

SCHOOL DISTRICT
OF
EGG HARBOR CITY

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

Comprehensive Annual Financial Report

of the

Egg Harbor City Board of Education

Egg Harbor City, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Egg Harbor City Board of Education

Finance Department

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Introductory Section

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Egg Harbor City Public Schools

BOARD OF EDUCATION OFFICES

730 Havana Avenue

Egg Harbor City, NJ 08215

Phone: 609-965-1034

Fax: 609-965-6719

ADRIENNE SHULBY
Superintendent of Schools

JOSEPH SMURLO
Business Administrator

November 30, 2015

Citizens, 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, 2015, 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 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 2014-2015 fiscal year with an average enrollment of 505 students, which is 14 students above the previous year's enrollment.

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

Average Daily Enrollment		
Fiscal	Student	Percent
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2014-2015	505	0.03%
2013-2014	491	0.00%
2011-2012	489	4.94%
2010-2011	466	(1.47%)
2009-2010	473	(1.25%)

2) ECONOMIC CONDITION AND OUTLOOK: The Egg Harbor City Community School which houses students in Grades 4 through 8, was opened to students in January 2011. The Charles L. Spragg School, which houses students in Grades PreK through 3, was originally built in 1955 with additions and renovations in 1994 and 2010. A roof and HVAC replacement funded by a NJ Schools Development Authority ROD Grant, was completed in April 2015. 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 consist 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 to the growth of the student population at the school has been a benefit to the local economy.

The land surrounding the new high school is currently under development by Cedar Creek Partners (Brad Haber Homes). The builder is currently constructing 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 been completed on over 35 homes and 27 are already sold.

In 2010 the City appointed Conifer LLC (“Conifer”) as the Redeveloper for a senior housing complex with approximately 100 age-restricted units to be built on the site of the former Fanny D. Rittenberg School. The construction of the complex, called Rittenberg Manor was completed in May 2015 and is now fully occupied.

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.

A combination of grant and loan funding has been received by the United States Department of Agriculture, Rural Development Office to construct a new \$7 million water treatment plant on Philadelphia Avenue. Construction was completed in the spring of 2014 and the facility is online as of January 2015.

Continued growth and opportunity are the future of 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, 2015.

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, 2015, the District's outstanding debt issues included \$8,100,000 of general obligation bonds.

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 audit 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, L.L.C., 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,

