

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, 2012



# **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, 2012

Prepared by

City of Egg Harbor Board of Education

Finance Department



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## **Introductory Section**



# 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

October 26, 2012

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, 2012, 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 2011-2012 fiscal year with an average enrollment of 489 students, which is 23 students above 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>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2011-2012	489	4.94%
2010-2011	466	(1.47%)
2009-2010	473	(1.25%)
2008-2009	479	(2.04%)
2007-2008	489	(2.00%)

**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 City 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. A Safe Streets to School grant provided funds for the construction of a pedestrian bridge connecting the school with St. Louis Avenue along Diesterwig, and a project to construct connecting sidewalks is currently out to bid. 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. Construction has begun with 3 homes already completed and one already sold.

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. The Redeveloper is awaiting notification of State funding sometime in the spring of 2013.

The Train Station Transportation Hub project has been completed including 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 government has completed the revised Master Plan and is working hard to bring new opportunities to the city.

Current and future plans include Egg Harbor City partnering with Rowan University, Egg Harbor Boat, and Cedar Creek High School to pursue a grant to revitalize the boat building industry in the city. This grant will help put unemployed boat builders back to work constructing alternate energy components.

The City is also in the planning stages of reopening the Airfield on North Philadelphia Avenue for drone testing in cooperation with Next Generation in Pomona.

Grant funding has been received to a new \$7 million water treatment plant on Philadelphia Avenue.

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, 2012.

**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. These funds are explained in "Notes to the Financial Statements", Note 1.

**6) DEBT ADMINISTRATION:** At June 30, 2012, the District's outstanding debt issues included \$8,807,236 of general obligation bonds and \$164,958 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 unite 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 pro-active membership involvement in claims management and loss prevention activities.”

**9) OTHER INFORMATION:**

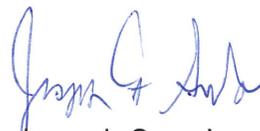
**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford-Scott & Associates, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the 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,

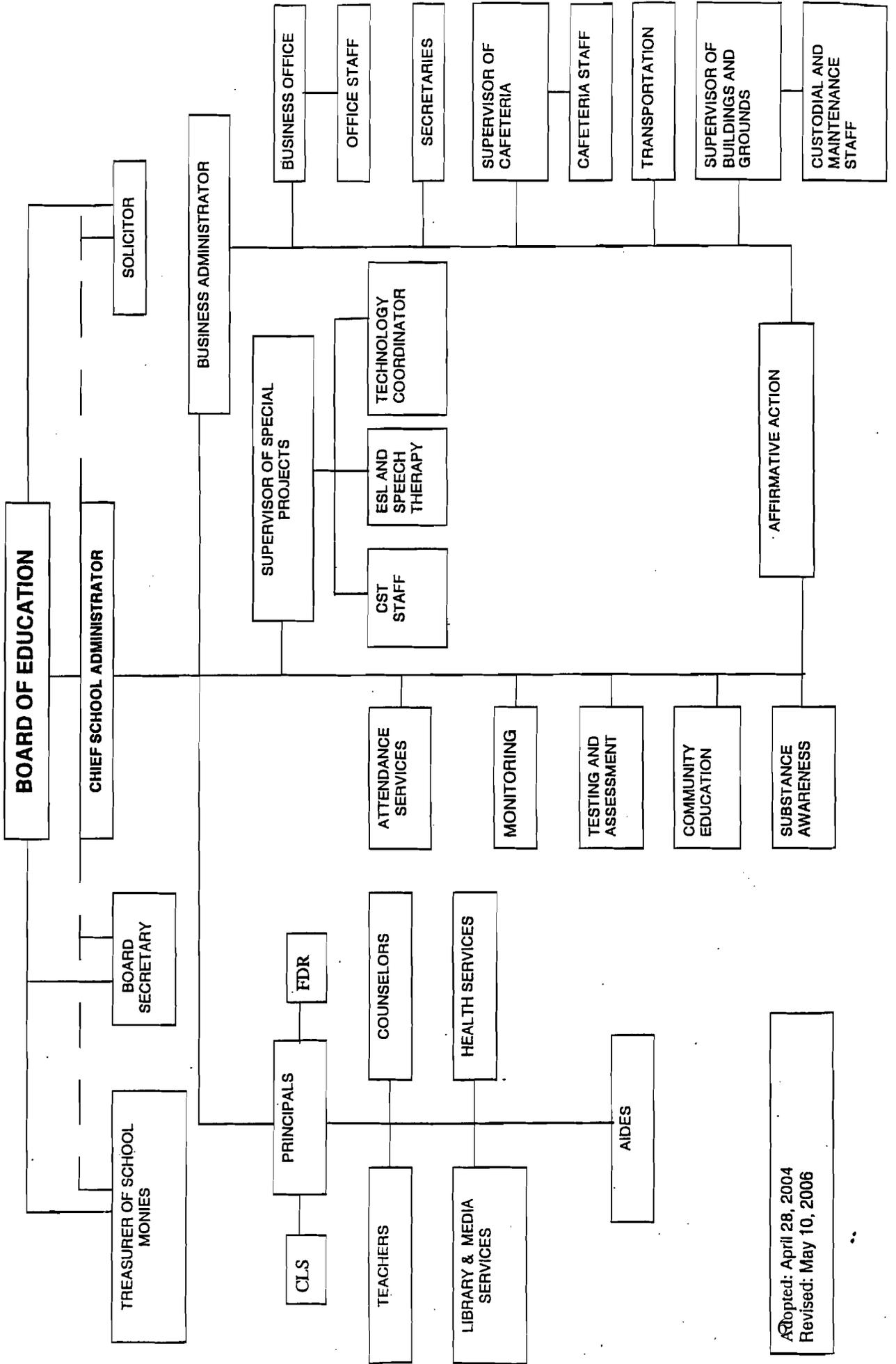
  
John Gilly, III  
Superintendent



Joseph Smurlo  
Business Administrator

# EGG HARBOR CITY BOARD OF EDUCATION

## ORGANIZATIONAL CHART (Unit Control)



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

**EGG HARBOR CITY BOARD OF EDUCATION**

**EGG HARBOR CITY, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2012

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Stephen Bouchard, President	2015
Richard Dovey, Vice President	2015
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

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

**Architect**

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

**Audit Firm**

Ford Scott & Associates, 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 Bank  
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**



## **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, 2012, 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 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, 2012 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 October 26, 2012 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.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Office of Management and Budget Circular 04-04 and is also not a required part of the basic financial statements. The introductory section, combining statements, and related major fund supporting statements and schedules, and statistical information listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining statements and major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

A handwritten signature in blue ink, appearing to read 'R. Swartz', is positioned above the printed name.

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

*Ford Scott & Associates*

Ford Scott & Associates, LLC

October 26, 2012

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



## 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, 2012. 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 \$415,712 as a result of closely monitoring the budgeted expenditures of the District.
- The State of New Jersey reimbursed the District \$331,900 during the fiscal year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$407,350 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 the greater of \$250,000 or 2% of the total general fund expenditures. Any excess is required to be designated as Restricted Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2012 the District had excess surplus in the amount of \$479,354 which will be included in the 2013-2014 budget.
- During the fiscal year ended June 30, 2012, the District's governmental fund expenditures were \$115,262 less than total revenues realized.
- In the District's business-type activities, net assets increased \$9,762.

### 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 the Egg Harbor City 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	Accrual accounting and economic	Modified accrual accounting	Accrual accounting and economic	Accrual accounting and economic

focus	resources focus	and current financial resources focus	resources focus	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 2011 and 2012 as a result of additional grant funds, including federal education jobs funding of approximately \$176,000 and expenditures which were below budgeted amounts, after adjustment for reimbursed social security and on-behalf TPAF payments, by approximately \$448,000. Net assets for business-type activities increased \$9,726 during the current fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,525,450	1,445,896	90,598	81,979	1,616,048	1,527,875
Capital assets	25,413,334	25,374,114	107,574	106,927	25,520,908	25,481,041
Total assets	<u>26,938,784</u>	<u>26,820,010</u>	<u>198,172</u>	<u>188,906</u>	<u>27,136,956</u>	<u>27,008,916</u>
Long-term liabilities	9,127,812	9,371,661			9,127,812	9,371,661
Other liabilities	170,153	213,680		503	170,153	214,183
Total liabilities	<u>9,297,965</u>	<u>9,585,341</u>	<u>-</u>	<u>503</u>	<u>9,297,965</u>	<u>9,585,844</u>
Net Assets						
Invested in capital assets	16,285,522	16,002,453	107,574	106,927	16,393,096	16,109,380
Restricted	903,909	1,558,521			903,909	1,558,521
Unrestricted	451,188	(326,305)	90,598	81,483	541,786	(244,822)
Total net assets	<u>\$ 17,640,619</u>	<u>17,234,669</u>	<u>198,172</u>	<u>188,410</u>	<u>17,838,791</u>	<u>17,423,079</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 \$3,000,000. For 2012 and 2011, the local tax levy was 26.06% and 18.25% 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 57% of the District's governmental fund revenue came 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 percentages have been distorted over the past few years due to the significant state aid related to the school construction projects. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$2,700,912	26.06%	2,355,700	18.25%
Unrestricted State and Federal Aid	5,898,500	56.92%	4,856,166	37.62%
Federal & State Aid restricted	100,555	0.97%	101,703	0.79%
Operating grants and contributions	1,406,380	13.57%	2,244,224	17.38%
Capital grants and contributions	171,103	1.65%	3,147,412	24.38%
Other	85,276	0.82%	204,763	1.58%
Totals	<u>\$10,362,726</u>	<u>100.00%</u>	<u>12,909,968</u>	<u>100.00%</u>

## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2012 and 2011 fiscal years.

