Supplies	14,350	(4,100)	10,250	7,353	2,897
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>165,621</b>	<b>(5,201)</b>	<b>160,420</b>	<b>151,140</b>	<b>9,280</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	195,963	1,145	197,108	187,422	9,686
Purchased Professional and Technical Services	8,000	(1,605)	6,395	6,395	-
Cleaning, Repair and Maintenance Services	10,100	(1,009)	9,091	8,081	1,010
Rental of Land & Building Other than Lease Purch Agmt	4,800	1,600	6,400	6,400	-
Other Purchased Property Services	7,000	201	7,201	7,201	-
Insurance	32,390	(1,296)	31,094	31,094	-
Miscellaneous Purchased Services	10,900	(279)	10,621	10,423	198
General Supplies	33,431	3,300	36,731	33,797	2,934
Energy (Heat and Electricity)	186,000	2,000	188,000	168,113	19,887
Other Objects	1,500	93	1,593	1,593	-
Energy (Natural Gas)	97,854	(2,000)	95,854	46,811	49,043
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>587,938</b>	<b>2,150</b>	<b>590,088</b>	<b>507,330</b>	<b>82,758</b>
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Bet. Home & School) - Vendors		1,200	1,200	1,143	57
Contracted Services - (Between Home and School) - Joint Agree.	77,897	(1,200)	76,697	62,222	14,475
Contracted Services - (Special Ed Students) - Vendors		-	-	-	-
Contracted Services - (Special Ed Students) - Joint Agreements	120,000	-	120,000	72,823	47,177
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	12,000	-	12,000	9,105	2,895
Contracted Services - Aid in Lieu of Payments - Charter Sch.	14,500	-	14,500	10,436	4,064
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>224,397</b>	<b>-</b>	<b>224,397</b>	<b>155,729</b>	<b>68,668</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Unallocated Benefits:					
Social Security Contributions	62,554	47,712	110,266	110,107	159
Group Insurance	37,446	(37,446)	-	-	-
Other Retirement Contributions - Regular	61,000	41,954	102,954	102,954	-
Unemployment Compensation	62,400	(2,500)	59,900	28,949	30,951
Workmen's Compensation	46,200	-	46,200	45,300	900
Health Benefits	1,463,696	(24,390)	1,439,306	1,058,978	380,328
Tuition Reimbursement	20,160	7,000	27,160	27,160	-
Other Employee Benefits	67,360	(32,330)	35,030	30,031	4,999
<b>Total Unallocated Benefits</b>	<b>1,820,816</b>	<b>-</b>	<b>1,820,816</b>	<b>1,403,479</b>	<b>417,337</b>
On-behalf TPAF Pension Contributions (non-budgeted)				286,015	(286,015)
Reimbursed TPAF Social Security Contributions (non-budgeted)				294,555	(294,555)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>580,570</b>	<b>(580,570)</b>
Total Undistributed Expenditures	4,697,577	(348)	4,697,229	4,537,800	159,429
<b>Total Current Expense</b>	<b>7,677,757</b>	<b>-</b>	<b>7,677,757</b>	<b>7,326,924</b>	<b>350,833</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	1,900	-	1,900	1,900	-
Total Deposit to Capital Reserve	1,900	-	1,900	1,900	-
Facilities Acquisition and Construction Services					
Other Objects	78,947	-	78,947	78,947	-
Construction Services					
	78,947	-	78,947	78,947	-
<b>Total Capital Outlay</b>	<b>80,847</b>	<b>-</b>	<b>80,847</b>	<b>80,847</b>	<b>-</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Transfer to Charter Schools</b>	199,989	-	199,989	114,309	85,680
<b>Total Expenditures</b>	<b>7,958,593</b>	-	<b>7,958,593</b>	<b>7,522,080</b>	<b>436,513</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(673,369)	-	(673,369)	342,314	142,657
Other Financing Sources (Uses)					
Transfer in (Capital Reserve)			-		
Transfer out (Special Revenue)			-		
Total Other Financing Sources (Uses)	-	-	-	-	-
Net change in fund balances	(673,369)	-	(673,369)	342,314	142,657
Fund Balances, July 1	1,091,947	-	1,091,947	1,091,947	-
Fund Balances, June 30	\$ 418,578	-	418,578	1,434,261	142,657

Recapitulation of Fund Balance:

<b>Restricted Fund Balance</b>	715,718
Excess Surplus	
<b>Committed Fund Balance</b>	191,207
Capital Reserve	97,076
Designated for Subsequent Year's Expenditures	
<b>Assigned Fund Balance</b>	170,421
Reserve for Encumbrances	259,839
<b>Unassigned Fund Balance</b>	1,434,261

Reconciliation to Governmental Funds Statements (GAAP)

Last State Aid Payment Not Recognized on GAAP Basis	(441,162)
Fund Balance per Governmental Funds (GAAP)	\$993,099

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Other	2,000	-	2,000	1,977	(23)
Total - Local Sources	2,000	-	2,000	1,977	(23)
State Sources:					
Preschool Education Aid	292,236	-	292,236	279,201	(13,035)
Other Restricted Entitlements	16,795	-	16,795	13,241	(3,554)
Total - State Sources	309,031	-	309,031	292,442	(16,589)
Federal Sources:					
Title I	632,162	(3,941)	628,221	574,695	(53,526)
I.D.E.A., Part B	144,000	25,590	169,590	169,590	-
Other	559,679	48,385	608,064	536,864	(71,200)
Total - Federal Sources	1,335,841	70,034	1,405,875	1,281,149	(124,726)
<b>Total Revenues</b>	<b>1,646,872</b>	<b>70,034</b>	<b>1,716,906</b>	<b>1,575,568</b>	<b>(141,338)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	521,104	228,703	749,807	678,481	71,326
Salaries of other professional staff	74,648	(4,240)	70,408	66,242	4,166
Purchased prof. and technical services	117,061	(105,765)	11,296	6,120	5,176
Tuition	169,590	-	169,590	169,590	-
Other purchased services	3,488	-	3,488	203	3,285
General supplies	51,866	19,518	71,384	64,426	6,958
Other objects	7,220	(1,020)	6,200	5,657	543
<b>Total instruction</b>	<b>944,977</b>	<b>137,196</b>	<b>1,082,173</b>	<b>990,719</b>	<b>91,454</b>

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
<b>Support Services</b>					
Salaries of Other Professional Staff	335,114	(98,311)	236,803	217,901	18,902
Other Salaries	112,471	11,875	124,346	114,556	9,790
Salaries of Supervisors of Instruction	28,593	-	28,593	28,593	-
Personal Services - Employee Benefits	133,523	32,869	166,392	160,222	6,170
Purchased Professional Educational Services	17,880	-	17,880	17,500	380
Purchased Technical Services	17,118	(4,509)	12,609	9,723	2,886
Other Purchased Services	45,108	(11,097)	34,011	26,283	7,728
Travel	4,974	1,515	6,489	3,938	2,551
Supplies & Materials	7,114	496	7,610	6,133	1,477
<b>Total support services</b>	<b>701,895</b>	<b>(67,162)</b>	<b>634,733</b>	<b>584,849</b>	<b>49,884</b>
<b>Total expenditures</b>	<b>1,646,872</b>	<b>70,034</b>	<b>1,716,906</b>	<b>1,575,568</b>	<b>141,338</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfer in - General Fund				-	-
Canellation of prior year receivable				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net change in fund balances	\$ -	-	-	-	-