Adrienne Shulby
Superintendent

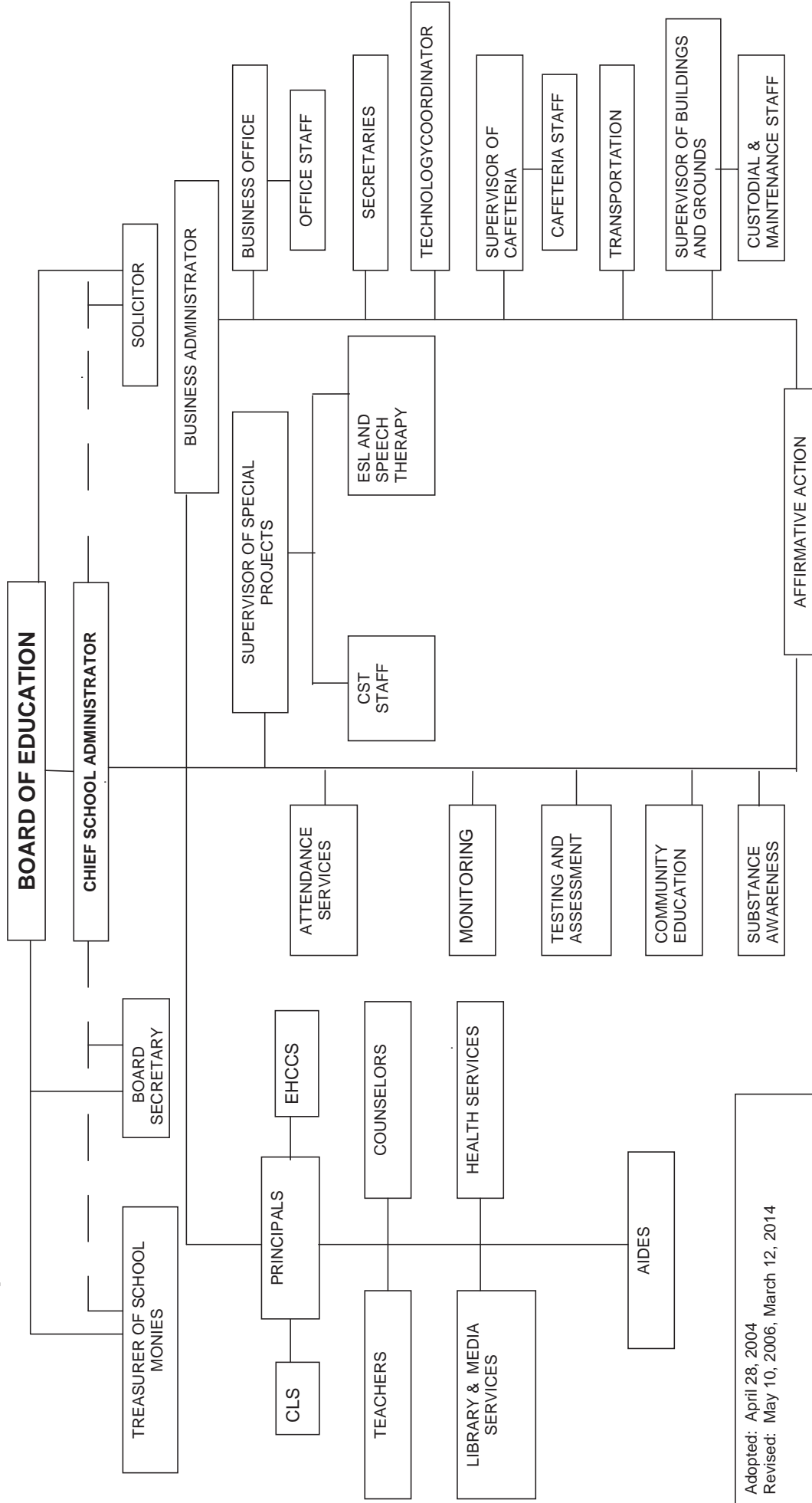
Joseph Smurlo
Business Administrator

Egg Harbor City Board of Education

ORGANIZATIONAL CHART

Policy

Policy 2010 Page 1 of 1



Adopted: April 28, 2004
 Revised: May 10, 2006, March 12, 2014

EGG HARBOR CITY BOARD OF EDUCATION

EGG HARBOR CITY, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephen Bouchard, Vice-President	2015
Janine Brown, President	2017
Carmen Filippello	2016
Julie Hall	2015
Stephen Murphy	2017
Steve Ortiz	2016
Jeanne Williams	2016

Other Officials

Adrienne K. Shulby, Superintendent of Schools

Joseph Smurlo, School Business Administrator

Laura Quinones, Board Secretary

Susan Palaia, CPA, Treasurer

Ronald Sahli, Esq., Solicitor

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

Architect

Becica Associates, LLC
500 S. Kings Highway
Cherry Hill, NJ 08034

Audit Firm

Ford-Scott & Associates, LLC
Certified Public Accountants
1535 Haven Ave
PO Box 538
Ocean City, NJ 08226

Attorney

Sahli & Padovani, Attorneys at Law
503 White Horse Pike
Hammonton, NJ 08037

Official Depositories

Ocean City Home Bank
1001 Asbury Avenue
Ocean City, New Jersey 08226

Health Benefits Broker

Hudson Shore Group
128 Broad Street
Redbank, NJ 07701

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, Egg Harbor City, New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, Egg Harbor City, New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Egg Harbor City School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Egg Harbor City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Egg Harbor City School District's internal control over financial reporting and compliance.

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

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

November 30, 2015

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**Required Supplemental Information
Part I**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Egg Harbor City 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, 2015. 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 position of the District increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$298,173 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$579,582 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, 2015 the District had excess surplus in the amount of \$740,826, of which \$237,913 has been appropriated and included as anticipated revenue in the 2016 fiscal year budget. This is compared to the prior year excess surplus of \$618,649, of which \$380,736 was budgeted in the 2015 fiscal year budget.
- During the fiscal year ended June 30, 2015, the District's governmental fund expenditures were \$154,512 more than total revenues realized. This decrease can be attributed to additional expenditures related to the school construction project which is under the control of the State of New Jersey School Development Authority.
- In the District's business-type activities, net position decreased \$9,028 during the 2015 fiscal year compared to a \$15,021 decrease in fiscal year 2014. During the 2015 fiscal year, the District experienced a decrease in participation which resulted in less sales income, which also had an impact on the reimbursement from the State of New Jersey.