	Governmental Activities		Business Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program Revenue						
Charges for services			69,564	69,482	69,564	69,482
Federal and State grants	\$ 2,320,679	5,391,636	246,420	211,920	2,567,099	5,603,556
General revenues						
Property taxes	2,700,912	2,355,700			2,700,912	2,355,700
Interest	93	1,900	36	63	129	1,963
State aid entitlements	5,259,805	4,957,869			5,259,805	4,957,869
Other	52,472	202,863		101,550	52,472	304,413
<b>Total revenues</b>	<u>10,333,961</u>	<u>12,909,968</u>	<u>316,020</u>	<u>383,015</u>	<u>10,649,981</u>	<u>13,292,983</u>
<b>Expenses</b>						
Instruction:						
Regular	4,103,860	3,867,344			4,103,860	3,867,344
Special Education	1,134,650	973,757			1,134,650	973,757
Other Special Instruction	120,330	171,402			120,330	171,402
Support services:						
Tuition	600,886	541,696			600,886	541,696
Student & instruction related services	1,625,445	1,631,064			1,625,445	1,631,064
General & business admin services	375,821	353,476			375,821	353,476
School administration services	261,444	242,647			261,444	242,647
Plant operations & maintenance	874,452	884,958			874,452	884,958
Pupil transportation	234,961	209,294			234,961	209,294
Business and other support services	239,949	261,269			239,949	261,269
Interest on long term debt	356,213	365,936			356,213	365,936
Capital outlay	-	182,397				182,397
Other financing uses						
Business-type activities			306,258	297,494	306,258	297,494
<b>Total expenses</b>	<u>9,928,011</u>	<u>9,685,240</u>	<u>306,258</u>	<u>297,494</u>	<u>10,234,269</u>	<u>9,982,734</u>
<b>Increase in net assets</b>	<u>\$ 405,950</u>	<u>3,224,728</u>	<u>9,762</u>	<u>85,521</u>	<u>415,712</u>	<u>3,310,249</u>

## Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased approximately \$70,000 from the previous year while expenses increased approximately \$9,000. Factors contributing to these results included:

- A decrease in contributed capital
- A increase 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 \$1,464,301 which is \$115,262 higher than in the beginning of the year. This was primarily caused by a federal grant allowing the district to maintain teaching positions.

### General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District that has elected to have November elections, requires approval by the voters only when statutory limits are exceeded. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. 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 \$55,000 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 \$448,000.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2012, the District had invested \$25,413,334, 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><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Land	1,745,000	1,745,000			1,745,000	1,745,000
Buildings & Improvements	2,545,071	2,518,949			2,545,071	2,518,949
Machinery & Equipment	783,640	998,803	107,574	106,927	891,214	1,105,730
Construction in progress	20,339,623	20,111,362			20,339,623	20,111,362
<b>Total</b>	<b>25,413,334</b>	<b>25,374,114</b>	<b>107,574</b>	<b>106,927</b>	<b>25,520,908</b>	<b>25,481,041</b>

Total aggregate cost basis for the districts capital assets as of June 30, 2012 aggregated approximately \$26.9 million with accumulated depreciation of approximately \$1.5 million. During the 2012 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 6/30/2011	Issued	Retired/ Adjusted	Balance 6/30/2012
Bonds Payable	\$8,993,653		186,417	8,807,236
State of New Jersey - "SAFE" loan	247,435		82,477	164,958
Compensated Absences Payable	130,572	30,200	5,154	155,618
<b>Total</b>	<u>\$9,371,660</u>	<u>30,200</u>	<u>247,048</u>	<u>9,127,812</u>

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 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 in the last year as a result of a revaluation, 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**



**DISTRICT - WIDE FINANCIAL STATEMENTS**



**City of Egg Harbor School District**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,160,532	77,229	1,237,761
Restricted cash:			
Cash on deposit with State Development Authority	295,781		295,781
Internal balances	-		-
Due from other governments	63,357	7,757	71,114
Other Current Assets	5,580		5,580
Inventory		5,612	5,612
Capital assets, not depreciated	22,084,623		22,084,623
Capital assets, net	3,328,711	107,574	3,436,285
Total Assets	<u>26,938,584</u>	<u>198,172</u>	<u>27,136,756</u>
<b>LIABILITIES</b>			
Accrued interest	105,607		105,607
Accounts payable	53,604		53,604
Deferred revenue	10,942		10,942
Noncurrent liabilities:			
Due within one year	278,618		278,618
Due beyond one year	8,849,194		8,849,194
Total liabilities	<u>9,297,965</u>	<u>-</u>	<u>9,297,965</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	16,441,140	107,574	16,548,714
Restricted for:			
Debt Service	1,284		1,284
Other purposes	1,703,955		1,703,955
Unrestricted	(505,760)	90,598	(415,162)
Total net assets	<u>\$ 17,640,619</u>	<u>198,172</u>	<u>17,838,791</u>

City of Egg Harbor School District  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets					Total
		Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:							
Instruction:							
Regular	\$ 3,083,548	1,020,312		1,338,515		(2,765,345)	(2,765,345)
Special education	847,747	286,903		89,929		(1,044,721)	(1,044,721)
Other special instruction	89,904	30,426		9,537		(110,793)	(110,793)
Support services:							
Tuition	493,416	107,470		33,686		(567,200)	(567,200)
Student & instruction related services	1,214,441	411,004		520,454		(1,104,991)	(1,104,991)
General administrative services	280,792	95,029		29,787		(346,034)	(346,034)
School administrative services	195,337	66,107		20,721		(240,723)	(240,723)
Plant operations and maintenance	653,341	221,111		69,307		(805,145)	(805,145)
Pupil transportation	175,550	59,411		18,622		(216,339)	(216,339)
Business and other support services	179,276	60,673		19,018		(220,931)	(220,931)
Unallocated benefits	2,358,446	(2,358,446)				-	-
Capital Outlay	-	-	171,103			171,103	171,103
Interest on long-term debt	356,213	-	-			(356,213)	(356,213)
Total governmental activities	9,928,011	-	-	2,149,576	171,103	(7,607,332)	(7,607,332)
Business-type activities:							
Food Service	306,258		69,564	246,420		9,726	9,726
Total business-type activities	306,258		69,564	246,420		9,726	9,726
Total primary government	\$ 10,234,269		69,564	2,395,996	171,103	(7,607,332)	(7,597,606)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net						2,235,239	2,235,239
Taxes levied for debt service						465,673	465,673
Federal and State aid not restricted						5,159,250	5,159,250
Federal and State aid restricted						100,555	100,555
Investment Earnings						93	129
Miscellaneous Income						81,237	81,237
Amortization of Bond Refunding credit						3,597	3,597
Loss on disposition of assets						(32,362)	(32,362)
Total General Revenues						8,013,282	8,013,318
Total general revenues, special items, extraordinary items and transfers						8,013,282	8,013,318
Change in Net Assets						405,950	415,712
Net Assets—beginning						17,234,669	17,423,079
Net Assets—ending						\$ 17,640,619	17,838,791

**FUND FINANCIAL STATEMENTS**



**City of Egg Harbor School District  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	<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	\$ 1,159,248		1,284		1,160,532
Restricted cash					
Cash on deposit with State Development Authority				295,781	295,781
Due from other funds	12,406				12,406
Receivables from other governments	23,855	39,502			63,357
Other current assets	5,580				5,580
Total assets	<u>1,201,089</u>	<u>39,502</u>	<u>1,284</u>	<u>295,781</u>	<u>1,537,656</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	891	52,713			53,604
Due to other funds		12,406			12,406
Due to other governments					
Deferred revenue		7,345			7,345
Total liabilities	<u>891</u>	<u>72,464</u>	<u>-</u>		<u>73,355</u>
Fund Balances:					
Restricted for:					
Excess surplus	479,354				479,354
Excess surplus - designated for subsequent year's expenditures	715,718				715,718
Capital projects fund				295,781	295,781
Committed to:					
Capital reserve	191,522				191,522
Designated for subsequent year's expenditures	9,839				9,839
Assigned to:					
Encumbrances	11,741				11,741
Unreserved, reported in:					
General fund	(207,976)				(207,976)
Special revenue fund		(32,962)			(32,962)
Debt service fund			1,284		1,284
Total Fund balances	<u>1,200,198</u>	<u>(32,962)</u>	<u>1,284</u>	<u>295,781</u>	<u>1,464,301</u>
Total liabilities and fund balances	<u>\$ 1,201,089</u>	<u>39,502</u>	<u>1,284</u>	<u>295,781</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.	25,413,334
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(105,607)
Bond refunding credit, net	(3,597)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,127,812)</u>
Net assets of governmental activities	<u>\$ 17,640,619</u>

**City of Egg Harbor School District**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<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		465,673		2,700,912
Interest	93				93
Miscellaneous	48,212	3,946	33,025		85,183
State sources	5,699,529	373,146	100,555	171,103	6,344,333
Federal sources	198,971	1,033,234			1,232,205
Total revenues	<u>8,182,044</u>	<u>1,410,326</u>	<u>599,253</u>	<u>171,103</u>	<u>10,362,726</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	1,900,434	1,023,503			2,923,937
Special education instruction	822,187				822,187
Other special instruction	87,193				87,193
Support services and undistributed costs:					
Tuition	307,980				307,980
Student & instruction related services	944,649	233,175			1,177,824
General administrative services	272,326				272,326
School administrative services	189,447				189,447
Plant operations and maintenance	633,642				633,642
Pupil transportation	170,257				170,257
Business and other support services	173,871				173,871
Unallocated Benefits	2,199,995	158,451			2,358,446
Transfer to Charter School	175,862				175,862
Debt service:					
Principal			268,894		268,894
Interest and other charges			360,235		360,235
Capital outlay	97,102			228,261	325,363
Total expenditures	<u>7,974,945</u>	<u>1,415,129</u>	<u>629,129</u>	<u>228,261</u>	<u>10,247,464</u>
Excess (Deficiency) of revenues and other financing (uses) over expenditures	<u>207,099</u>	<u>(4,803)</u>	<u>(29,876)</u>	<u>(57,158)</u>	<u>115,262</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in					-
Transfer out					-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	207,099	(4,803)	(29,876)	(57,158)	115,262
Fund balance—July 1	993,099	(28,159)	31,160	352,939	1,349,039
Fund balance—June 30	<u>\$ 1,200,198</u>	<u>(32,962)</u>	<u>1,284</u>	<u>295,781</u>	<u>1,464,301</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, 2012**

**Total net change in fund balances - governmental funds (from B-2)** \$ 115,262

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	(185,068)	
	Capital outlays	256,650	71,582

Loss on disposition of assets (32,362)

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. 268,894

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. (+) 4,022

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 (+). (25,045)

**Change in net assets of governmental activities** \$ 405,950

**City of Egg Harbor School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012**

			<u>Business-type Activities - Enterprise Funds</u>
			<u>Food Service</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$	77,229	
Accounts receivable		7,757	
Interfund receivable			
Inventories		5,612	
Total current assets		<u>90,598</u>	
Noncurrent assets:			
Furniture, machinery & equipment		158,667	
Less accumulated depreciation		<u>(51,093)</u>	
Total noncurrent assets		<u>107,574</u>	
Total assets		<u><u>198,172</u></u>	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable			<u>-</u>
Total current liabilities			<u>-</u>
Total liabilities			<u>-</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt		107,574	
Unrestricted		<u>90,598</u>	
Total net assets (deficit)	\$	<u><u>198,172</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, 2012**