**City of Egg Harbor School District**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2011**

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

	General Fund	Special Revenue
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$7,864,394	1,575,568
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		105,588
Current year		(17,502)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	448,853	28,418
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(441,162)	(28,159)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	7,872,085	1,663,913
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	7,522,080	1,575,568
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		105,588
Current year		(17,502)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$7,522,080	1,663,654

## **SPECIAL REVENUE FUND**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2011**

	Target Grant	Prevent Child Abuse	Preschool Education	New Jersey Coordinated Health System	New Jersey Math PLC	Total State/Local Funds
<b>REVENUES:</b>						
Local Sources	\$ 1,977					1,977
State Sources		1,562	279,201	9,017	2,662	292,442
Federal Sources						-
<b>Total revenues</b>	<b>1,977</b>	<b>1,562</b>	<b>279,201</b>	<b>9,017</b>	<b>2,662</b>	<b>294,419</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers			178,510	4,464	446	183,420
Salaries of other professional staff			66,242			66,242
Purchased prof. and technical services						-
Tuition						-
Other purchased services			203			203
General supplies	1,977		5,653	4,018		11,648
Other objects						-
<b>Total Instruction</b>	<b>1,977</b>	<b>0</b>	<b>250,608</b>	<b>8,482</b>	<b>446</b>	<b>261,513</b>
Support services:						
Salaries of other professional staff					2,030	2,030
Other salaries						-
Salaries of supervisors of instruction						28,593
Personal services- employee benefits			28,593			-
Purchased professional educational service						-
Purchased technical services				535		535
Other purchased services		1,562			186	186
Travel						-
Supplies and materials						1,562
<b>Total support services</b>	<b>-</b>	<b>1,562</b>	<b>28,593</b>	<b>535</b>	<b>2,216</b>	<b>32,906</b>
<b>Total expenditures</b>	<b>1,977</b>	<b>1,562</b>	<b>279,201</b>	<b>9,017</b>	<b>2,662</b>	<b>294,419</b>

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2011**

	Title I Part A	Title I ARRA	Title ID	Carryover Title I Part A	I.D.E.A. Part B- Basic Instruction	I.D.E.A. Part B- Basic Preschool
<b>REVENUES:</b>						
Local Sources						
State Sources	353,741	88,248	30,937	101,769	161,636	7,954
Federal Sources	<u>353,741</u>	<u>88,248</u>	<u>30,937</u>	<u>101,769</u>	<u>161,636</u>	<u>7,954</u>
Total revenues						
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	126,088	75,913	21,571	59,868		
Salaries of other professional staff						
Purchased prof. and technical services						
Tuition					161,636	7,954
Other purchased services						
General supplies			9,366	21,103		
Other objects						
Total Instruction	<u>126,088</u>	<u>75,913</u>	<u>30,937</u>	<u>80,971</u>	<u>161,636</u>	<u>7,954</u>
Support services:						
Salaries of other professional staff	51,456					
Other salaries	102,681			11,875		
Salaries of supervisors of instruction						
Personal services- employee benefits	55,563	12,335		8,923		
Purchased professional educational service						
Purchased technical services						
Other purchased services	17,953					
Travel						
Supplies and materials						
Total support services	<u>227,653</u>	<u>12,335</u>	<u>-</u>	<u>20,798</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>353,741</u>	<u>88,248</u>	<u>30,937</u>	<u>101,769</u>	<u>161,636</u>	<u>7,954</u>

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2011**

	Title II Part A	Title II Part D	21st Century	21st Century Carryover	Learn and Serve	Reading First	Total Federal Funds	Totals
<b>REVENUES:</b>								
Local Sources							-	1,977
State Sources	55,401	820	369,140	33,700	8,104	69,699	1,281,149	292,442
Federal Sources								1,281,149
Total revenues	<u>55,401</u>	<u>820</u>	<u>369,140</u>	<u>33,700</u>	<u>8,104</u>	<u>69,699</u>	<u>1,281,149</u>	<u>1,575,568</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers	46,167	820	128,799	31	2,594	33,210	495,061	678,481
Salaries of other professional staff							-	66,242
Purchased prof. and technical services			6,120				6,120	6,120
Tuition							169,590	169,590
Other purchased services							-	203
General supplies			20,067	207	1,491	544	52,778	64,426
Other objects			4,913	420	324		5,657	5,657
Total Instruction	<u>46,167</u>	<u>820</u>	<u>159,899</u>	<u>658</u>	<u>4,409</u>	<u>33,754</u>	<u>729,206</u>	<u>990,719</u>
Support services:								
Salaries of other professional staff			111,898	29,531	1,523	21,463	215,871	217,901
Other salaries							114,556	114,556
Salaries of supervisors of instruction							-	28,593
Personal services- employee benefits	9,234		69,189	795		4,183	160,222	160,222
Purchased professional educational service			17,500				17,500	17,500
Purchased technical services						9,723	9,723	9,723
Other purchased services			6,829		741	225	25,748	26,283
Travel			2,079		1,322	351	3,752	3,938
Supplies and materials			1,746	2,716	109		4,571	6,133
Total support services	<u>9,234</u>	<u>-</u>	<u>209,241</u>	<u>33,042</u>	<u>3,695</u>	<u>35,945</u>	<u>551,943</u>	<u>584,849</u>
Total expenditures	<u>55,401</u>	<u>820</u>	<u>369,140</u>	<u>33,700</u>	<u>8,104</u>	<u>69,699</u>	<u>1,281,149</u>	<u>1,575,568</u>

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid**  
**for the Fiscal Year Ended June 30, 2011**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	183,247	178,510	4,737
Other salaries for instruction	70,408	66,242	4,166
Other purchased services	3,488	203	3,285
Supplies	6,500	5,653	847
Total instruction	<u>263,643</u>	<u>250,608</u>	<u>13,035</u>
Support services:			
Salaries of Other Professional Staff	28,593	28,593	-
Professional services - employee benefits			-
Total support services	<u>28,593</u>	<u>28,593</u>	<u>-</u>
Total Expenditures	<u>292,236</u>	<u>279,201</u>	<u>13,035</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total 2010-11 Preschool Education Aid Allocation	292,236
Add: Actual ECPA Carryover (June 30, 2010)	-
Add: Budgeted Transfer from the General Fund 2010-11	-
Total Preschool Education Aid Funds Available for 2010-11 Budget	<u>292,236</u>
Less: 2008-09 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(292,236)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2011	-
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>13,035</u>
2010-11 Actual Carryover - Preschool Education Aid	<u>13,035</u>
2009-10 Preschool Education Aid Carryover Budgeted in 2010-11	-

## **CAPITAL PROJECTS FUND**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

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**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2011**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2011
			Prior Years	Current Year	
School Facilities Project	11/14/07	24,597,412	17,842,919	5,746,096	1,008,397
Totals		\$ 24,597,412	17,842,919	5,746,096	1,008,397

**CITY OF EGG HARBOR SCHOOL DISTRICT  
Capital Projects Fund**

**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Year Ended June 30, 2011**

**Revenue and Other Financing****Sources**

State Sources - SDA	\$ 3,147,412
Bond proceeds and transfers	
Transfer from capital outlay	
Total revenues	<u>3,147,412</u>