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.

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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 position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short- term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional 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 program is 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 position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position increased between fiscal years 2014 and 2015 as a result of a slight increase in state and federal assistance. Net position for business-type activities decreased \$9,028 during the current fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 2,204,516	\$ 1,608,169	87,653	116,983	2,292,169	1,725,152
Capital assets	29,618,642	25,670,732	93,902	100,559	29,712,544	25,771,291
Total assets	<u>31,823,158</u>	<u>27,278,901</u>	<u>181,555</u>	<u>217,542</u>	<u>32,004,713</u>	<u>27,496,443</u>
Deferred outflows of resources	349,313	-	-	-	349,313	349,313
Long-term liabilities	10,595,008	8,516,390			10,595,008	8,516,390
Other liabilities	1,004,069	224,021	7,079	34,038	1,011,148	258,059
Total liabilities	<u>11,599,077</u>	<u>8,740,411</u>	<u>7,079</u>	<u>34,038</u>	<u>11,606,156</u>	<u>8,774,449</u>
Deferred inflows of resources	141,924	-	-	-	141,924	-
Net Position						
Invested in capital assets	21,518,642	17,270,732	93,902	100,559	21,612,544	17,371,291
Restricted	1,372,785	1,529,735			1,372,785	1,529,735
Unrestricted	(2,459,957)	(261,977)	80,574	82,945	(2,379,383)	(179,032)
Total net position	<u>\$ 20,431,470</u>	<u>\$ 18,538,490</u>	<u>174,476</u>	<u>183,504</u>	<u>20,605,946</u>	<u>18,721,994</u>

Changes in net position. The total governmental fund revenue of the District increased slightly compared to amounts recognized in the prior year. This can be attributed to an overall increase in the tax levy, grant funding and miscellaneous revenue.

Approximately 52.84% 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 District expenses are primarily related to instruction, administration, and plant operations.

	<u>2015</u>		<u>2014</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$3,155,597	27.10%	\$2,905,679	24.95%
Unrestricted State and Federal Aid	6,153,742	52.84%	6,025,687	51.74%
Federal & State Aid restricted	0	0.00%	98,341	0.84%
Operating grants and contributions	1,320,489	11.34%	1,355,757	11.64%
Capital grants and contributions	681,281	5.85%	54,172	0.47%
Other	334,208	2.87%	92,491	0.79%
Totals	<u>\$11,645,317</u>	<u>100.00%</u>	<u>\$10,532,127</u>	<u>90.44%</u>

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2015 and 2014 fiscal years.

	Governmental Activities		Business Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenue						
Charges for services			61,187	66,443	61,187	66,443
Federal and State grants	\$ 6,703,444	\$ 2,182,779	334,699	323,967	7,038,143	2,506,746
General revenues						
Property taxes	3,155,597	2,905,679			3,155,597	2,905,679
Interest	1,316	7,210	38	9	1,354	7,219
State aid entitlements	5,275,987	5,356,203			5,275,987	5,356,203
Other	322,361	80,257			322,361	80,257
Total revenues	<u>15,458,705</u>	<u>10,532,128</u>	<u>395,924</u>	<u>390,419</u>	<u>15,854,629</u>	<u>10,922,547</u>
Expenses						
Instruction:						
Regular	4,781,312	3,892,125			4,781,312	3,892,125
Special Education	1,366,601	1,234,366			1,366,601	1,234,366
Other Special Instruction	354,714	265,407			354,714	265,407
Support services:						
Tuition	585,438	744,603			585,438	744,603
Student & instruction related services	1,709,987	1,531,806			1,709,987	1,531,806
General & business admin services	306,028	296,660			306,028	296,660
School administration services	319,472	271,939			319,472	271,939
Plant operations & maintenance	1,179,606	1,031,832			1,179,606	1,031,832
Pupil transportation	181,933	249,899			181,933	249,899
Business and other support services	309,012	262,185			309,012	262,185
Interest on long term debt	329,282	335,393			329,282	335,393
Capital outlay	-	195,873			-	195,873
Other financing uses					-	-
Business-type activities			404,952	405,440	404,952	405,440
Total expenses	<u>11,423,386</u>	<u>10,312,088</u>	<u>404,952</u>	<u>405,440</u>	<u>11,828,337</u>	<u>10,717,528</u>
Increase/(decrease) in net position	<u>\$ 4,035,319</u>	<u>220,040</u>	<u>(9,028)</u>	<u>(15,021)</u>	<u>4,026,292</u>	<u>205,019</u>

The variances between years in the governmental funds were not significant and were within expectations. The other financing uses reported in the prior year was the result of the disposition of District owned assets.