	<b>Business-type Activities</b>
	<b>Enterprise Funds</b>
	<b>Food Service</b>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 31,164
Daily sales - non-reimbursable programs	38,400
Total operating revenues	69,564
Operating expenses:	
Cost of sales	302,230
Depreciation	4,028
Total Operating Expenses	306,258
Operating (loss)	(236,694)
Nonoperating revenues and expenses:	
State sources:	
State school lunch program	3,690
Federal sources:	
National school lunch program	165,621
National school breakfast program	37,144
School Snack program	5,533
Fresh Fruit & Vegetable	11,415
Food distribution program	23,017
Interest and investment revenue	36
Total nonoperating revenues	246,456
Income before contributions & transfers	9,762
Contribution of fixed capital	
Change in net assets	9,762
Total net assets—beginning	188,410
Total net assets—ending	\$ 198,172

See Accompanying Notes to the Financial Statements

**City of Egg Harbor School District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 69,564
Payments to cost of sales	(307,842)
Net cash (used in) operating activities	(238,278)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	3,690
Federal Sources	208,298
(To)/From other funds	
Net cash provided by non-capital financing activities	211,988
<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	36
Net cash provided by investing activities	36
Net (decrease)/increase in cash and cash equivalents	(26,254)
Balances—beginning of year	66,118
Balances—end of year	\$ 39,864
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating (loss)	(236,694)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities	
Depreciation and net amortization	4,028
Food distribution program	
(Increase) in inventories	(5,612)
Increase in accounts payable	
Total adjustments	(1,584)
Net cash (used in) operating activities	\$ (238,278)

**City of Egg Harbor School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	2,611	66,231
Other current assets			
Due from payroll agency	58,963		
Total assets	<u>58,963</u>	<u>2,611</u>	<u>66,231</u>
<b>LIABILITIES</b>			
Payable to district			-
Payable to unemployment trust			58,963
Total liabilities	<u>-</u>	<u>-</u>	<u>58,963</u>
<b>NET ASSETS</b>			
Held in trust for unemployment claims and other purposes	<u>\$ 58,963</u>	<u>2,611</u>	

**City of Egg Harbor School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2012**

	Unemployment Compensation	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Investment earnings:		
Interest	\$ -	1
Employee contributions	8,478	
Total additions	<u>8,478</u>	<u>1</u>
<b>DEDUCTIONS</b>		
Other payments	-	
Total deductions	<u>-</u>	<u>-</u>
Change in net assets	8,478	1
Net assets—beginning of the year	<u>50,485</u>	<u>2,610</u>
Net assets—end of the year	<u><u>\$ 58,963</u></u>	<u><u>2,611</u></u>

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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). 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, 2012 and 2011 of 489 and 466 students.

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

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

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

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general 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, 2012**

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.
- d. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. In addition, grant funds specifically related to these projects are reported as earned.

**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.

**City of Egg Harbor Board School District  
Notes to Financial Statements  
June 30, 2012**

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. 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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.

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. The District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	5,054
Supplies		558
	\$	<u>5,612</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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**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

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

**5. Fund Balances – Governmental Funds**

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

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, 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, 2012**

- 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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

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

**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:

Account	Amount
Salaries of Teachers (Gr 1-5)	143,789
Salaries of Teachers (Gr 6-8)	(293,949)
Multiple Disabilities Salaries of Teachers	56,096
Basic Skills Salaries of Teachers	(178,462)
Tuition to CSSD & Regional Day Schools	80,532
Health Benefits	134,766
Transfer to Charter Schools	(152,689)

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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 payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**11. 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.

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.

**12. 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.

**13. Tuition Payable**

Tuition charges for the fiscal years 2011-12 and 2010-11 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

**14. 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.

**15. 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 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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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, 2012, 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, 2012, \$295,781 of the District's bank balance of \$1,669,532 was exposed to credit risk.

**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

**City of Egg Harbor Board School District  
Notes to Financial Statements  
June 30, 2012**

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 total amount included in the plan for uncompleted projects at June 30, 2012 was \$12,736,251.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1	\$	191,207
Interest earned		315
Ending balance, June 30	\$	<u>191,522</u>

**NOTE 5. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

	Balance June 30, 2011	Additions	Disposals/ Adjustments	Balance June 30, 2012
<b>Governmental Activities:</b>				
Land	\$ 1,745,000			1,745,000
Buildings & Improvements	3,158,990			3,158,990
Machinery & Equipment	1,737,436	28,389	67,344	1,698,481
Construction in Progress	20,111,362	228,261	-	20,339,623
<b>Total at Cost</b>	<b>26,752,788</b>	<b>256,650</b>	<b>67,344</b>	<b>26,942,094</b>
Accumulated Depreciation:				
Buildings & Improvements	(640,041)	(1,029)	(27,151)	(613,919)
Machinery & Equipment	(738,633)	(184,039)	(7,831)	(914,841)
<b>Total Accumulated Depreciation</b>	<b>(1,378,674)</b>	<b>(185,068)</b>	<b>(34,982)</b>	<b>(1,528,760)</b>
<b>Governmental activities Capital Assets, net</b>	<b>25,374,114</b>	<b>71,582</b>	<b>32,362</b>	<b>25,413,334</b>
<b>Business Type Activities</b>				
Equipment	158,992		325	158,667
Accumulated depreciation	(52,065)	(4,028)	(5,000)	(51,093)
<b>Business Type Activities Capital Assets, net</b>	<b>\$ 106,927</b>	<b>(4,028)</b>	<b>(4,675)</b>	<b>107,574</b>

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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	77,229
Special education		23,121
Other special instruction		2,452
Tuition		8,661
Student & instruction related services		33,122
General Administration		7,658
School administrative expenses		5,328
Plant operations and maintenance		17,819
Student transportation services		4,788
Business and other support services		4,890
	\$	<u>185,068</u>

**NOTE 6. OPERATING LEASES**

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. This lease expired at the end of March 2012. Total rent expense for the 2012 fiscal year was \$2,725.

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 2012 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 2012 fiscal year was \$3,312.

Effective December 2010, the District entered into a lease agreement for a Ricoh Multiprinter. The lease term is 48 months with payments of \$88 due monthly. Total rent expense for the 2012 fiscal year was \$1,056.

Effective October 2010, the District entered into a lease agreement for a Xerox I Copier/Printer/Scanner. The lease term is 48 months with payments of \$412 due monthly. Total rent expense for the 2012 fiscal year was \$4,944.

Effective August 2011, the District entered into a lease agreement for a Ricoh multi-printer. The lease term is 48 months with payments of \$276 due monthly.. Total rent expense for the 2012 fiscal year was \$2,760.

Effective March 2012, the District entered into a lease agreement for a Ricoh multi-printer. The lease term is 48 months with payments of \$286.91 due monthly.. Total rent expense for the 2012 fiscal year was \$861.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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

Year ending June 30,	
2013	18,690
2014	13,584
2015	8,432
2016	2,583
Total	<u>\$18,990</u>

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

During the fiscal year ended June 30, 2012 the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance			Balance	Due Within
	June 30, 2011	Issued	Retired	June 30, 2012	One Year
Compensated absences	\$ 130,572	30,200	5,154	155,618	
Bonds Payable	8,993,653		186,417	8,807,236	196,139
State of New Jersey - "SAFE" loan	247,435		82,477	164,958	82,479
Total	<u>\$ 9,371,660</u>	<u>30,200</u>	<u>274,048</u>	<u>9,127,812</u>	<u>278,618</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, 2012 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, 2012 was \$227,236. 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.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

\$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, 2012 was \$164,958.

\$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, 2012 was \$8,580,000.

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 278,619	350,246	628,865
2014	293,575	339,813	633,388
2015	300,000	332,563	632,563
2016	310,000	321,313	631,313
2017	325,000	309,688	634,688
2018-2022	1,825,000	1,353,475	3,178,475
2023-2027	2,250,000	958,263	3,208,263
2028-2032	2,765,000	468,971	3,233,971
2033	625,000	25,313	650,313
Total	<u>\$ 8,972,194</u>	<u>4,459,645</u>	<u>13,431,839</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, 2012**

*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 6.5% and the PERS rate is 6.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2012, 2011 and 2010 were \$407,350, \$286,015, and \$273,345 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, 2012, 2011 and 2010 were \$104,446, \$102,954, and \$75,104, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2012, 2011 and 2010 was \$5,309,454, \$5,470,491, and \$5,994,321, covered payroll was \$3,909,799, \$3,913,098, and \$4,331,605 for TPAF; and \$818,952, \$903,694, and \$922,912 for PERS.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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, 2011, there were 93,323 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

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 ten 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 \$8,000 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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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, 2012 no liability existed for compensated absences in the proprietary fund types.

**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:

Metro  
Lincoln  
Siracusa  
Equitable  
Travelers

The District also allows employees to participate in a IRS §529 plan with Siracusa

**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

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

- 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 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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2011-2012		8,478		58,963
2010-2011		8,485	24,100	50,485
2009-2010		16,667	6,990	66,100

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2012, interfunds remained on the various balance sheets of the City of Egg Harbor Board of Education.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	12,406	
Special Revenue Fund		12,406

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

**NOTE 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, 2012**

NOTE 15. FUND BALANCE APPROPRIATED

**General Fund (Exhibit B-1)** - Of the \$1,200,198 General Fund fund balance at June 30, 2012, \$11,741 is reserved for encumbrances; \$191,522 has been committed to the capital reserve fund; \$479,354 is reserved as excess surplus in accordance with NJSA 18A:7F-7; \$715,718 has been legally restricted and budgeted for the year ended June 30, 2013; \$9,839 has been designated for the June 30, 2013 budget; and \$(207,976) 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, 2012 is \$479,354. The excess fund balance at June 30, 2011 was \$715,718.

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$207,976 and \$32,962 in the General Fund and Special Revenue Fund, respectively, as of June 30, 2012 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 58% of the Districts 2011-2012 governmental operations.