**Expenditures and Other Financing****Uses**

Purchase of Land	
Construction Services	5,746,096
Total expenditures	<u>5,746,096</u>
Excess (deficiency) of revenues over (under) expenditures	(2,598,684)
Fund balance- beginning	2,951,623
Fund balance - ending	<u>\$ 352,939</u>

**CITY OF EGG HARBOR SCHOOL DISTRICT  
Capital Projects Fund**

**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
Construction of Egg Harbor Community School and Spragg School Improvements  
From Inception and for the Year Ended June 30, 2011**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources</b>				
State Sources - SDA	\$ 11,924,542	3,147,412	15,071,954	15,727,412
Bond proceeds and transfers	8,870,000		8,870,000	8,870,000
Total revenues	<u>20,794,542</u>	<u>3,147,412</u>	<u>23,941,954</u>	<u>24,597,412</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase of Land	1,745,000		1,745,000	1,745,000
Construction services	16,097,919	5,746,096	21,844,015	22,852,412
Total expenditures	<u>17,842,919</u>	<u>5,746,096</u>	<u>23,589,015</u>	<u>24,597,412</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>2,951,623</u>	<u>(2,598,684)</u>	<u>352,939</u>	<u>-</u>

**Additional project information:**

Project Number	1300-X01-04-1000
Grant Date	11/27/07
Bonds Authorization Date	11/14/07
Bonds Authorized	8,870,000
Bonds Issued	8,870,000
Original Authorized Cost	\$ 24,007,569
Additional Authorized Cost	589,843
Revised Authorized Cost	\$ 24,597,412

Percentage Increase over Original Authorized Cost	0%
Percentage completion	96%
Original target completion date	June 30, 2010
Revised target completion date	December 10, 2011

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## FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

**Unemployment Compensation Insurance Trust Fund-**

This is an expendable trust fund used to pay unemployment compensation insurance claims.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

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City of Egg Harbor School District  
 Fiduciary Fund  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2011

H-1

	Expendable Trusts		Agency	
	Scholarship	Unemployment Compensation	Payroll	Total
ASSETS:				
Cash and cash equivalents	\$ 2,610		88,713	91,323
Other current assets				-
Due from payroll agency		50,485		50,485
Total Assets	2,610	50,485	88,713	141,808
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Due to unemployment compensation trust			50,485	50,485
Interfund payable			133	133
Other liabilities			38,095	38,095
Total Liabilities	-	-	88,713	88,713
Fund balances:				
Reserved - Expendable Trust				
Scholarship	2,610			2,610
Reserved - Unemployment Compensation		50,485		50,485
Total fund balances	2,610	50,485	-	53,095
Total liabilities and fund balances	\$ 2,610	50,485	88,713	141,808



## **LONG-TERM DEBT**

The long-term debt section consists of the schedules of obligations under capital leases.

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**City of Egg Harbor School District  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 120,461		120,461	120,461	-
Miscellaneous	120,461	-	120,461	1,056	1,056
				121,517	1,056
State Sources:					
Debt Service Aid Type II	101,703		101,703	101,703	-
Total - State Sources	101,703	-	101,703	101,703	-
<b>Total Revenues</b>	<b>222,164</b>	<b>-</b>	<b>222,164</b>	<b>223,220</b>	<b>1,056</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	369,796		369,796	369,796	-
Redemption of Principal	259,508		259,508	259,508	-
Total Regular Debt Service	629,304	-	629,304	629,304	-
<b>Total expenditures</b>	<b>629,304</b>	<b>-</b>	<b>629,304</b>	<b>629,304</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(407,140)	-	(407,140)	(406,084)	1,056
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(407,140)	-	(407,140)	(406,084)	1,056
Fund Balance, July 1	437,244		437,244	437,244	-
Fund Balance, June 30	30,104	-	30,104	31,160	1,056
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	\$ (407,140)		(407,140)	(406,084)	1,056

## **Statistical Section**

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

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**EGG HARBOR CITY SCHOOL DISTRICT**  
**Net Assets by Component,**  
**Last Eight Fiscal Years**  
*Unaudited*

	For the Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	(1,612,992)	(1,541,694)	(1,397,131)	(1,242,256)	(1,058,635)	3,525,198	10,130,678	16,002,453
Restricted	981,416	843,389	768,129	743,365	1,033,192	837,954	4,253,443	1,558,521
Unrestricted	(164,186)	(267,981)	(288,005)	(151,245)	(319,823)	(439,256)	(374,180)	(326,305)
Total governmental activities net asset:	<u>(795,762)</u>	<u>(966,286)</u>	<u>(917,007)</u>	<u>(650,136)</u>	<u>(345,266)</u>	<u>3,923,896</u>	<u>14,009,941</u>	<u>17,234,669</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	106,849	103,729	113,693	113,249	103,593	104,212	102,890	106,927
Unrestricted	106,849	103,729	113,693	113,249	103,593	104,212	102,890	81,483
Total business-type activities net asset:	<u>106,849</u>	<u>103,729</u>	<u>113,693</u>	<u>113,249</u>	<u>103,593</u>	<u>104,212</u>	<u>102,890</u>	<u>188,410</u>
<b>District-wide</b>								
Invested in capital assets, net of related debt	(1,612,992)	(1,541,694)	(1,397,131)	(1,242,256)	(1,058,635)	3,525,198	10,130,678	16,109,380
Restricted	981,416	843,389	768,129	743,365	1,033,192	837,954	4,253,443	1,558,521
Unrestricted	(57,337)	(164,252)	(174,312)	(37,996)	(216,230)	(335,044)	(271,290)	(244,822)
Total district net assets	<u>(688,913)</u>	<u>(862,557)</u>	<u>(803,314)</u>	<u>(536,887)</u>	<u>(241,673)</u>	<u>4,028,108</u>	<u>14,112,831</u>	<u>17,423,079</u>

*The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. As such, only eight years of information is presented.*