Business-type Activities

Operating and non-operating revenues of the District's business-type activities increase \$5,505 from the previous year while expenses decrease \$488. Factors contributing to these results included:

- A increase in participation of the school lunch program which resulted in a increase in reimbursements from the Federal Department of Agriculture.
- An slight decrease in expenses for food and supplies and a slight decrease in inventory left over at year end.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$1,294,163 which is \$186,982 lower than in the beginning of the year. This was primarily caused by expenditures related to the construction of the Community School and Spragg School which are administered by the State of New Jersey School Development Authority.

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 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was \$235,831 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 \$290,791.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$25,670,732, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental		Business Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>2015</u>	<u>2014</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$1,745,000	\$1,745,000			1,745,000	1,745,000
Buildings & Improvements	2,541,984	2,543,013			2,541,984	2,543,013
Machinery & Equipment	254,581	326,182	82,345	100,559	336,926	426,741
Construction in progress	25,077,077	21,056,537			25,077,077	21,056,537
Total	\$29,618,642	25,670,732	82,345	100,559	29,700,987	25,771,291

Total aggregate cost basis for the districts capital assets, including construction in progress, as of June 30, 2015 aggregated \$30,603,892 million with accumulated depreciation of \$985,250. During the 2015 fiscal year the District did incur construction costs for work done at both the Community and Spragg Schools. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

Long-term Debt

	Balance 6/30/2014	Issued	Retired	Balance 6/30/2015
Bonds Payable	\$8,400,000		300,000	8,100,000
Compensated Absences Payable	116,390	13,814	16,686	113,518
Total	\$8,516,390	13,814	316,686	8,213,518

More detailed information about the District's long-term debt is presented in Note 8 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 (21st Century) grant provided services to students throughout the year to supplement school-day instruction.

The City's ratable base decreased approximately \$49,000 in 2015. In recent years it has become the responsibility of homeowners to foot the majority of the tax burden, and there has been a continued influx of families of many nationalities with lower socio-economic backgrounds. 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.

BASIC FINANCIAL STATEMENTS

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DISTRICT - WIDE FINANCIAL STATEMENTS

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Egg Harbor City School District
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,478,172	57,051	1,535,223
Restricted cash:			
Cash on deposit with State Development Authority	291,249		291,249
Due from other governments	398,006	25,631	423,637
Other accounts receivable	37,089	959	38,048
Inventory		4,012	4,012
Capital assets, not depreciated	26,822,077		26,822,077
Capital assets, net	<u>2,796,565</u>	<u>93,902</u>	<u>2,890,467</u>
Total Assets	<u>31,823,158</u>	<u>181,555</u>	<u>32,004,713</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	349,313		349,313
Total Deferred Outflows of Resources	<u>349,313</u>	<u>-</u>	<u>349,313</u>
LIABILITIES			
Accrued interest	93,716		93,716
Accounts payable	93,842	4,844	98,686
Unearned revenue	3,482	2,235	5,717
Grant Anticipation Note Payable	813,029		813,029
Noncurrent liabilities:			
Due within one year	310,000		310,000
Net Pension Liability	2,381,490		2,381,490
Due beyond one year	7,903,518		7,903,518
Total liabilities	<u>11,599,077</u>	<u>7,079</u>	<u>11,606,156</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	141,924		141,924
NET POSITION			
Net investment in capital assets	21,518,642	93,902	21,612,544
Restricted for:			
Debt Service	(93,561)		(93,561)
Capital Projects	700,048		700,048
Other purposes	766,298		766,298
Unrestricted	<u>(2,459,957)</u>	<u>80,574</u>	<u>(2,379,383)</u>
Total net position	<u>\$ 20,431,470</u>	<u>174,476</u>	<u>20,605,946</u>