**City of Egg Harbor Board School District**  
**Notes to Financial Statements**  
**June 30, 2012**

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 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 26, 2012, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

**Required Supplemental Information**  
**PART II**



**BUDGETARY COMPARISON SCHEDULES**



**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	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	280		280	93	5,580 (187)
Interest Earned on Capital Reserve Accounts	16,300		16,300	42,632	26,332
Miscellaneous					
<b>Total - Local Sources</b>	<b>2,251,819</b>	<b>-</b>	<b>2,251,819</b>	<b>2,283,544</b>	<b>31,725</b>
State Sources:					
Categorical Special Education Aid	241,283		241,283	241,283	-
Equalization Aid	4,645,368	77,537	4,722,905	4,722,905	-
Security Aid		511	511	511	-
Full-Day Kindergarten Supplemental Aid				5,394	5,394
Extraordinary Aid	7,000		7,000	18,461	11,461
On-Behalf TPAF Pension Contributions (non-budgeted)				407,350	407,350
Reimbursed TPAF Social Security Contributions (non-budgeted)				331,900	331,900
<b>Total - State Sources</b>	<b>4,893,651</b>	<b>78,048</b>	<b>4,971,699</b>	<b>5,727,804</b>	<b>756,105</b>
Federal Sources:					
Education Jobs Fund	172,279	5,397	177,676	177,676	-
Medicaid Reimbursement	15,084		15,084	21,295	6,211
<b>Total - Federal Sources</b>	<b>187,363</b>	<b>5,397</b>	<b>192,760</b>	<b>198,971</b>	<b>6,211</b>
<b>Total Revenues</b>	<b>7,332,833</b>	<b>83,445</b>	<b>7,416,278</b>	<b>8,210,319</b>	<b>794,041</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	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		1,350	1,350	1,290	60
Kindergarten	220,982	(2,230)	218,752	218,136	616
Grades 1-5	710,037	143,789	853,826	851,183	2,643
Grades 6-8	798,350	(116,273)	682,077	679,537	2,540
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500	24,009	26,509	26,509	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	50	15,503	15,553	15,552	1
Other Purchased Services	17,000	(1,555)	15,445	14,959	486
General Supplies	92,474	(2,128)	90,346	88,927	1,419
Textbooks	3,500	(3,500)	-	-	-
Other Objects		4,345	4,345	4,341	4
Total Regular Programs	1,844,893	63,310	1,908,203	1,900,434	7,769
Multiple Disabilities					
Salaries of Teachers	278,146	56,096	334,242	333,335	907
Other Salaries for Instruction	75,552	36,115	111,667	109,699	1,968
Purchased Professional Educational Services		-	-	-	-
General Supplies	1,000	(135)	865	865	-
Textbooks		-	-	-	-
Total Multiple Disabilities	354,698	92,076	446,774	443,899	2,875
Resource Room/Resource Center					
Salaries of Teachers	418,898	4,783	423,681	373,788	49,893
General Supplies		-	-	-	-
Total Resource Room/Resource Center	418,898	4,783	423,681	373,788	49,893

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Home Instruction					
Salaries of Teachers	4,500	-	4,500	4,500	-
Total Home Instruction	4,500	-	4,500	4,500	-
Total Special Education - Instruction	778,096	96,859	874,955	822,187	52,768
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	225,328	(178,462)	46,866	10,024	36,842
Total Basic Skills/Remedial - Instruction	225,328	(178,462)	46,866	10,024	36,842
Bilingual Education - Instruction:					
Salaries of Teachers	52,032	(6)	52,026	37,510	14,516
General Supplies	200	(72)	128	128	-
Textbooks	-	-	-	-	-
Total Bilingual Education - Instruction	52,232	(78)	52,154	37,638	14,516
School Sponsored Cocurricular Activities - Instruction:					
Salaries	54,697	-	54,697	38,172	16,525
Supplies and Materials	-	-	-	-	-
Other Objects	4,000	-	4,000	1,359	2,641
Total School Sponsored Cocurricular Activities - Instruction	58,697	-	58,697	39,531	19,166
Total Instruction	2,959,246	(18,371)	2,940,875	2,809,814	131,061

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State		43,017	43,017	43,017	-
Tuition to CSSD & Regional Day Schools	53,072	80,532	133,604	133,604	-
Tuition to Private Schools for the Disabled - Within State	110,720	(18,337)	92,383	92,383	-
Tuition - Other	57,040	(9,141)	47,899	38,976	8,923
<b>Total Undistributed Expenditures - Instruction</b>	<b>220,832</b>	<b>96,071</b>	<b>316,903</b>	<b>307,980</b>	<b>8,923</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	61,567	85	61,652	61,151	501
Purchased Prof. & Tech. Svc.		-		-	-
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>61,567</b>	<b>85</b>	<b>61,652</b>	<b>61,151</b>	<b>501</b>
Undistributed Expenditures - Health Services:					
Salaries	78,449	(3,537)	74,912	64,681	10,231
Purchased Professional and Technical Services	5,500	(166)	5,334	2,155	3,179
Supplies and Materials	3,500	396	3,896	3,864	32
Other Objects		-		-	-
<b>Total Undistributed Expenditures - Health Services</b>	<b>87,449</b>	<b>(3,307)</b>	<b>84,142</b>	<b>70,700</b>	<b>13,442</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	58,224	(4,883)	53,341	53,341	-
Purchased Professional - Educational Services	50,000	41,700	91,700	82,900	8,800
Supplies and Materials	100	(100)	-	-	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>108,324</b>	<b>36,717</b>	<b>145,041</b>	<b>136,241</b>	<b>8,800</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	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	152,529	7,726	160,255	160,255	-
Other Purchased Professional and Technical Services	1,100	50	1,150	1,008	142
Supplies and Materials	1,256	(49)	1,207	342	865
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>154,885</b>	<b>7,727</b>	<b>162,612</b>	<b>161,605</b>	<b>1,007</b>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries Other Professional Staff	252,070	(3,300)	248,770	244,415	4,355
Salaries of Secretarial and Clerical Assistants	35,377	(520)	34,857	34,857	-
Purchased Professional Educational Services	-	2,200	2,200	1,936	264
Other Purchased Professional and Technical Services	15,350	2,780	18,130	15,677	2,453
Miscellaneous Purchased Services	500	(273)	227	108	119
Supplies and Materials	3,050	420	3,470	3,470	-
Other Objects		39	39	39	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Special</b>	<b>306,347</b>	<b>1,346</b>	<b>307,693</b>	<b>300,502</b>	<b>7,191</b>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	48,191	(321)	47,870	47,038	832
Salaries of Other Professional Staff	91,712	(39)	91,673	89,517	2,156
Other Purchased Services		-	-	-	-
Other Objects	1,000	360	1,360	1,360	-
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>140,903</b>	<b>-</b>	<b>140,903</b>	<b>137,915</b>	<b>2,988</b>
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	72,661	(1,315)	71,346	71,346	-
Purchased Professional and Technical Services	5,000	-	5,000	3,928	1,072
Supplies and Materials	1,750	-	1,750	1,261	489
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>79,411</b>	<b>(1,315)</b>	<b>78,096</b>	<b>76,535</b>	<b>1,561</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	200,425	(1,307)	199,118	199,064	54
Legal Services	15,000	(150)	14,850	825	14,025
Audit Fees	17,000	-	17,000	15,800	1,200
Other Purchased Professional Services	8,838	-	8,838	839	7,999
Communications/Telephone	40,270	(126)	40,144	25,250	14,894
Other Purchased Services	24,625	(162)	24,463	20,517	3,946
General Supplies	2,000	800	2,800	2,797	3
In-House Training and Meeting Supplies	500	(24)	476	476	-
Miscellaneous Expenditures	1,650	1,128	2,778	2,508	270
Membership Dues and Fees	6,000	(688)	5,312	4,250	1,062
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>316,308</b>	<b>(529)</b>	<b>315,779</b>	<b>272,326</b>	<b>43,453</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals and Assistant Principals	81,990	(1,962)	80,028	80,028	-
Salaries of Secretarial and Clerical Assistants	91,186	3,125	94,311	94,050	261
Other Purchased Services	12,750	(3,565)	9,185	6,337	2,848
Supplies and Materials	7,233	65	7,298	7,115	183
Other Objects	2,100	(183)	1,917	1,917	-
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>195,259</b>	<b>(2,520)</b>	<b>192,739</b>	<b>189,447</b>	<b>3,292</b>
Undistributed Expenditures - Central Services					
Salaries	141,041	(7)	141,034	135,867	5,167
Purchased Professional Services	1,000	-	1,000	-	1,000
Purchased Technical Services	10,500	-	10,500	5,065	5,435
Misc. Purchased Services	750	(11)	739	395	344
Supplies and Materials	3,000	-	3,000	2,132	868
Other Objects	1,100	18	1,118	1,118	-
<b>Total Undistributed Expenditures - Central Services</b>	<b>157,391</b>	<b>-</b>	<b>157,391</b>	<b>144,577</b>	<b>12,814</b>

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Admin. Info Technology					
Salaries	19,247	(7)	19,240	18,787	453
Purchased Technical Services	10,500	7	10,507	10,507	-
<b>Total Undistributed Expenditures - Admin. Info Technology</b>	<b>29,747</b>	<b>-</b>	<b>29,747</b>	<b>29,294</b>	<b>453</b>
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	109,601	-	109,601	108,389	1,212
Cleaning, Repair, and Maintenance Services	53,525	10,000	63,525	59,982	3,543
General Supplies	12,076	-	12,076	8,080	3,996
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>175,202</b>	<b>10,000</b>	<b>185,202</b>	<b>176,451</b>	<b>8,751</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	202,222	(2,543)	199,679	198,506	1,173
Purchased Professional and Technical Services	8,000	(3,132)	4,868	240	4,628
Cleaning, Repair and Maintenance Services	13,900	(223)	13,677	12,394	1,283
Other Purchased Property Services	7,000	6,863	13,863	13,863	-
Insurance	32,390	(1,297)	31,093	31,093	-
Miscellaneous Purchased Services		332	332	332	-
General Supplies	20,551	5,000	25,551	22,813	2,738
Energy (Heat and Electricity)	190,000	-	190,000	155,716	34,284
Other Objects	1,500	-	1,500	1,199	301
Energy (Natural Gas)	92,717	(15,000)	77,717	21,035	56,682
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>568,280</b>	<b>(10,000)</b>	<b>558,280</b>	<b>457,191</b>	<b>101,089</b>
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Bet. Home & School) - Vendors		3,341	3,341	3,121	220
Contracted Services - (Between Home and School) - Joint Agree.	63,700	(1,981)	61,719	61,719	-
Contracted Services - (Special Ed Students) - Joint Agreements	85,500	(1,915)	83,585	83,370	215
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	10,608	(2,705)	7,903	7,903	-
Contracted Services - Aid in Lieu of Payments - Charter Sch.	12,652	3,260	15,912	14,144	1,768
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>172,460</b>	<b>-</b>	<b>172,460</b>	<b>170,257</b>	<b>2,203</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Unallocated Benefits:					
Social Security Contributions	114,998	2	115,000	98,526	16,474
Group Insurance		-	-	-	-
Other Retirement Contributions - PERS	115,000	(10,554)	104,446	104,446	-
Unemployment Compensation	82,400	(13,707)	68,693	44,953	23,740
Workmen's Compensation	46,201	(1)	46,200	45,300	900
Health Benefits	1,058,784	134,766	1,193,550	1,135,243	58,307
Tuition Reimbursement	27,000	-	27,000	27,000	-
Other Employee Benefits	5,250	970	6,220	5,277	943
<b>Total Unallocated Benefits</b>	<b>1,449,633</b>	<b>111,476</b>	<b>1,561,109</b>	<b>1,460,745</b>	<b>100,364</b>
On-behalf TPAF Pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)					
				407,350	(407,350)
				331,900	(331,900)
Total On-behalf Contributions	-	-	-	739,250	(739,250)
Total Undistributed Expenditures	4,223,998	245,751	4,469,749	4,892,167	(422,418)
<b>Total Current Expense</b>	<b>7,183,244</b>	<b>227,380</b>	<b>7,410,624</b>	<b>7,701,981</b>	<b>(291,357)</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	280	-	280	93	187
Total Deposit to Capital Reserve	280	-	280	93	187
Equipment					
Care & Upkeep of Grounds Equipment		8,754	8,754	8,754	-
	-	8,754	8,754	8,754	-
Facilities Acquisition and Construction Services					
Other Objects - Debt Service Recovery	88,255	-	88,255	88,255	-
	88,255	-	88,255	88,255	-
<b>Total Capital Outlay</b>	<b>88,535</b>	<b>8,754</b>	<b>97,289</b>	<b>97,102</b>	<b>187</b>