Source: CAFR Schedule A-1

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year End June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	3,204,788	4,055,583	4,108,102	3,857,016	4,431,827	4,425,185	4,756,183	3,867,344
Special education	537,138	576,834	862,637	989,863	970,780	932,801	964,458	973,757
Other special education	108,719	86,571	136,449	155,516	144,560	153,086	152,413	171,402
Nonpublic school programs	201,651	184,175	167,469	151,999	101,355	-		
Support Services:								
Tuition	602,618	442,354	421,873	409,863	496,826	529,663	652,097	541,696
Student & instruction related services	421,977	886,947	1,380,387	1,400,708	1,282,041	1,298,435	1,256,793	1,631,064
General administrative services	585,795	753,535	395,469	426,035	462,826	343,752	357,718	353,476
School administrative services	847,418	149,583	129,027	132,533	169,637	251,879	251,309	242,647
Plant operations and maintenance	574,913	631,305	644,372	688,281	722,201	795,532	790,412	884,958
Pupil transportation	269,710	243,446	242,437	255,840	235,295	282,743	286,701	209,294
Businesss and other support services			229,074	247,329	235,023	212,414	246,965	261,269
Interest on long-term debt	71,847	52,851	52,658	46,860	193,311	408,314	317,281	365,936
Capital Outlay								182,397
Other financing uses							250,000	
Total governmental activities expenses	<u>7,426,574</u>	<u>8,063,184</u>	<u>8,769,954</u>	<u>8,761,843</u>	<u>9,445,682</u>	<u>9,633,804</u>	<u>10,282,330</u>	<u>9,685,240</u>
Business-type activities:								
Food service	246,868	269,489	272,266	273,500	294,980	290,023	298,747	297,494
Child Care			8,217	6,895			2,467	
Total business-type activities expense	<u>246,868</u>	<u>269,489</u>	<u>280,483</u>	<u>280,395</u>	<u>294,980</u>	<u>290,023</u>	<u>301,214</u>	<u>297,494</u>
Total district expenses	<u>7,673,442</u>	<u>8,332,673</u>	<u>9,050,437</u>	<u>9,042,238</u>	<u>9,740,662</u>	<u>9,923,827</u>	<u>10,583,544</u>	<u>9,982,734</u>
<b>Program Revenues</b>								
Governmental activities:								
Operating grants and contributions	2,275,739	2,311,059	2,954,988	3,148,707	3,326,917	2,269,242	2,529,024	2,244,224
Capital grants and contributions						3,156,847	10,652,699	3,147,412
Total governmental activities program revenues	<u>2,275,739</u>	<u>2,311,059</u>	<u>2,954,988</u>	<u>3,148,707</u>	<u>3,326,917</u>	<u>5,426,089</u>	<u>13,181,723</u>	<u>5,391,636</u>
Business-type activities:								
Charges for services								
Food service	81,552	81,807	86,567	77,136	82,622	76,063	71,010	69,482
Child care			10,620	6,720				
Operating grants and contributions	164,602	183,292	190,905	192,470	200,751	214,164	228,837	211,920
Total business type activities program revenues	<u>246,154</u>	<u>265,099</u>	<u>288,092</u>	<u>276,326</u>	<u>283,373</u>	<u>290,227</u>	<u>299,847</u>	<u>281,402</u>
Total district program revenues	<u>2,521,893</u>	<u>2,576,158</u>	<u>3,243,080</u>	<u>3,425,033</u>	<u>3,610,290</u>	<u>5,716,316</u>	<u>13,481,570</u>	<u>5,673,038</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	(5,150,835)	(5,752,125)	(5,814,966)	(5,613,136)	(6,118,765)	(4,207,715)	2,899,393	(4,293,604)
Business-type activities	(714)	(4,390)	7,609	(4,069)	(11,607)	204	(1,367)	(16,092)
Total district-wide net expense	<u>(5,151,549)</u>	<u>(5,756,515)</u>	<u>(5,807,357)</u>	<u>(5,617,205)</u>	<u>(6,130,372)</u>	<u>(4,207,511)</u>	<u>2,898,026</u>	<u>(4,309,696)</u>

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year End June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	1,701,858	1,629,210	1,792,390	1,810,936	1,902,167	1,902,167	1,978,253	2,235,239
Taxes levied for debt service	96,542		131,610	93,548	92,559	355,473	277,127	120,461
Unrestricted grants and contributions	3,650,856	3,863,008	3,723,568	3,735,645	3,981,809	4,916,975	4,710,498	4,856,166
Restricted grants and contributions	129,023		89,219	125,021	123,701	122,390	120,996	101,703
Tuition Received			38,122	35,345				
Investment earnings	11,320	32,866	50,940	72,980	54,589	13,480	224	1,900
Miscellaneous income	26,557	52,920	34,799	54,895	254,213	1,162,795	95,957	199,266
Amortization	3,597	3,597	3,597	3,597	3,597	3,597	3,597	3,597
Transfers in					11,000			
Cancellation of Receivable				(51,960)				
<b>Total governmental activities</b>	<b>5,619,753</b>	<b>5,581,601</b>	<b>5,864,245</b>	<b>5,880,007</b>	<b>6,423,635</b>	<b>8,476,877</b>	<b>7,186,652</b>	<b>7,518,332</b>
Business-type activities:								
Investment earnings	459	1,270	2,355	3,625	1,951	415	45	63
Contributed capital								101,550
<b>Total business-type activities</b>	<b>459</b>	<b>1,270</b>	<b>2,355</b>	<b>3,625</b>	<b>1,951</b>	<b>415</b>	<b>45</b>	<b>101,613</b>
<b>Total district-wide</b>	<b>5,620,212</b>	<b>5,582,871</b>	<b>5,866,600</b>	<b>5,883,632</b>	<b>6,425,586</b>	<b>8,477,292</b>	<b>7,186,697</b>	<b>7,619,945</b>
<b>Change in Net Assets</b>								
Governmental activities	468,918	(170,524)	49,279	266,871	304,870	4,269,162	10,086,045	3,224,728
Business-type activities	(255)	(3,120)	9,964	(444)	(9,656)	619	(1,322)	85,521
<b>Total district</b>	<b>468,663</b>	<b>(173,644)</b>	<b>59,243</b>	<b>266,427</b>	<b>295,214</b>	<b>4,269,781</b>	<b>10,084,723</b>	<b>3,310,249</b>

*The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. As such, only eight years of information is presented.*

Source: CAFR Schedule A-2

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds**  
**Last Eight Fiscal Years**  
*Unaudited*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Restricted								715,718
Committed								288,283
Assigned								170,421
Unassigned								(181,323)
Reserved	981,416	843,388	768,127	743,363	1,033,190	1,275,847	864,576	
Unreserved	42,899	(38,882)	(59,530)	81,698	72,124	(222,399)	(221,482)	
Total general func	<u>1,024,315</u>	<u>804,506</u>	<u>708,597</u>	<u>825,061</u>	<u>1,105,314</u>	<u>1,053,448</u>	<u>643,094</u>	<u>993,099</u>
All Other Governmental Funds								
Restricted					8,870,000	7,767,066	2,951,623	352,939
Reserved								
Unreserved, reported in:								
Special revenue fund	(35,327)	(35,327)	(35,327)	(35,327)	(40,927)	(27,317)	(28,418)	(28,159)
Debt service fund		1	2	2	2	665,041	437,244	31,160
Permanent fund								
Total all other governmental funds:	<u>(35,327)</u>	<u>(35,326)</u>	<u>(35,325)</u>	<u>(35,325)</u>	<u>8,829,075</u>	<u>8,404,790</u>	<u>3,360,449</u>	<u>355,940</u>

*The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. As such, only eight years of information is presented.*

Source: CAFR Schedule B-1

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Eight Fiscal Years**  
**Unaudited**