The accompanying notes are an integral part of these financial statements

Egg Harbor City School District
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	\$ 3,532,737	1,248,575		1,590,238,31		(3,191,074)		(3,191,074)
Special education	1,009,731	356,870		262,972		(1,103,629)		(1,103,629)
Other special instruction	262,085	92,629		68,257		(286,457)		(286,457)
Support services:								
Tuition	585,438			242,437		(343,001)		(343,001)
Student & instruction related services	1,263,447	446,540		816,561,32		(893,426)		(893,426)
General administrative services	216,779	89,249		25,427		(280,601)		(280,601)
School administrative services	226,303	93,169		26,544		(292,928)		(292,928)
Plant operations and maintenance	835,591	344,015		98,009		(1,081,597)		(1,081,597)
Pupil transportation	181,933			21,998		(159,935)		(159,935)
Business and other support services	218,893	90,119		25,675		(283,337)		(283,337)
Unallocated benefits	2,761,166	(2,761,166)				-		-
Capital Outlay					3,525,325	3,525,325		3,525,325
Interest on long-term debt	329,282					(329,282)		(329,282)
Total governmental activities	<u>11,423,386</u>	<u>0</u>	<u>-</u>	<u>3,178,119</u>	<u>3,525,325</u>	<u>(4,719,942)</u>	<u>-</u>	<u>(4,719,942)</u>
Business-type activities:								
Food Service	404,952		61,187	334,699		(9,066)		(9,066)
Total business-type activities	<u>404,952</u>		<u>61,187</u>	<u>334,699</u>		<u>(9,066)</u>		<u>(9,066)</u>
Total primary government	<u>\$ 11,828,338</u>		<u>61,187</u>	<u>3,512,818</u>	<u>3,525,325</u>	<u>(4,719,942)</u>		<u>(4,729,068)</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purposes, ne
 - Taxes levied for debt service
 - Federal and State aid not restricted
 - Federal and State aid restricted
 - Investment Earnings
 - Miscellaneous Income

2,523,087	2,523,087
632,510	632,510
5,275,987	5,275,987
-	-
1,354	1,354
322,361	322,361
<u>8,755,261</u>	<u>8,755,299</u>

38

16,396,151

\$

20,431,470

174,476

8,755,261

8,755,299

4,035,319

(9,028)

183,504

16,579,655

20,805,946

Total general revenues, special items, extraordinary items and transfer:

Change in Net Position

Net Position—beginning, As Restated

Net Position—ending

FUND FINANCIAL STATEMENTS

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**Egg Harbor City School District
Balance Sheet
Governmental Funds
June 30, 2015**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 437,964		350,155	690,053	1,478,172
Restricted cash					
Cash on deposit with State Development Authority				291,249	291,249
Due from other funds	32,629	-		346,701	379,330
Receivables from other governments	176,219	68,164		153,623	398,006
Other receivables	20,979			16,110	37,089
Total assets	<u>667,791</u>	<u>68,164</u>	<u>350,155</u>	<u>1,497,736</u>	<u>2,583,846</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	19,138	63,345		-	82,483
Grant Anticipation Note Payable				813,029	813,029
Due to other funds		29,330	350,000		379,330
Due to other governments				11,359	11,359
Unearned revenue		3,482			3,482
Total liabilities	<u>19,138</u>	<u>96,157</u>	<u>350,000</u>	<u>824,388</u>	<u>1,289,683</u>
Fund Balances:					
Restricted for:					
Excess surplus	502,913				502,913
Excess surplus - designated for subsequent year's expenditures	237,913				237,913
Capital projects fund				673,348	673,348
Committed to:					
Capital reserve	26,700				26,700
Maintenance reserve	25,472				25,472
Unreserved, reported in:					
General fund	(144,345)				(144,345)
Special revenue fund		(27,993)			(27,993)
Debt service fund			155		155
Total Fund balances	<u>648,653</u>	<u>(27,993)</u>	<u>155</u>	<u>673,348</u>	<u>1,294,163</u>
Total liabilities and fund balances	<u>\$ 667,791</u>	<u>68,164</u>	<u>350,155</u>	<u>1,497,736</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 29,618,642

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (93,716)

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds (2,174,101)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (8,213,518)