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Transfer to Charter Schools</b>	328,551	(152,689)	175,862	175,862	-
<b>Total Expenditures</b>	<b>7,600,330</b>	83,445	<b>7,683,775</b>	<b>7,974,945</b>	<b>(291,170)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,497)	-	(267,497)	235,374	1,085,211
Other Financing Sources (Uses) Transfer in Transfer out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(267,497)	-	(267,497)	235,374	1,085,211
Fund Balances, July 1	1,434,261		1,434,261	1,434,261	-
Fund Balances, June 30	\$ 1,166,764	-	1,166,764	1,669,635	1,085,211

Recapitulation of Fund Balance:

<b>Restricted Fund Balance</b>	
Excess Surplus	479,354
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	715,718
<b>Committed Fund Balance</b>	
Capital Reserve	191,522
Designated for Subsequent Year's Expenditures	9,839
<b>Assigned Fund Balance</b>	
Reserve for Encumbrances	11,741
<b>Unassigned Fund Balance</b>	<b>261,461</b>
	1,669,635

Reconciliation to Governmental Funds Statements (GAAP)

Last State Aid Payment Not Recognized on GAAP Basis	(469,437)
Fund Balance per Governmental Funds (GAAP)	\$1,200,198

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 Education Jobs Fund  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Fund	172,279	5,397	177,676	177,676	-
Total - Federal Sources	172,279	5,397	177,676	177,676	-
<b>Total Revenues</b>	<b>172,279</b>	<b>5,397</b>	<b>177,676</b>	<b>177,676</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 6-8	172,279	5,397	177,676	177,676	-
Total Regular Programs	172,279	5,397	177,676	177,676	-
Total Instruction	172,279	5,397	177,676	177,676	-
<b>Total Current Expense</b>	<b>172,279</b>	<b>5,397</b>	<b>177,676</b>	<b>177,676</b>	<b>-</b>
<b>Total Expenditures</b>	<b>172,279</b>	<b>5,397</b>	<b>177,676</b>	<b>177,676</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-
\$					

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	-	-	-	-	-
Total - Local Sources	-	-	-	-	-
Local Sources:					
Other		4,174	4,174	3,946	(228)
Total - Local Sources	-	4,174	4,174	3,946	(228)
State Sources:					
Preschool Education Aid	348,600	13,035	361,635	361,635	-
Other Restricted Entitlements		13,554	13,554	8,269	(5,285)
Total - State Sources	348,600	26,589	375,189	369,904	(5,285)
Federal Sources:					
Title I	312,975	127,904	440,879	399,451	(41,428)
Title II	44,964	6,573	51,537	51,537	-
I.D.E.A., Part B	144,150	22,303	166,453	166,453	-
Other	425,000	89,104	514,104	406,336	(107,768)
Total - Federal Sources	927,089	245,884	1,172,973	1,023,777	(149,196)
<b>Total Revenues</b>	<b>1,275,689</b>	<b>276,647</b>	<b>1,552,336</b>	<b>1,397,627</b>	<b>(154,709)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	562,903	177,450	740,353	701,645	38,708
Salaries of other professional staff	65,696	9,460	75,156	76,221	(1,065)
Purchased prof. and technical services	10,676	450	11,126	7,353	3,773
Tuition	166,453	-	166,453	-	166,453
Other purchased services	6,774	(2,478)	4,296	170,749	(166,453)
General supplies	34,950	36,627	71,577	50,912	20,665
Other objects	6,526	3,774	10,300	4,706	5,594
<b>Total instruction</b>	<b>853,978</b>	<b>225,283</b>	<b>1,079,261</b>	<b>1,011,586</b>	<b>67,675</b>

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2012

	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	166,076	25,167	191,243	176,604	14,639
Other Salaries	29,165	(697)	28,468	-	28,468
Salaries of Supervisors of Instruction		-		-	-
Personal Services - Employee Benefits	143,009	18,727	161,736	158,451	3,285
Purchased Professional Educational Services	12,600	-	12,600	17,965	(5,365)
Purchased Technical Services	37,413	(6,015)	31,398	-	31,398
Other Purchased Services	23,752	12,407	36,159	27,808	8,351
Travel	3,969	(387)	3,582	3,246	336
Supplies & Materials	5,727	294	6,021	1,967	4,054
Other Objects	-	1,868	1,868	-	1,868
<b>Total support services</b>	<u>421,711</u>	<u>51,364</u>	<u>473,075</u>	<u>386,041</u>	<u>87,034</u>
<b>Total expenditures</b>	<b>1,275,689</b>	<b>276,647</b>	<b>1,552,336</b>	<b>1,397,627</b>	<b>154,709</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, 2012**

**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	\$8,210,319	1,397,627
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		17,502
Current year		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	441,162	28,159
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(469,437)	(32,962)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	8,182,044	1,410,326
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	7,974,945	1,397,627
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		17,502
Current year		0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$7,974,945	1,415,129

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**COMBINING AND INDIVIDUAL FUND AND ACCOUNT  
GROUP STATEMENTS AND SCHEDULES**

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



**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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.



**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2012**

	Target Grant	Prevent Child Abuse	Preschool Education	New Jersey Coordinated Health System	Caryover NJ Coordinated Health System	Atlanticare Garden Supply	Municipal Alliance	New Jersey Math PLC	Total State/Local Funds
<b>REVENUES:</b>									
Local Sources	\$ 23	92	361,635	1,043	5,277	1,500	2,423	1,857	3,946
State Sources									369,904
Federal Sources									-
<b>Total revenues</b>	<b>23</b>	<b>92</b>	<b>361,635</b>	<b>1,043</b>	<b>5,277</b>	<b>1,500</b>	<b>2,423</b>	<b>1,857</b>	<b>373,850</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers		92	225,694	1,043	5,277		2,423	1,857	236,386
Salaries of other professional staff			76,221						76,221
Purchased professional-educational services									-
Purchased prof. and technical services									-
Tuition									-
Other purchased services			4,296						4,296
General supplies	23		3,715			1,500			5,238
Textbooks									-
Employee Benefits									-
Other objects									-
<b>Total Instruction</b>	<b>23</b>	<b>92</b>	<b>309,926</b>	<b>1,043</b>	<b>5,277</b>	<b>1,500</b>	<b>2,423</b>	<b>1,857</b>	<b>322,141</b>
Support services:									
Salaries of other professional staff			28,468						28,468
Other salaries									-
Salaries of supervisors of instruction			23,241						23,241
Personal services- employee benefits									-
Purchased professional educational service									-
Purchased technical services									-
Other purchased services									-
Contracted services - transportation (other than between home & school)									-
Travel									-
Supplies and materials									-
Other objects									-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>51,709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,709</b>
Facilities acquisition and const. serv.: Instructional equipment									-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to charter schools									-
<b>Total expenditures</b>	<b>\$ 23</b>	<b>92</b>	<b>361,635</b>	<b>1,043</b>	<b>5,277</b>	<b>1,500</b>	<b>2,423</b>	<b>1,857</b>	<b>373,850</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, 2012**

	Title I Part A	Title I Part D	Carryover Title I Part D	Carryover Title I Part A	I.D.E.A. Part B- Basic Instruction	I.D.E.A. Part B- Basic Preschool	Title II Part A
<b>REVENUES:</b>							
Local Sources	324,305	21,620	39,060	14,466	166,453	-	51,537
State Sources							
Federal Sources							
<b>Total revenues</b>	<b>324,305</b>	<b>21,620</b>	<b>39,060</b>	<b>14,466</b>	<b>166,453</b>	<b>-</b>	<b>51,537</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	259,945	21,146	18,742				42,947
Salaries of other professional staff							
Purchased professional-educational services				1,126			
Purchased prof. and technical services							
Tuition							
Other purchased services					166,453		
General supplies		474	16,042				
Textbooks							
Employee Benefits							
Other objects							
<b>Total Instruction</b>	<b>259,945</b>	<b>21,620</b>	<b>34,784</b>	<b>1,126</b>	<b>166,453</b>	<b>-</b>	<b>42,947</b>
Support services:							
Salaries of other professional staff	21,431						
Other salaries							
Salaries of supervisors of instruction							8,590
Personal services- employee benefits	27,731		4,276	13,340			
Purchased professional educational service							
Purchased technical services	15,198						
Other purchased services							
Contracted services - transportation (other than between home & school)							
Travel							
Supplies and materials							
Other objects							
<b>Total support services</b>	<b>64,360</b>	<b>-</b>	<b>4,276</b>	<b>13,340</b>	<b>-</b>	<b>-</b>	<b>8,590</b>
Facilities acquisition and const. serv.:							
Instructional equipment							
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to charter schools							
<b>Total expenditures</b>	<b>324,305</b>	<b>21,620</b>	<b>39,060</b>	<b>14,466</b>	<b>166,453</b>	<b>-</b>	<b>51,537</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, 2012**