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
Tax levy	1,798,400	1,629,210	1,924,000	1,904,484	1,994,726	2,257,640	2,255,380	2,355,700
Tuition charges			38,122	35,345	-			
Interest earnings	11,320	32,866	50,940	72,980	54,589	13,480	224	1,900
Miscellaneous	26,557	52,920	34,799	54,895	254,213	1,163,795	95,957	201,243
State sources	5,040,219	5,231,786	5,306,868	5,627,771	6,015,365	9,074,292	15,616,451	8,942,405
Federal sources	1,015,399	942,281	1,460,907	1,381,602	1,417,062	1,390,163	2,395,663	1,405,382
Total revenue	<u>7,891,895</u>	<u>7,889,063</u>	<u>8,815,636</u>	<u>9,077,077</u>	<u>9,735,955</u>	<u>13,899,370</u>	<u>20,363,675</u>	<u>12,906,630</u>
<b>Expenditures</b>								
Instruction								
Regular Instruction	2,563,151	3,197,435	3,145,220	2,887,126	3,371,490	3,463,608	3,658,489	2,937,919
Special education instruction	431,202	459,822	679,050	750,678	735,751	728,319	740,228	724,543
Other special instruction	87,277	69,010	107,409	117,938	109,561	119,528	116,978	127,535
Nonpublic school programs	161,880	146,815	131,828	115,271	76,817	-	-	
Support Services:								
Tuition	449,675	324,906	287,539	266,821	332,774	370,835	399,088	318,005
Student & instruction related services	338,753	707,028	1,086,611	1,062,248	971,655	1,013,801	964,597	1,213,624
General administrative services		413,236	311,305	323,090	350,774	268,397	274,551	263,011
School Administrative services	680,286	119,239	101,568	100,509	128,567	196,664	192,882	180,546
Business administrative services	470,262	187,443	180,323	187,568	178,330	165,850	189,547	194,403
Plant operations and maintenance	461,526	503,243	507,236	521,969	547,354	621,141	606,647	658,470
Pupil transportation	216,517	194,062	190,840	194,020	178,125	220,762	220,045	155,729
Unallocated employee benefits	1,384,603	1,549,000	1,792,650	2,054,846	2,215,521	1,995,832	2,225,553	2,216,793
Charter Schools	42,468	34,768	56,595	58,027	57,750	54,712	132,117	114,309
Capital outlay	33,754	44,491	112,542	49,973	1,573	4,510,381	15,218,366	5,826,943
Debt service:								
Principal	159,389	126,460	165,585	169,049	172,650	241,464	250,338	259,508
Interest and other charges	66,176	31,913	55,243	49,520	43,610	404,227	378,944	369,796
Total expenditures	<u>7,546,919</u>	<u>8,108,871</u>	<u>8,911,544</u>	<u>8,908,653</u>	<u>9,472,302</u>	<u>14,375,521</u>	<u>25,568,370</u>	<u>15,561,134</u>
Excess (Deficiency) of revenues over (under) expenditures	344,976	(219,808)	(95,908)	168,424	263,653	(476,151)	(5,204,695)	(2,654,504)
<b>Other Financing sources (uses)</b>								
Cancellation of prior year receivable				(51,960)				
Payment of funds to City per contract							(250,000)	
Proceeds from bond sales					8,870,000			
Proceeds of refunding debt	887,382							
Payment to refunded debt escrow agent	(887,382)							
Transfers in		30,691		51,960	11,000			
Transfers out		(30,691)		(51,960)				
Total other financing sources (uses)	-	-	-	(51,960)	8,881,000	-	(250,000)	-
Net change in fund balances	<u>344,976</u>	<u>(219,808)</u>	<u>(95,908)</u>	<u>116,464</u>	<u>9,144,653</u>	<u>(476,151)</u>	<u>(5,454,695)</u>	<u>(2,654,504)</u>
Debt service as a percentage of noncapital expenditures	3.00%	1.96%	2.51%	2.47%	2.28%	6.55%	6.08%	6.46%

*The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. As such, only eight years of information is presented.*

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Misc.</u>	<u>Total</u>
2002	12,513		48,652	61,165
2003	25,535	6,826	36,401	68,762
2004	11,320	5,134	21,423	37,877
2005	32,866	1,328	51,592	85,786
2006	50,940	38,122	34,799	123,861
2007	72,980	35,345	-	108,325
2008	54,589	-	2,355,700 a	2,410,289
2009	13,480	23,151	56,777	93,408
2010	224	-	95,957	96,181
2011	1,900	-	201,110	203,010

a: Miscellaneous revenue includes the sale of property

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm Reg.		QIarm		Commercial		Industrial		Apartment		Total Assessed Value		Less: Tax-Exempt Property	Public Utilities <sup>a</sup>		Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2002	2,372,700	86,316,200	-	-	-	-	-	-	23,761,500	3,858,000	5,132,700	121,441,100	-	2,160,660	123,601,760	1.30	150,340,094					
2003	2,338,100	86,436,400	-	-	-	-	-	-	23,690,000	3,853,500	5,132,700	121,450,700	-	2,105,199	123,555,899	1.44	158,814,171					
2004	2,788,500	86,476,100	-	-	-	-	-	-	23,394,400	4,586,500	4,568,100	121,813,600	-	1,820,791	123,634,391	1.45	167,480,887					
2005	3,005,500	87,561,200	-	-	-	-	-	-	23,661,900	5,038,200	4,568,100	123,834,900	-	1,613,342	125,448,242	1.30	193,774,177					
2006	9,434,700	231,087,900	-	-	-	-	-	-	39,247,800	8,586,000	7,103,700	295,460,100	-	2,304,921	297,765,021	0.65	230,394,178					
2007	7,940,600	231,678,700	-	-	-	-	-	-	42,528,344	8,236,700	6,943,400	297,327,744	-	2,366,931	299,694,675	0.64	297,101,071					
2008	7,473,400	232,881,600	-	-	-	-	-	-	41,998,600	7,936,600	6,943,400	297,233,600	-	2,202,882	299,436,482	0.64	299,504,482					
2009	6,730,400	233,335,500	-	-	-	-	-	-	42,063,000	7,936,500	6,943,400	297,008,800	-	2,113,286	299,122,086	0.64	299,195,886					
2010	6,989,700	234,107,100	-	-	-	-	-	-	42,194,800	8,204,100	6,790,400	298,286,100	-	2,179,885	300,465,985	0.63	307,764,239					
2011	6,899,000	233,514,400	-	-	-	-	-	-	42,409,300	6,908,800	6,790,400	296,521,900	-	2,153,609	298,675,509	0.75	286,369,003					

A revaluation occurred between 2005 and 2006 resulting in an increase in assessed valuations.

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

Fiscal Year Ended June 30,	Egg Harbor City Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General	Total Direct	Egg Harbor		Atlantic County	
		Obligation Debt Service <sup>b</sup>		Regional	City		
2001	1.063	0.088	1.151	0.682	1.756	0.631	4.220
2002	1.221	0.082	1.303	0.750	1.756	0.610	4.419
2003	1.361	0.079	1.440	0.873	1.775	0.631	4.719
2004	1.377	0.078	1.455	0.881	1.850	0.634	4.820
2005	1.318	-	1.318	0.962	2.169	0.635	5.084
2006	1.427	0.103	1.530	0.433	0.951	0.282	3.196
2007	0.604	0.030	0.634	0.454	1.068	0.306	2.462
2008	0.634	0.076	0.710	0.443	1.125	0.317	2.595
2009	0.635	0.075	0.710	0.404	1.137	0.327	2.578
2010	0.692	0.075	0.767	0.414	1.201	0.334	2.716

*A revaluation occurred between 2005 and 2006 resulting in an increase in assessed valuations.*

*The Board received unanticipated revenue in 2005 as a result of a bond refunding which eliminated the 2005 debt service tax levy.*