Net position of governmental activities \$ 20,431,470

Egg Harbor City School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local tax levy	\$ 2,523,087		632,510		3,155,597
Interest	975			341	1,316
Miscellaneous	322,215	10,531	146		332,892
State sources	6,076,686	281,604	-	681,281	7,039,571
Federal sources	77,056	1,038,885			1,115,941
Total revenues	<u>9,000,019</u>	<u>1,331,021</u>	<u>632,656</u>	<u>681,622</u>	<u>11,645,318</u>
EXPENDITURES					
Current:					
Regular instruction	2,077,867	864,033			2,941,900
Special education instruction	840,859				840,859
Other special instruction	218,252				218,252
Support services and undistributed costs:					
Tuition	398,224	173,329			571,553
Student & instruction related services	889,527	162,613			1,052,140
General administrative services	210,288				210,288
School administrative services	219,526				219,526
Plant operations and maintenance	810,570				810,570
Pupil transportation	181,933				181,933
Business and other support services	212,339				212,339
Unallocated Benefits	2,436,268	324,898			2,761,166
Transfer to Charter School	13,885				13,885
Debt service:					
Principal			300,000		300,000
Interest and other charges			332,563		332,563
Capital outlay	195,873			969,452	1,165,325
Total expenditures	<u>8,705,411</u>	<u>1,524,874</u>	<u>632,563</u>	<u>969,452</u>	<u>11,832,300</u>
(Deficiency) of revenues and other financing sources (uses) over expenditures	<u>294,608</u>	<u>(193,853)</u>	<u>93</u>	<u>(287,830)</u>	<u>(186,982)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	341	192,481		252,918	445,740
Transfer out	(445,399)			(341)	(445,740)
Total other financing sources and uses	<u>(445,058)</u>	<u>192,481</u>	<u>-</u>	<u>252,577</u>	<u>-</u>
Net change in fund balances	(150,450)	(1,372)	93	(35,253)	(186,982)
Fund balance—July 1	799,103	(26,621)	62	708,601	1,481,145
Fund balance—June 30	<u>\$ 648,653</u>	<u>(27,993)</u>	<u>155</u>	<u>673,348</u>	<u>1,294,163</u>

**Egg Harbor City 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, 2015**

Total net change in fund balances - governmental funds (from B-2) \$ (186,982)

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	(61,459)
Assets charged to expense	-
Capital outlays	3,947,910
	4,009,369

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 300,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 3,281

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions - PERS	104,860
Cost of benefits earned net of employee contributions	(136,622)
	(31,762)

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 (+). 2,872

Change in net position of governmental activities \$ 4,035,319

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Net Position
Proprietary Funds
June 30, 2015**

			<u>Business-type Activities - Enterprise Funds</u>
			<u>Food Service</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$	57,051	
Accounts receivable		959	
Receivables from other governments		25,631	
Inventories		4,012	
Total current assets		<u>87,653</u>	
Noncurrent assets:			
Furniture, machinery & equipment		173,510	
Less accumulated depreciation		<u>(79,608)</u>	
Total noncurrent assets		<u>93,902</u>	
Total assets		<u><u>181,555</u></u>	
LIABILITIES			
Current liabilities:			
Accounts payable		4,844	
Unearned revenue		<u>2,235</u>	
Total current liabilities		<u>7,079</u>	
Total liabilities		<u>7,079</u>	
NET POSITION			
Net investment in capital assets		93,902	
Unrestricted		<u>80,574</u>	
Total net position	\$	<u><u>174,476</u></u>	

The accompanying notes are an integral part of these financial statements

Egg Harbor City School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 36,228
Daily sales - non-reimbursable programs	24,959
Total operating revenues	61,187
Operating expenses:	
Cost of sales	394,583
Depreciation	10,369
Total Operating Expenses	404,952
Operating (loss)	(343,765)
Nonoperating revenues and expenses:	
State sources:	
State school lunch program	3,677
Federal sources:	
National school lunch program	183,199
National school breakfast program	124,898
School Snack program	8,536
Food distribution program	14,389
Interest and investment revenue	38
Total nonoperating revenues	334,737
(Loss) before contributions & transfers	(9,028)
Change in net position	(9,028)
Total net position—beginning	183,504
Total net position—ending	\$ 174,476