	Title II Part D	21st Century	21st Century Carryover	Learn and Serve	Race to the Top	Total Federal Funds	Totals
<b>REVENUES:</b>							
Local Sources	-					-	3,946
State Sources		346,352	53,988	2,396	3,600	1,023,777	369,904
Federal Sources							1,023,777
<b>Total revenues</b>	<b>-</b>	<b>346,352</b>	<b>53,988</b>	<b>2,396</b>	<b>3,600</b>	<b>1,023,777</b>	<b>1,397,627</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers		106,441	16,038			465,259	701,645
Salaries of other professional staff						-	76,221
Purchased professional-educational services						-	-
Purchased prof. and technical services		6,227				7,353	7,353
Tuition						-	-
Other purchased services						166,453	170,749
General supplies		18,114	8,648	2,396		45,674	50,912
Textbooks						-	-
Employee Benefits						-	-
Other objects		4,706				4,706	4,706
<b>Total Instruction</b>	<b>-</b>	<b>135,488</b>	<b>24,686</b>	<b>2,396</b>	<b>-</b>	<b>689,445</b>	<b>1,011,586</b>
Support services:							
Salaries of other professional staff		107,935	18,770			148,136	176,604
Other salaries						-	-
Salaries of supervisors of instruction						-	-
Personal services- employee benefits		78,835	2,438			135,210	158,451
Purchased professional educational service		14,365			3,600	17,965	17,965
Purchased technical services						-	-
Other purchased services		4,516	8,094			27,808	27,808
Contracted services - transportation (other than between home & school)						-	-
Travel		3,246				3,246	3,246
Supplies and materials		1,967				1,967	1,967
Other objects						-	-
<b>Total support services</b>	<b>-</b>	<b>210,864</b>	<b>29,302</b>	<b>-</b>	<b>3,600</b>	<b>334,332</b>	<b>386,041</b>
Facilities acquisition and const. serv.:							
Instructional equipment						-	-
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to charter schools							
<b>Total expenditures</b>	<b>-</b>	<b>346,352</b>	<b>53,988</b>	<b>2,396</b>	<b>3,600</b>	<b>1,023,777</b>	<b>1,397,627</b>

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	225,694	225,694	-
Other salaries for instruction	76,221	76,221	-
Other purchased services	4,296	4,296	-
Supplies	3,715	3,715	-
Total instruction	<u>309,926</u>	<u>309,926</u>	<u>-</u>
Support services:			
Salaries of Other Professional Staff	28,468	28,468	-
Professional services - employee benefits	23,241	23,241	-
Total support services	<u>51,709</u>	<u>51,709</u>	<u>-</u>
Total Expenditures	<u>361,635</u>	<u>361,635</u>	<u>-</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total 2011-12 Preschool Education Aid Allocation	348,600
Add: Actual ECPA Carryover (June 30, 2011)	13,035
Add: Budgeted Transfer from the General Fund 2011-12	<u>361,635</u>
Total Preschool Education Aid Funds Available for 2011-12 Budget	361,635
Less: 2011-12 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(361,635)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2012	-
Add: June 30, 2012 Unexpended Preschool Education Aid	<u>-</u>
2011-12 Actual Carryover - Preschool Education Aid	<u>-</u>
2010-11 Preschool Education Aid Carryover Budgeted in 2011-12	13,035

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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.



**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2012**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2012
			Prior Years	Current Year	
School Facilities Project	11/14/07	24,597,412	23,589,015	228,261	780,136
Totals		\$ 24,597,412	23,589,015	228,261	780,136

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2012**

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

State Sources - SDA	\$ 655,458
Bond proceeds and transfers	-
Transfer from capital outlay	-
Total revenues	<u>655,458</u>

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

Purchase of Land	
Construction Services	228,261
Total expenditures	<u>228,261</u>
Excess (deficiency) of revenues over (under) expenditures	427,197
Fund balance- beginning	352,939
Fund balance - ending	<u>\$ 780,136</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, 2012**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources</b>				
State Sources - SDA	\$ 15,071,954	655,458	15,727,412	15,727,412
Bond proceeds and transfers	8,870,000		8,870,000	8,870,000
Total revenues	<u>23,941,954</u>	<u>655,458</u>	<u>24,597,412</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	21,844,015	228,261	22,072,276	22,852,412
Total expenditures	<u>23,589,015</u>	<u>228,261</u>	<u>23,817,276</u>	<u>24,597,412</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>352,939</u>	<u>427,197</u>	<u>780,136</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	2.46%
Percentage completion	97%
Original target completion date	June 30, 2010
Revised target completion date	December 10, 2012

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## TRUST AND AGENCY FUNDS DETAIL STATEMENTS

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.

**Scholarship Fund -**

This is an expendable trust fund used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and income.

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.



City of Egg Harbor School District  
 Fiduciary Fund  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2012

H-1

	Expendable Trusts		Agency	
	Scholarship	Unemployment Compensation	Payroll	Total
ASSETS:				
Cash and cash equivalents	\$ 2,611		66,231	68,842
Other current assets				-
Due from payroll agency		58,963		58,963
Total Assets	2,611	58,963	66,231	127,805
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Due to unemployment compensation trust			58,963	58,963
Interfund payable			-	-
Other liabilities			7,268	7,268
Total Liabilities	-	-	66,231	66,231
Fund balances:				
Reserved - Expendable Trust				
Scholarship	2,611			2,611
Reserved - Unemployment Compensation		58,963		58,963
Total fund balances	2,611	58,963	-	61,574
Total liabilities and fund balances	\$ 2,611	58,963	66,231	127,805



**DEBT SERVICE FUND  
DETAIL STATEMENTS**

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from the school district's resources.



**City of Egg Harbor School District**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2012**

I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
State of New Jersey SAFE loan #115-93	8/18/93	1,567,078	7/15/12 to 7/15/13	82,479	1.500%	247,435		82,477	164,958
School Bonds of 1984	8/18/93	1,567,078	7/15/12 7/15/13	111,139 116,097	5.288%	333,653		106,417	227,236
School Bonds of 2008	2/28/08	8,870,000	3/15/13 3/15/14 3/15/15 3/15/16 3/15/17 3/15/18 3/15/19 3/15/20 3/15/21 3/15/22 3/15/23 3/15/24 3/15/25 3/15/26 3/15/27 3/15/28 3/15/29 3/15/30 3/15/31 3/15/32 3/15/33	85,000 95,000 300,000 310,000 325,000 335,000 350,000 365,000 380,000 395,000 415,000 430,000 450,000 470,000 485,000 510,000 530,000 550,000 575,000 600,000 625,000	3.75% 3.75% 3.75% 3.75% 3.75% 3.75% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.00% 4.05% 4.05%	8,660,000	80,000	8,580,000	
						<b>\$9,241,088</b>	<b>-</b>	<b>268,894</b>	<b>8,972,194</b>

**City of Egg Harbor School District  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 465,673		465,673	465,673	-
Miscellaneous	32,800		32,800	33,025	225
	498,473	-	498,473	498,698	225
State Sources:					
Debt Service Aid Type II	100,555		100,555	100,555	-
Total - State Sources	100,555	-	100,555	100,555	-
<b>Total Revenues</b>	<b>599,028</b>	<b>-</b>	<b>599,028</b>	<b>599,253</b>	<b>225</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	360,235		360,235	360,235	-
Redemption of Principal	269,895		269,895	268,894	1,001
Total Regular Debt Service	630,130	-	630,130	629,129	1,001
<b>Total expenditures</b>	<b>630,130</b>	<b>-</b>	<b>630,130</b>	<b>629,129</b>	<b>1,001</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,102)	-	(31,102)	(29,876)	1,226
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(31,102)	-	(31,102)	(29,876)	1,226
Fund Balance, July 1	31,160		31,160	31,160	-
Fund Balance, June 30	58	-	58	1,284	1,226
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	\$ (31,102)		(31,102)	(29,876)	1,226

## **Statistical Section**

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



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

	For the Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	16,441,140
Restricted	981,416	843,389	768,129	743,365	1,033,192	837,954	4,253,443	1,558,521	1,705,239
Unrestricted	(164,186)	(267,981)	(288,005)	(151,245)	(319,823)	(439,256)	(374,180)	(326,305)	(505,760)
Total governmental activities net asset	(795,762)	(966,286)	(917,007)	(650,136)	(345,266)	3,923,896	14,009,941	17,234,669	17,640,619
<b>Business-type activities</b>									
Invested in capital assets, net of related debt									
Unrestricted	106,849	103,729	113,693	113,249	103,593	104,212	102,890	106,927	107,574
Total business-type activities net asset	106,849	103,729	113,693	113,249	103,593	104,212	102,890	188,410	198,172
<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	16,548,714
Restricted	981,416	843,389	768,129	743,365	1,033,192	837,954	4,253,443	1,558,521	1,705,239
Unrestricted	(57,337)	(164,252)	(174,312)	(37,996)	(216,230)	(335,044)	(271,290)	(244,822)	(415,162)
Total district net assets	(688,913)	(862,557)	(803,314)	(536,887)	(241,673)	4,028,108	14,112,831	17,423,079	17,838,791

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

Source: CAFR Schedule A-1

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

	Fiscal Year End June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	4,103,860
Special education	537,138	576,834	862,637	989,863	970,780	932,801	964,458	973,757	1,134,650
Other special instruction	108,719	86,571	136,449	155,516	144,560	153,086	152,413	171,402	120,330
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	600,886
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	1,625,445
General administrative services	585,795	753,535	395,469	426,035	462,826	343,752	357,718	353,476	375,821
School administrative services	847,418	149,583	129,027	132,533	169,637	251,879	251,309	242,647	261,444
Plant operations and maintenance	574,913	631,305	644,372	688,281	722,201	795,532	790,412	884,958	874,452
Pupil transportation	269,710	243,446	242,437	255,840	235,295	282,743	286,701	209,294	234,961
Businesss and other support services			229,074	247,329	235,023	212,414	246,965	261,269	239,949
Interest on long-term debt	71,847	52,851	52,658	46,860	193,311	408,314	317,281	365,936	356,213
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>	<u>9,928,011</u>
Business-type activities:									
Food service	246,868	269,489	272,266	273,500	294,980	290,023	298,747	297,494	306,258
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>	<u>306,258</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>	<u>10,234,269</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	2,149,576
Capital grants and contributions						3,156,847	10,652,699	3,147,412	171,103
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>	<u>2,320,679</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	69,564
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	246,420
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>	<u>315,984</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>	<u>2,636,663</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)	(7,607,332)
Business-type activities	(714)	(4,390)	7,609	(4,069)	(11,607)	204	(1,367)	(16,092)	9,726
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>	<u>(7,597,606)</u>

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

	Fiscal Year End June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	2,235,239
Taxes levied for debt service	96,542		131,610	93,548	92,559	355,473	277,127	120,461	465,673
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	5,159,250
Restricted grants and contributions	129,023		89,219	125,021	123,701	122,390	120,996	101,703	100,555
Tuition Received			38,122	35,345					
Investment earnings	11,320	32,866	50,940	72,980	54,589	13,480	224	1,900	93
Miscellaneous income	26,557	52,920	34,799	54,895	254,213	1,162,795	95,957	199,266	81,237
Amortization	3,597	3,597	3,597	3,597	3,597	3,597	3,597	3,597	3,597
Transfers in					11,000				
Loss on asset adjustment									(32,362)
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>	<b>8,013,282</b>
Business-type activities:									
Investment earnings	459	1,270	2,355	3,625	1,951	415	45	63	36
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>36</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>8,013,318</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	405,950
Business-type activities	(255)	(3,120)	9,964	(444)	(9,656)	619	(1,322)	85,521	9,762
<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>	<b>415,712</b>