Source: District Records and Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Renault, LLC	3,879,900	1	1.30%			
Philadelphia Assoc C/O BOA	2,637,400	2	0.88%			
Semdor, Inc.	2,159,100	3	0.72%	890,100	4	0.72%
Taxpayer #1	1,423,800	4	0.48%			
Taxpayer #2	1,250,000	5	0.42%	2,212,800	1	1.79%
Pembroke Assoc	1,242,600	6	0.42%	657,300	8	0.53%
Rastelli Atlantic Realty, LLC	1,168,800	7	0.39%			
EH Yachts, LLC	1,130,200	8	0.38%	830,500	6	0.67%
Herr's Potato Chips, Inc.	978,300	9	0.33%			
Egg Harbor Boat	905,000	10	0.30%			
Harbor City Ltd.				1,350,000	2	1.09%
World Class Flowers				1,060,400	3	0.86%
Rite Aid				833,300	5	0.67%
Fleet Bank				727,600	7	0.59%
Eckerd Drugs				591,500	9	0.48%
Pettinaro (Acme Mkts)				531,500	10	0.43%
<b>Total</b>	<b>16,775,100</b>		<b>5.62%</b>	<b>9,685,000</b>		<b>4.12%</b>

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

298,675,529

123,601,763

Note - A revaluation occurred in 2006 which caused a significant fluctuation in commercial property valuation.

GASB requires this table to present the principal taxpayers for the current year and nine years ago.

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	1,609,054	1,609,054	100%	-
2003	1,779,203	1,779,203	100%	-
2004	1,798,400	1,798,400	100%	-
2005	1,629,210	1,629,210	100%	-
2006	1,924,000	1,924,000	100%	-
2007	1,904,484	1,904,484	100%	-
2008	1,994,726	1,994,726	100%	-
2009	1,902,167	1,902,167	100%	-
2010	1,978,253	1,978,253	100%	-
2011	2,235,239	2,235,239	100%	-

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

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

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	2,107,924	-	41,900	-	-	2,149,824	1.536%	15
2003	1,951,500	-	21,828	-	-	1,973,328	1.391%	14
2004	1,756,141	-	-	-	-	1,756,141	1.200%	12
2005	1,629,681	-	-	-	-	1,629,681	1.059%	11
2006	1,464,096	-	-	-	-	1,464,096	0.958%	10
2007	1,295,047	-	-	-	-	1,295,047	0.784%	8
2008	9,992,397	-	-	-	-	9,992,397	6.404%	64
2009	9,750,933	-	-	-	-	9,750,933	6.130%	61
2010	9,500,596	-	-	-	-	9,500,596	5.448%	54
2011	9,241,088	-	-	-	-	9,241,088	5.391%	54

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

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

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

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2002	2,107,924	-	2,107,924	1.71%	469
2003	1,951,500	-	1,951,500	1.58%	435
2004	1,756,141	-	1,756,141	1.42%	391
2005	1,629,681	-	1,629,681	1.30%	363
2006	1,464,096	-	1,464,096	0.49%	329
2007	1,295,047	-	1,295,047	0.43%	293
2008	9,992,397	-	9,992,397	3.34%	2,272
2009	9,750,933	-	9,750,933	3.26%	2,227
2010	9,500,596	-	9,500,596	3.16%	2,170
2011	9,241,088	-	9,241,088	3.09%	2,111

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

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

**b** Population data can be found in Exhibit NJ J-14.

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2011**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Egg Harbor City	4,858,333	100.00%	4,858,333
<b>Other debt</b> Greater Egg Harbor Regional School District Atlantic County	41,859,000 137,077,871	4.19% 0.58%	1,753,892 797,872
Subtotal, overlapping debt			7,410,097
<b>Egg Harbor City of School District debt</b>	9,241,088	100.00%	9,241,088
<b>Total direct and overlapping debt</b>			<u>16,651,185</u>

**Sources:** Egg Harbor City Finance Officer, Atlantic County Finance Office

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

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

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2011**

Equalized valuation basis	
2010	286,742,041
2009	306,447,379
2008	319,915,510
	923,104,930

Average equalized valuation of taxable property

307,701,643

Debt limit (3% of average)  
 Net bonded school debt  
 Legal debt margin

9,231,049  
 9,241,088  
(10,039)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	4,091,243	4,307,088	4,596,973	5,028,685	5,712,981	6,996,581	8,409,420	9,392,093	9,527,739	9,231,049
Total net debt applicable to limit	2,107,924	1,951,500	1,756,141	1,629,681	1,464,096	1,295,047	9,992,397	9,750,933	9,500,596	9,241,088
Legal debt margin	1,983,319	2,355,588	2,840,832	3,399,004	4,248,885	5,701,534	(1,582,977)	(358,840)	27,143	(10,039)
Total net debt applicable to the limit as a percentage of debt limit	51.52%	45.31%	38.20%	32.41%	25.63%	18.51%	118.82%	103.82%	99.72%	100.11%

Note: In instances where the District's debt margin is exceeded, the District uses the City debt margin.

Source: Abstract of Rates and District Records CAFR Schedule J-7

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	4,494	139,966	31,145	9.10%
2003	4,488	141,857	31,608	9.60%
2004	4,493	146,319	32,566	8.40%
2005	4,486	153,901	34,307	8.20%
2006	4,454	152,803	34,307	8.20%
2007	4,426	165,121	37,307	8.70%
2008	4,398	156,041	35,480	8.70%
2009	4,379	159,067	36,325	8.70%
2010	4,378	174,398	39,835	18.40%
2011	4,378	171,425	39,156	18.80%

**Source:**

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

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

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, April 25, 2007

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



**EGG HARBOR CITY SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Six Fiscal Years**  
*Unaudited*

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	38.6	37.8	43.8	45.2	38.2	35.2
Special education	13.6	13.2	13.0	13.0	16.0	21.0
Support Services:						
Student & instruction related services	11.0	11.0	21.0	21.0	27.0	17.0
General administrative services	6.2	6.8	2.0	2.0	2.0	2.0
School administrative services	3.6	4.8	6.0	6.0	6.0	6.0
Business administrative services	2.8	2.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	6.0	6.0	6.0	7.0	7.0	7.0
Total	<u>81.80</u>	<u>81.60</u>	<u>94.80</u>	<u>97.20</u>	<u>99.20</u>	<u>91.20</u>

GASB requires this table to present the full-time equivalent district employees by function/program for the current year and the previous nine years, however only six years information was available.