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 62,301
Payments to cost of sales	(407,833)
Net cash (used in) operating activities	(345,532)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	4,203
Federal Sources	318,712
(To)/From other funds	
Net cash provided by non-capital financing activities	322,915
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(3,712)
Net cash (used in) capital and related financing activities	(3,712)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	38
Net cash provided by investing activities	38
Net increase in cash and cash equivalents	(26,291)
Balances—beginning of year	83,342
Balances—end of year	57,051
Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities:	
Operating (loss)	(343,765)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities	
Depreciation and net amortization	10,369
Food distribution program	14,389
(Increase) in other accounts receivable	227
Increase in unearned revenue	887
Decrease in inventories	207
Increase in accounts payable	(27,846)
Total adjustments	(1,767)
Net cash (used in) operating activities	\$ (345,532)

**Egg Harbor City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	Unemployment Compensation	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ -	2,715	39,053
Due from payroll agency	37,727		
Total assets	37,727	2,715	39,053
LIABILITIES			
Payroll deductions and withholdings			1,326
Payable to unemployment trust			37,727
Total liabilities	-	-	39,053
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 37,727	2,715	

**Egg Harbor City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015**

	Unemployment Compensation	Private Purpose Scholarship Fund
ADDITIONS		
Investment earnings:		
Interest		2
Scholarship donations		-
Employee contributions	\$ 8,614	
Total additions	8,614	2
DEDUCTIONS		
Other payments	-	-
Total deductions	-	-
Change in net position	8,614	2
Net position—beginning of the year	29,113	2,713
Net position—end of the year	\$ 37,727	2,715

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity:

The Egg Harbor City 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 Egg Harbor City School District had an approximate enrollment at June 30, 2015 and 2014 of 505 and 491 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 program is classified as a business-type activity.

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

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

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 position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS 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 State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

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

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

Fund Balances – Governmental Funds

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

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

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

2. Proprietary Funds:

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

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

3. Fiduciary Funds:

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

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All funds internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

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

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

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	\$	2,469
Supplies		<u>1,543</u>
	\$	<u>4,012</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2015 is \$2,235.

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. Revenues:

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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

6. 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.

7. Compensated absences:

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

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

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

8. Interfund Activity:

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

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(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:

<u>Account</u>	<u>Amount</u>
Regular Programs-Instruction: Salaries of Teachers	
Grades 1-5 Salaries of Teachers	\$ 108,628
Unallocated Benefits	
Health Benefits	(70,249)

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

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.

10. Tuition Receivable

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

11. Tuition Payable

Tuition charges for the fiscal years 2014/15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

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

14. Pensions

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

F. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2015, Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68". This statement is effective for fiscal years beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. This statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefit Plans other than Pension Plans". This statement is effective for fiscal years beginning after June 15, 2016. The effect of this statement on the District's net position is not presently determinable.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". This statement is effective for fiscal years beginning after June 15, 2017. The effect of this statement on the District's net position is not presently determinable.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement is effective for fiscal periods beginning after December 15, 2015 and will not have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2015, 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, 2015, \$291,249 of the District's bank balance of \$2,050,855 was exposed to credit risk.

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The total amount included in the plan for uncompleted projects at June 30, 2015 was \$12,736,251.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$	154,615
Increased By:		
Interest earnings		2
Board Resolution adopted 6/10/2015		25,000
Withdrawals		
Approved by Board		
4/9/14 – transfer to capital projects		(152,917)
Ending balance, June 30, 2015	\$	<u>26,700</u>

NOTE 5. MAINTENANCE RESERVE FUND

New Jersey Administrative Code 6A:23A-14.2 permits school districts to establish a maintenance reserve account for the required maintenance of the District's facilities, in accordance with the Commissioner approved plan. The District can increase the balance in this reserve account by appropriating funds in the annual general fund budget certified for taxes or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end.