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

Source: CAFR Schedule A-2

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

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Restricted								715,718	1,195,072
Committed								288,283	201,361
Assigned								170,421	11,741
Unassigned								(181,323)	(207,976)
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 fund	<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>	<u>1,200,198</u>
All Other Governmental Funds									
Restricted					8,870,000	7,767,066	2,951,623	352,939	295,781
Reserved									
Unreserved, reported in:									
Special revenue fund	(35,327)	(35,327)	(35,327)	(35,327)	(40,927)	(27,317)	(28,418)	(28,159)	(32,962)
Debt service fund		1	2	2	2	665,041	437,244	31,160	1,284
Total all other governmental fund	<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>	<u>264,103</u>

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

Source: CAFR Schedule B-1

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	2,700,912
Tuition charges			38,122	35,345	-				
Interest earnings	11,320	32,866	50,940	72,980	54,589	13,480	224	1,900	93
Miscellaneous	26,557	52,920	34,799	54,895	254,213	1,163,795	95,957	201,243	85,183
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	6,344,333
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	1,232,205
<b>Total revenue</b>	<b>7,891,895</b>	<b>7,889,063</b>	<b>8,815,636</b>	<b>9,077,077</b>	<b>9,735,955</b>	<b>13,899,370</b>	<b>20,363,675</b>	<b>12,906,630</b>	<b>10,362,726</b>
<b>Expenditures</b>									
<b>Instruction</b>									
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	2,923,937
Special education instruction	431,202	459,822	679,050	750,678	735,751	728,319	740,228	724,543	822,187
Other special instruction	87,277	69,010	107,409	117,938	109,561	119,528	116,978	127,535	87,193
Nonpublic school programs	161,880	146,815	131,828	115,271	76,817	-	-		
<b>Support Services:</b>									
Tuition	449,675	324,906	287,539	266,821	332,774	370,835	399,088	318,005	307,980
Student & instruction related services	338,753	707,028	1,086,611	1,062,248	971,655	1,013,801	964,597	1,213,624	1,177,824
General administrative services		413,236	311,305	323,090	350,774	268,397	274,551	263,011	272,326
School Administrative services	680,286	119,239	101,568	100,509	128,567	196,664	192,882	180,546	189,447
Business administrative services	470,262	187,443	180,323	187,568	178,330	165,850	189,547	194,403	173,871
Plant operations and maintenance	461,526	503,243	507,236	521,969	547,354	621,141	606,647	658,470	633,642
Pupil transportation	216,517	194,062	190,840	194,020	178,125	220,762	220,045	155,729	170,257
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	2,358,446
Charter Schools	42,468	34,768	56,595	58,027	57,750	54,712	132,117	114,309	175,862
Capital outlay	33,754	44,491	112,542	49,973	1,573	4,510,381	15,218,366	5,826,943	325,363
<b>Debt service:</b>									
Principal	159,389	126,460	165,585	169,049	172,650	241,464	250,338	259,508	268,894
Interest and other charges	66,176	31,913	55,243	49,520	43,610	404,227	378,944	369,796	360,235
<b>Total expenditures</b>	<b>7,546,919</b>	<b>8,108,871</b>	<b>8,911,544</b>	<b>8,908,653</b>	<b>9,472,302</b>	<b>14,375,521</b>	<b>25,568,370</b>	<b>15,561,134</b>	<b>10,247,464</b>
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)	115,262
<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)					
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,960)</b>	<b>8,881,000</b>	<b>-</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>344,976</b>	<b>(219,808)</b>	<b>(95,908)</b>	<b>116,464</b>	<b>9,144,653</b>	<b>(476,151)</b>	<b>(5,454,695)</b>	<b>(2,654,504)</b>	<b>115,262</b>
<b>Debt service as a percentage of noncapital expenditures</b>									
	3.00%	1.96%	2.51%	2.47%	2.28%	6.55%	6.08%	6.46%	6.34%

*The District converted to GASB 34 effective with the fiscal year ended June 30, 2004. As such, only nine 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*

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
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
2012	93	-	85,183	85,276

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,	Fiscal Year					Farm Reg.	Qfarm	Farm			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)
	Vacant Land	Residential	Residential	Commercial	Industrial			Industrial	Commercial	Industrial							
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	1,440	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	1,455	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	1,299	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	0.646	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	0.635	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	0.636	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	0.637	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	0.634	307,764,239			
2011	6,899,000	233,514,400	-	42,409,300	6,908,800	-	-	6,790,400	298,521,900	-	2,153,609	298,675,509	0.748	286,369,003			
2012	5,108,200	176,622,200	-	30,112,100	5,598,300	-	-	4,778,800	222,219,600	-	2,187,933	224,407,533	1.209	258,093,073			

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 Obligation	Total Direct	Egg Harbor Regional	Egg Harbor City	Atlantic County	
		Debt Service <sup>b</sup>					
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
2011	0.849	0.040	0.889	0.450	1.275	0.366	2.980
2012	1.001	0.208	1.209	0.614	1.708	0.430	3.961

*A revaluation occurred between 2005 and 2006 resulting in an increase in assessed valuations.*  
*A revaluation occurred between 2011 and 2012 resulting in a decrease 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	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Renault, LLC	2,748,100	1	1.22%			
Philadelphia Assoc C/O BOA	2,543,133	2	1.13%			
Egg Harbor Holdings Urban Renewal	1,849,900	3	0.82%			
Semdor, Inc.	1,797,400	4	0.80%	890,100	4	0.72%
Egg Harbor Realty Holdings LLC	1,189,600	5	0.53%			
Taxpayer #1	1,040,500	6	0.46%			
Taxpayer #2	989,700	7	0.44%	2,212,800	1	1.79%
Taxpayer #3	923,700	8	0.41%			
Rite Aid Corp	873,100	9	0.39%			
Pembroke Assoc	869,000	10	0.39%	657,300	8	0.53%
EH Yachts, LLC				830,500	6	0.67%
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>14,824,133</b>		<b>6.61%</b>	<b>9,685,000</b>		<b>4.12%</b>

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

224,407,533

123,601,763

Note - A revaluation occurred in 2006 which caused a significant fluctuation in commercial property valuation.  
A revaluation occurred in 2012 which caused a significant reduction in 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	
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	2,355,700	2,355,700	100%	-
2012	2,700,912	2,700,912	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		
2003	1,951,500	-	21,828	-	-	1,973,328	1.325%	13
2004	1,756,141	-	-	-	-	1,756,141	1.144%	11
2005	1,629,681	-	-	-	-	1,629,681	1.029%	10
2006	1,464,096	-	-	-	-	1,464,096	0.898%	9
2007	1,295,047	-	-	-	-	1,295,047	0.769%	8
2008	9,992,397	-	-	-	-	9,992,397	5.793%	58
2009	9,750,933	-	-	-	-	9,750,933	5.834%	58
2010	9,500,596	-	-	-	-	9,500,596	5.632%	56
2011	9,241,088	-	-	-	-	9,241,088	5.484%	55
2012	8,972,194	-	-	-	-	8,972,194	5.324%	53

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>	
2003	1,951,500	-	1,951,500	1.23%	438	
2004	1,756,141	-	1,756,141	1.05%	394	
2005	1,629,681	-	1,629,681	0.84%	366	
2006	1,464,096	-	1,464,096	0.64%	331	
2007	1,295,047	-	1,295,047	0.44%	295	
2008	9,992,397	-	9,992,397	3.34%	2,281	
2009	9,750,933	-	9,750,933	3.26%	2,227	
2010	9,500,596	-	9,500,596	3.09%	2,239	
2011	9,241,088	-	9,241,088	3.23%	2,180	
2012	8,972,194	-	8,972,194	3.48%	2,116	

**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, 2012**  
*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	3,305,879	100.00%	3,305,879
<b>Other debt</b>			
Greater Egg Harbor Regional School District	46,805,909	4.20%	1,964,829
Atlantic County	111,079,702	0.53%	588,700
Subtotal, overlapping debt			5,859,408
<b>Egg Harbor City of School District debt</b>	8,972,194	100.00%	8,972,194
<b>Total direct and overlapping debt</b>			<u><u>14,831,602</u></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 2012**

Equalized valuation basis	
2011	284,215,374
2010	296,742,041
2009	306,447,379
	<u>887,404,794</u>
	<u>285,801,598</u>
	8,874,048
	8,972,194
	<u>(98,146)</u>

Average equalized valuation of taxable property

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	8,874,048
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	8,972,194
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)	(98,146)
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%	101.11%

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>
2003	4,457	148,984	33,427	9.60%
2004	4,456	153,474	34,442	8.40%
2005	4,454	158,349	35,552	8.20%
2006	4,421	163,020	36,874	8.20%
2007	4,390	168,361	38,351	8.70%
2008	4,381	172,480	39,370	8.70%
2009	4,378	167,130	38,175	8.70%
2010	4,244	168,682	39,746	18.40%
2011	4,240	168,523	39,746	18.80%
2012	4,240	168,523	39,746	19.00%

**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, 2012

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

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Principal Employers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

	2012		2003			
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Ocean Yachts, Inc.	100	1	N/A			
Egg Harbor City School District	100	2	N/A			
Carr Opportunity Development	100-249	3	N/A			
Cedar Creek High School	100-249	4	N/A			
Renault Winery	82	5	N/A			
Herr Foods, Inc.	70	6	N/A			
City of Egg Harbor	60	7	N/A			
Nelbud Services Group Inc.	60	8	N/A			
WAWA Food Market	50-99	9	N/A			
Egg Harbor Ambulance Service	50-99	9	N/A			
Denny's Taxi Service	50-99	9	N/A			
Italian America Club, Inc.	50	10	N/A			
	<u>872-1317</u>		<u>-</u>	<u>-</u>		<u>-</u>

*Information pertaining to 2003 is not available.*

**Source: District Records**

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

<b><u>Function/Program</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
Instruction							
Regular	38.6	37.8	43.8	45.2	38.2	35.2	30.4
Special education	13.6	13.2	13.0	13.0	16.0	21.0	26.6
Support Services:							
Student & instruction related services	11.0	11.0	21.0	21.0	27.0	17.0	15.7
General administrative services	6.2	6.8	2.0	2.0	2.0	2.0	2.0
School administrative services	3.6	4.8	6.0	6.0	6.0	6.0	6.0
Business administrative services	2.8	2.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	6.0	6.0	6.0	7.0	7.0	7.0	7.0
<b>Total</b>	<b><u>81.80</u></b>	<b><u>81.60</u></b>	<b><u>94.80</u></b>	<b><u>97.20</u></b>	<b><u>99.20</u></b>	<b><u>91.20</u></b>	<b><u>90.70</u></b>