**Source: District Personnel Records**

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
*Unaudited*

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2002					-	12:1			585	548	-1.18%	93.68%
2003					-	12:1	9:1		580	546	-0.85%	94.14%
2004	526	7,287,600	13,855	N/A	-	12:1	9:1		526	492	-9.31%	93.54%
2005	495	7,906,007	15,972	15.28%	-	12:1	9:1		495	466	-5.89%	94.14%
2006	534	8,799,002	16,478	0.58%	82	12:1	9:1		534	501	7.88%	93.82%
2007	499	8,640,111	17,315	5.08%	82	12:1	9:1		499	466	-6.55%	93.39%
2008	489	9,254,469	18,925	9.30%	95	12:1	9:1		489	459	-2.00%	93.87%
2009	479	9,219,449	19,247	1.70%	97	12:1	9:1		479	458	-2.04%	95.62%
2010	497	8,882,269	17,872	-7.15%	83	7:1	7:1		473	444	-1.25%	93.86%
2011	477	8,503,083	17,826	-0.20%	72	9:1	7:1		466	437	-1.48%	93.80%

*Information for 2000 through 2003 is not available. Staff information is available only for 2006 through 2009.*

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

**Note: Enrollment based on annual October district count.**

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

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

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

**EGG HARBOR CITY SCHOOL DISTRICT**  
**School Building Information**  
 Last Ten Fiscal Years  
*Unaudited*

<u>District Building</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Elementary</b>										
Charles L. Spragg School (1955)										
Square Feet	40,654	40,654	40,654	40,654	40,654	40,654	40,654	40,654	40,654	44,718
Capacity (students)	317	317	317	317	317	317	317	317	317	326
Enrollment	N/A	N/A	N/A	307	314	293	287	299	299	222
<b>Middle School</b>										
Egg Harbor Community School (2010)										
Square Feet										61,954
Capacity (students)										343
Enrollment										240
<b>Other</b>										
Fanny D. Rittenberg School (1923)										
Square Feet	40,458	40,458	40,458	40,458	40,458	40,458	40,458	40,458	40,458	40,458
Capacity (students)	282	282	282	282	282	282	282	282	282	282
Enrollment	N/A	N/A	N/A	216	197	213	202	180	180	180
Administration Building										
Square Feet	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300

*Enrollment information by school building is not available for 1997 through 2004*

Number of District Buildings at June 30, 2011  
 Elementary = 1  
 Middle School = 1

*Enrollment information by school was not available for 2002 through 2004*

**Source: District records, ASSA**

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

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

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

School Facilities	Project # (s)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary School	N/A	81,520	89,971	84,265	31,576	17,250	10,246	16,753	20,646	29,638	58,631
Middle School	N/A	69,620	49,075	48,492	14,715	7,800	12,884	8,084	17,352	31,374	44,230
Total School Facilities		151,140	139,046	132,757	46,291	25,050	23,130	24,837	37,998	61,012	102,861
Other Facilities				6,689	6,049					8,513	
Grand Total		151,140	139,046	139,446	52,340	25,050	23,130	24,837	37,998	69,525	102,861

# CITY OF EGG HARBOR SCHOOL DISTRICT

## Insurance Schedule

June 30, 2011

*Unaudited*

	Coverage	Deductible
School Package Policy		
Property - Blanket Building & Contents	150,000,000	500
Comprehensive General Liability and Automobile	10,000,000	
Comprehensive Crime Coverage	250,000	500
Boiler and Machinery - ACCASBOJIF		
Property Damage	50,000,000	1,000
Workers; Compensation - ACCASBOJIF	Statutory	
Coverage A		
Educator's Legal Liability - ACCASBOJIF	10,000,000	
Pollution Legal Liability	3,000,000	25,000

The Board of Education is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF), which is formed under the provisions of NJSA 18A:18B 1-10. The ACCASBOJIF was formed by its member districts to provide a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. It achieves this goal by pooling together members' resources, deciding on what insurance coverage's it will offer and/or purchase and at what retention, and by hiring professionals to help run the Fund.

Source: District Records.

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## **Single Audit Section**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Egg Harbor City School District in the County of Atlantic, State of New Jersey as of and for the year ended June 30, 2011, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Egg Harbor City School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Egg Harbor City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Egg Harbor City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Egg Harbor City School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Egg Harbor City School District in the separate *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 4, 2011.

This report is intended solely for the information and use of the audit committee, management, and the State of New Jersey, Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Robert E. Swartz, CPA  
Licensed Public School Accountant  
No. CS00667



Swartz & Co., LLC  
Certified Public Accountants

November 4, 2011



CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 548, Mays Landing, NJ 08330

Member: New Jersey Society of CPAs  
American Institute of CPAs  
AICPA Private Companies Practice Section

[www.swartzcocpa.com](http://www.swartzcocpa.com)

Phone: (609) 625-0999  
in N.J.:(877) 310-0999  
Fax: (609) 625-2421

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**Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A133  
And New Jersey Circular OMB 04-04**

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

**Compliance**

We have audited the Egg Harbor City Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Grants Compliance Supplement* that could have a direct and material effect on each of the Egg Harbor City Board of Education's major federal and state programs for the year ended June 30, 2011. The Egg Harbor City Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Egg Harbor City Board of Education's management. Our responsibility is to express an opinion on the Egg Harbor City Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04, *New Jersey State Grants Compliance Supplement*. Those standards, OMB Circular A-133 and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Egg Harbor City Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Egg Harbor City Board of Education's compliance with those requirements.

In our opinion, the Egg Harbor City Board of Education complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

### Internal Control Over Compliance

Management of the Egg Harbor City Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Egg Harbor City Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information of the audit committee, management, Board of Education, the New Jersey State Department of Education (cognizant audit agency) and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Robert E. Swartz, CPA  
Licensed Public School Accountant  
No. CS00667