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 seven 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
2003												
2004	526	7,287,600	13,855	N/A	-	12:1	9:1		580	546	-0.85%	94.14%
2005	495	7,906,007	15,972	15.28%	-	12:1	9:1		526	492	-9.31%	93.54%
2006	534	8,799,002	16,478	0.58%	82	12:1	9:1		495	466	-5.89%	94.14%
2007	499	8,640,111	17,315	5.08%	82	12:1	9:1		534	501	7.88%	93.82%
2008	489	9,254,469	18,925	9.30%	95	12:1	9:1		499	466	-6.55%	93.39%
2009	479	9,219,449	19,247	1.70%	97	12:1	9:1		489	459	-2.00%	93.87%
2010	497	8,882,269	17,872	-7.15%	83	7:1	7:1		479	458	-2.04%	95.62%
2011	477	9,104,887	19,088	6.80%	72	9:1	7:1		473	444	-1.25%	93.86%
2012	489	9,292,972	19,004	-0.44%	63	10:1	7:1		466	437	-1.48%	93.80%
									489	457	4.94%	93.46%

*Information for 2003 is not available. Staff information is available only for 2004 through 2012.*

**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*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Charles L. Spragg School (1955)										
Square Feet	40,654	40,654	40,654	40,654	40,654	40,654	40,654	40,654	44,718	44,718
Capacity (students)	317	317	317	317	317	317	317	317	326	326
Enrollment	N/A	N/A	307	314	293	287	299	299	222	268
<b><u>Middle School</u></b>										
Egg Harbor Community School (2010)										
Square Feet									61,954	61,954
Capacity (students)									343	343
Enrollment									240	221
Fanny D. Rittenberg School (1923)										
Square Feet	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	-	-
Enrollment	N/A	N/A	216	197	213	202	180	180	-	-
<b><u>Other</u></b>										
Administration Building										
Square Feet	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, 2012

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)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary School	N/A	88,995	81,520	89,971	84,265	31,576	17,250	10,246	16,753	20,646	29,638
Middle School	N/A	87,455	69,620	49,075	48,492	14,715	7,800	12,884	8,084	17,352	31,374
Total School Facilities		176,450	151,140	139,046	132,757	46,291	25,050	23,130	24,837	37,998	61,012
Other Facilities					6,689	6,049					8,513
Grand Total		176,450	151,140	139,046	139,446	52,340	25,050	23,130	24,837	37,998	69,525

**CITY OF EGG HARBOR SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2012**  
***Unaudited***

	<u>Coverage</u>	<u>Deductible</u>
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	125,000,000	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**



**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, 2012, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 26, 2012. 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 October 26, 2012.

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

*Ford Scott & Associates*  
Ford Scott & Associates, LLC  
Certified Public Accountants

October 26, 2012

**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, 2012. 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, 2012.

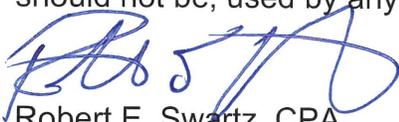
### **Internal Control Over Compliance**

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

*Ford Scott & Associates*  
Ford Scott & Associates, LLC  
Certified Public Accountants

October 26, 2012

**CITY OF EGG HARBOR SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	(Accounts Receivable) June 30, 2012	Deferred Revenue June 30, 2012	Due to Grantor at June 30, 2012
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education:</b>													
Enterprise Fund:													
Food Distribution Program	10.XXXX		7/1/11-6/30/12	23,017	(10,948)	-	247,606	(248,266)	-	1,550	(13,158)	-	-
School Breakfast Program	10.553		7/1/11-6/30/12	37,144			36,126	(37,144)			(1,018)		
School Breakfast Program	10.553		7/1/10-6/30/11	310,701	(1,928)		1,928				0		
National School Lunch Program	10.555		7/1/11-6/30/12	165,621			159,629	(165,621)			(5,992)		
National School Lunch Program	10.555		7/1/10-6/30/11	156,950	(8,939)		8,939				0		
National Snack Program	10.555		7/1/11-6/30/12	5,533	(81)		5,533	(5,533)			(5,536)		
National Snack Program	10.555		7/1/10-6/30/11	5,536			81	(5,536)		1,550			
Fresh Fruit and Vegetable	10.XXXX		7/1/11-6/30/12	1,550			1,550			1,550	(612)		
Fresh Fruit and Vegetable	10.XXXX		7/1/10-6/30/11	11,415			10,803	(11,415)					
Total Enterprise Fund					(10,948)	-	247,606	(248,266)	-	1,550	(13,158)	-	-
<b>U.S. Department of Education</b>													
General Fund:													
Education Jobs Fund	84.410		7/1/11-6/30/12	177,676			177,676	(177,676)					
Medical Assistance Program	93.778		7/1/11-6/30/12	21,295			21,295	(21,295)					
Total General Fund						-	198,971	(198,971)	-	-	-	-	-
<b>Passed-through State Department of Education:</b>													
Special Revenue Fund:													
Title I, Part A	84.010	NCLB130006	9/1/11-8/31/12	326,137			326,137	(324,305)				1,832	
Title I, Part A	84.010	NCLB130006	9/1/10-8/31/11	353,741	(96,855)		96,855				0		
Title I, Part A, Carryover	84.010	NCLB130006	9/1/09-8/31/10	392,109	(17,741)		14,466	(14,466)		17,741			
I.D.E.A. Part B - Basic	84.027		9/1/10-8/31/11	166,453			166,453	(166,453)					
Title I, Part D	84.010		9/1/10-8/31/12	21,620			13,946	(21,620)			(7,674)		
Title I, Part D, Carryover	84.010		9/1/09-8/31/10	64,664	10,101		28,959	(39,060)			0		
Title IIA, Innovative Program	84.281		9/1/10-8/31/11	55,401			51,537	(51,537)			0		
Title IIA, Innovative Program	84.287C		7/1/11-6/30/12	346,352	(40,248)		318,124	(346,352)			(28,228)		
After School Learning Centers (21st Century)	84.287C		7/1/10-6/30/11	425,000			94,236	(53,988)			0		
Race to the Top	84.395	12-RT01-A01	7/1/11-11/30/2015	30,849				(3,600)			(3,600)		
Learn and Serve	84.287		7/1/10-6/30/11	14,000	2,396			(2,396)					
Total Special Revenue Fund					(42,347)	0	1,110,713	(1,023,777)	0	17,741	(39,502)	1,832	0
Total Federal Financial Awards					(51,532)	0	1,557,290	(1,471,014)	0	19,291	(62,660)	1,832	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, 2011	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balances	Balance at June 30, 2012			MEMO	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor		Budgetary Receivable
<b>State Department of Education</b>														
General Fund:														
Categorical Special Education Aid	495-034-5120-089	7/1/11-6/30/12	241,283			217,811	(241,283)						23,472	241,283
Equalization Aid	495-034-5120-078	7/1/11-6/30/12	4,722,905			4,276,940	(4,722,905)						445,965	4,722,905
Security Aid		7/1/11-6/30/12	511			511	(511)							511
Full Day Kindergarten Aid	495-034-5120-044	7/1/11-6/30/12	5,394			5,394	(5,394)							5,394
Extraordinary Aid	495-034-5120-044	7/1/11-6/30/12	18,461				(18,461)							18,461
Additional Nonpublic School Transportation Aid	495-034-5120-014	7/1/10-6/30/11	6,012	(6,012)		6,012								6,012
Reimbursed TPAF Social Security Contributions	495-034-5095-051	7/1/10-6/30/11	3,827	(3,827)		3,827								(3,827)
			331,900	(227)		317,404	(331,900)							(331,900)
Total General Fund				(10,066)	-	4,827,899	(5,320,454)						469,437	4,662,666
Special Revenue Fund:														
Preschool Aid	495-034-5064-086	7/1/11-6/30/12	348,600		13,035	328,673	(361,635)						32,962	361,635
Prevent Child Abuse	495-034-5064-086	7/1/10-6/30/11	292,236	13,035	(13,035)		(92)							292,336
NICSH	n/a	7/1/10-6/30/12	1,000	92		5,500	(6,320)							1,000
NICSH Carryover	n/a	7/1/11-6/30/12	15,122	6,105	(6,105)									6,320
NI Center for Teaching and Learning	n/a	7/1/10-6/30/11	15,122	1,857			(1,857)							9,017
Total Special Revenue Fund				21,089	-	334,173	(369,904)						32,962	67,487
Debt Service Fund:														
Debt Service Aid Type II	495-034-5120-017	7/1/11-6/30/12	100,555			100,555	(100,555)							100,555
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Program (State Share)	100-010-3360-096	7/1/09-6/30/10	3,690			3,555	(3,690)							3,690
National School Lunch Program (State Share)	100-034-5120-122	7/1/10-6/30/11	3,349	(205)		205								3,349
Total Enterprise Fund				(205)		3,760	(3,690)							7,039
Total State Financial Assistance				\$10,818	-	5,266,387	(5,794,603)						0	5,445,087

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2012**

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, 2012**

	General Fund	Special Rev. Fund	Debt Svc Fund	Food Svc Fund	Total
<b>State Assistance</b>					
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 5,320,454	369,904	100,555	3,690	5,794,603
Difference - Budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		8,045			8,045
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	441,162	28,159			469,321
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(469,437)	(32,962)			(502,399)
On behalf TPAF payments recognized for GAAP statements not included in the Schedule of Expenditures of State Financial Assistance	407,350				407,350
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balance	\$ 5,699,529	373,146	100,555	3,690	6,176,920

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2012**

	General Fund	Special Rev Fund	Food Svc Fund	Total
<b>Federal Assistance:</b>				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 198,971	1,023,777	248,266	1,471,014
Difference - budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		9,457		9,457
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	\$ 198,971	1,033,234	248,266	1,480,471

**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, 2012. 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, 2012.

**CITY OF EGG HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:  
 1) Material weakness(es) identified?            yes   X   no
- 2) Were significant deficiencies identified?            yes   X   none reported
- C) Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards Section**

- D) Internal Control over compliance:  
 1) Material weakness(es) identified?            yes   X   no
- 2) Were significant deficiencies identified?            yes   X   none reported
- E) Type of auditor's report on compliance for major programs Unqualified
- F) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.            yes   X   no

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	<u>21st Century</u>
<u>84.027</u>	<u>IDEA Basic</u>
<u>84.410</u>	<u>Education Jobs Fund</u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>

- H) Dollar threshold used to determine Type A programs: \$300,000
- I) Auditee qualified as low-risk auditee?            yes   X   no            n/a

**CITY OF EGG HARBOR SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*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
495-034-5120-084	Security Aid
495-034-5095-051	Reimbursed TPAF Social Security Contributions

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, 2012**

***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:**

NONE