Swartz & Co., LLC  
Certified Public Accountants

November 4, 2011

**CITY OF EGG HARBOR SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	(Accounts Receivable)	Deferred Revenue	Due to Grantor at June 30, 2011
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education:</b>													
Enterprise Fund:													
Food Distribution Program	10.550		7/1/10-6/30/11	15,015			15,015	(15,015)					
School Breakfast Program	10.553		7/1/10-6/30/11	31,070			29,142	(31,070)			(1,928)		
School Breakfast Program	10.553		7/1/09-6/30/10	28,841	(2,696)		2,696				(8,939)		
National School Lunch Program	10.555		7/1/10-6/30/11	136,950			148,011	(156,950)					
National School Lunch Program	10.555		7/1/09-6/30/10	138,461	(15,071)		15,071				(81)		
National Snack Program	10.555		7/1/10-6/30/11	5,536	(112)		112	(5,536)					
National Snack Program	10.555		7/1/09-6/30/10	4,107	(17,879)		215,502	(208,571)			(10,948)		
Total Enterprise Fund													
<b>U.S. Department of Education</b>													
General Fund:													
Medical Assistance Program	93.778		7/1/10-6/30/11	30,033			30,033	(30,033)					
Total General Fund													
<b>Passed-through State Department of Education:</b>													
Special Revenue Fund:													
Title I, Part A	84.010	NCLB130006	9/1/10-8/31/11	353,741			256,886	(353,741)			(96,855)		
Title I, Part A, Carryover	84.010	NCLB130006	9/1/09-8/31/10	392,109	(67,012)		151,040	(101,769)			(17,741)		
Title I, Part A, Carryover	84.010	NCLB130006	9/1/08-8/31/09	367,771	(56,615)		56,615						
Title I, Part A, Carryover	84.010	NCLB130006	9/1/07-8/31/08	360,105	500					(500)			
Title I, Part A, Carryover	84.010	NCLB130005	9/1/06-8/31/07	446,906	69,322					(69,322)			
Title I, Part A, Carryover	84.010	NCLB130005	9/1/05-8/31/06	414,009	4,362					(4,362)			
Title I, ARRA	84.389	NCLB130005	9/1/09-8/31/10	218,229			88,248	(88,248)					
ID.E.A. Part B - Basic	84.027	NCLB130005	9/1/10-8/31/11	161,636			161,636	(161,636)					
ID.E.A. Part B - Basic, Carryover	84.027	NCLB130005	9/1/09-8/31/10	160,280	(48,084)		48,084						
ID.E.A. Part B - Basic, Carryover	84.027	NCLB130005	9/1/06-8/31/07	173,481	7,411					(7,411)			
ID.E.A. Part B - Preschool	84.173	NCLB130006	9/1/10-8/31/11	7,954			7,954	(7,954)					
ID.E.A. Part B - Preschool, Carryover	84.173	NCLB130006	9/1/09-8/31/10	7,749	(783)		783						
Title I, Part D	84.010	NCLB130006	9/1/10-8/31/11	64,664			41,038	(30,937)				10,101	
Title I, Part D, Carryover	84.010	NCLB130006	9/1/09-8/31/10	75,125	(15,311)		15,311						
Title I, Part D, ARRA	84.389	NCLB130006	9/1/09-8/31/10	34,789	(2,974)		2,974						
Title IV - Drug Free School Act Carryover	84.233	NCLB130006	9/1/09-8/31/10	5,102	(2,552)		2,552						
Title IVA, Innovative Program	84.281	NCLB130006	9/1/10-8/31/11	55,401			55,401	(55,401)					
Title IVA, Innovative Program, Carryover	84.281	NCLB130006	9/1/09-8/31/10	56,010	(16,852)		16,852						
Title II Part D	84.281	NCLB130006	9/1/10-8/31/11	820			820	(820)					
Title II Part D Carryover	84.281	NCLB130006	9/1/09-8/31/10	3,859	(1,929)		1,929						
Reading First	84.357	NGO#06-E004-G01	7/1/09-6/30/10	181,997	(7,419)		77,118	(69,699)			(38,168)		
Reading First	84.357	NGO#06-E004-G01	7/1/07-6/30/08	358,364	38,168						(13,259)		
Reading First	84.357	NGO#05-E003-G01	7/1/06-6/30/07	357,213	13,259						(40,248)		
After School Learning Centers (21st Century)	84.287C		7/1/10-6/30/11	425,000			328,892	(369,140)					
After School Learning Centers (21st Century)	84.287C		7/1/09-6/30/10	425,000	(77,393)		111,093	(33,700)					
After School Learning Centers (21st Century)	84.287C		7/1/08-6/30/09	487,725	(15,217)						15,217		
Learn and Serve	84.287		7/1/10-6/30/11	14,000			10,500	(8,104)				2,396	
Learning Program	84.367		9/1/04-8/31/05	1,703	77						(77)		
Total Special Revenue Fund					(179,042)	0	1,435,726	(1,281,149)	0	(117,882)	(154,844)	12,497	0
Total Federal Financial Awards					(519,921)	0	1,681,261	(1,519,753)	0	(117,882)	(165,792)	12,497	0

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

**CITY OF EGG HARBOR SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistant  
For the Fiscal Year ended June 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balances	Balance at June 30, 2011			MEMO	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor		Budgetary Receivable
<b>State Department of Education</b>														
<b>General Fund:</b>														
Categorical Special Education Aid	495-0344-5120-089	7/1/10-6/30/11	241,283			241,283	(241,283)							241,283
Equalization Aid	495-0344-5120-078	7/1/10-6/30/11	4,567,320			4,567,320	(4,567,320)							4,567,320
Extraordinary Aid	495-0344-5120-044	7/1/10-6/30/11	6,012				(6,012)							6,012
Extraordinary Aid	495-0344-5120-044	7/1/09-6/30/10	14,013	(14,013)		14,013								14,013
Additional Nonpublic School Transportation Aid	495-0344-5120-014	7/1/10-6/30/11	3,827				(3,827)							6,003
Additional Nonpublic School Transportation Aid	495-0344-5120-014	7/1/09-6/30/10	5,136	(5,136)		5,136								5,136
Reimbursed TPAF Social Security Contributions	495-0344-5095-051	7/1/10-6/30/11	294,555			294,528	(294,555)							356,836
<b>Total General Fund</b>				(19,149)	-	5,122,089	(5,112,997)	-	-	-	-	0		5,196,603
<b>Special Revenue Fund:</b>														
Debt Service Aid	495-0344-5064-002	7/1/09-6/30/11	251,154	14,427		292,236	(279,201)	(14,427)			13,035			251,154
Preschool Aid	495-0344-5064-086	7/1/10-6/30/11	1,000			1,000	(908)				92			292,236
Prevent Child Abuse	n/a	7/1/09-6/30/10	1,500	654			(654)							908
Prevent Child Abuse	n/a	7/1/10-6/30/11	15,122			15,122	(9,017)				6,105			9,017
NI Center for Teaching and Learning	n/a	7/1/10-6/30/11	25,000			4,519	(2,662)				1,857			2,662
<b>Total Special Revenue Fund</b>				15,081	-	312,877	(292,442)	(14,427)	0	0	21,089	0		556,631
<b>Debt Service Fund:</b>														
Debt Service Aid Type II	495-0344-5120-017	7/1/10-6/30/11	101,703			101,703	(101,703)							101,703
<b>State Department of Agriculture</b>														
<b>Enterprise Fund:</b>														
State School Breakfast Program (State Share)	100-010-3360-096	7/1/09-6/30/10	1,765	(161)		161								1,741
National School Lunch Program (State Share)	100-0344-5120-122	7/1/10-6/30/11	3,349	(597)		3,144	(3,349)				(205)			6,223
National School Lunch Program (State Share)	100-0344-5120-122	7/1/09-6/30/10	6,302	(758)		597								6,131
<b>Total Enterprise Fund</b>				(758)	-	3,902	(3,349)	-	-	-	(205)	-		14,095
<b>Total State Financial Assistance</b>				(54,826)	-	5,540,562	(5,510,491)	(14,427)	0	0	21,089	0		5,869,032

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

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2011**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Egg Harbor City School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

See the following schedule for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Total
<b>State Assistance</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 5,112,997	292,442	5,405,439
Difference - Budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(6,115)	(6,115)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	448,853	28,419	477,272
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(441,162)	(28,159)	(469,321)
On behalf TPAF payments recognized for GAAP statements not included in the Schedule of Expenditures of State Financial Assistance	286,015		286,015
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balance	<u>\$ 5,406,703</u>	<u>286,587</u>	<u>5,693,290</u>

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Total
<b>Federal Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 30,033	1,281,149	1,311,182
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		94,200	94,200
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 30,033	1,375,349	1,405,382

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.



**CITY OF EGG HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I -- Summary of Auditor's Results*

**State Awards Section**

J) Internal Control over compliance:  
1) Material weakness(es) identified? \_\_\_\_\_ yes   X   no

2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_\_\_ yes   X   no

K) Type of auditor's report on compliance for major programs  
\_\_\_\_\_   Unqualified  

L) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?  
\_\_\_\_\_ yes   X   no

M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid

N) Dollar threshold used to determine Type A programs:   \$300,000  

O) Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no \_\_\_\_\_ n/a

**CITY OF EGG HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 2 – Schedule of Financial Statement Findings*

NONE

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

This section identifies audit findings required to be reported by section .510(1) of Circular A-133 and New Jersey OMB's Circular 04-04.

**FEDERAL AWARDS**

NONE

**STATE AWARDS**

NONE

**STATUS OF PRIOR YEAR FINDINGS**

**Financial Statement Findings:**

Finding 10-1.

Recommendation: That the District should provide additional training in financial statement preparation to employees with financial responsibilities.

This finding was cleared in 2011.