Beginning balance, July 1, 2014	\$	47,808
Increased By:		
Board Resolution adopted 6/10/2015		25,000
Withdrawals		
8/12/15 – transfer to Maintenance lines		(47,336)
Ending balance, June 30, 2015	\$	<u>25,472</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance 6/30/15</u>
Governmental Activities				
Capital assets not being depreciated				
Const in Process	\$ 21,056,537	4,020,540		25,077,077
Land	1,745,000			1,745,000
Total capital assets not being depreciated	<u>22,801,537</u>	<u>4,020,540</u>		<u>26,822,077</u>
Bldgs & Improv	3,158,990			3,158,990
Machinery & equip	633,996	7,022	(18,193)	622,825
Total at cost	<u>3,792,986</u>	<u>7,022</u>	<u>(18,193)</u>	<u>3,781,815</u>
Less accum depr.				
Bldg & improve	(615,977)	(1,029)		(617,006)
Machinery & equip	(307,814)	(60,430)		(368,244)
Total accum depr	<u>(923,791)</u>	<u>(61,459)</u>		<u>(985,250)</u>
Total capital assets being depreciated	<u>2,869,195</u>	<u>(54,437)</u>	<u>(18,193)</u>	<u>2,796,565</u>
Governmental activities - Capital Assets, net	<u>25,670,732</u>	<u>3,966,103</u>	<u>(18,193)</u>	<u>29,618,642</u>
Business-type activities				
Equipment	169,798	4,037		173,835
Less Accum depr	(69,239)	(10,369)		(79,933)
Business-type Activities Capital Assets, net	<u>\$ 100,559</u>	<u>(6,332)</u>		<u>93,902</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$	27,791
Special education		7,943
Other special instruction		2,062
Student & instruction related services		9,939
General Administration		1,987
School administrative expenses		2,074
Plant operations and maintenance		7,657
Business and other support services		2,006
	\$	<u>61,459</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 7. OPERATING LEASES

Effective December 2010, the District entered into a lease agreement for a Ricoh Multi-printer. The lease term is 48 months with payments of \$87.64 due monthly. Total rent expense for the 2015 fiscal year was \$440.

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 2015 fiscal year was \$3,312.

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 2015 fiscal year was \$3,444.

Effective November 2012, the District entered into a lease agreement for a Ricoh Digital Copier. The lease term is 48 months with payments of \$611.78 due monthly. Total rent expense for the 2015 fiscal year was \$7,341.

Effective September 2013, the District entered into a lease agreement for a Xerox Digital Copier. The lease term is 48 months with payments of \$484.50 due monthly. Total rent expense for the 2015 fiscal year was \$5,814.

Effective October 2013, the District entered into a lease agreement for a Ricoh Digital Copier/Printer/Scanner. The lease term is 48 months with payments of \$256.18 due monthly. Total rent expense for the 2015 fiscal year was \$3,074.

Effective October 2013, the District entered into a lease agreement for a Ricoh Digital Copier/Printer/Scanner. The lease term is 48 months with payments of \$178.07 due monthly. Total rent expense for the 2015 fiscal year was \$2,137.

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

Year ending June 30,		
2016	\$	21,501
2017		14,084
2018		2,272
2019		0
2020		0
Total	\$	<u>37,857</u>

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>6/30/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/15</u>	<u>Due within</u> <u>One Year</u>
Compensated					
Absences Payable	\$ 116,390	13,814	16,686	113,518	-
Bonds Payable	8,400,000		300,000	8,100,000	310,000
Net Pension Liability	2,381,490			2,381,490	
Total	\$ 10,897,880	13,814	316,686	10,595,008	310,000

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, 2015 consisted of the following:

\$8,870,000 School Bonds dated 2/28/08 payable in annual installments through 3/15/33. Interest is paid semiannually at varying rates, which range from 3.75% to 4.05%. The balance remaining as of June 30, 2015 was \$8,100,000.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 310,000	321,313	631,313
2017	325,000	309,688	634,688
2018	335,000	297,500	632,500
2019	350,000	284,938	634,938
2020	365,000	271,813	636,813
2021-2025	2,070,000	1,127,463	3,197,463
2026-2030	2,545,000	676,663	3,221,663
2031-2033	1,800,000	147,538	1,947,538
Total	\$ 8,100,000	3,436,916	11,536,916

NOTE 9. PENSION PLANS

Description of Plans

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

**Egg Harbor City School District
Notes to Financial Statements
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Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

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 6.92% 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 14.4% and the PERS rate is 12.4% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2015, 2014 and 2013 were \$579,682, \$463,349, and \$565,244, 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, 2015, 2014 and 2013 were \$105,130, \$90,226, and \$103,564, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2015, 2014 and 2013 was \$5,421,437, \$5,381,609, and \$5,516,278; covered payroll was \$4,030,324, \$4,071,497, and \$4,148,221 for TPAF; and \$846,474, \$859,952, and \$825,778 for PERS.

Significant Legislation

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

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

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

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

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

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

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

NOTE 10: Public Employees Retirement System

At June 30, 2015, the District reported a liability of \$2,381,490 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was 0.0127197761%, which was a decrease of 9% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$136,622. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience		
Changes of assumptions	\$ 244,453	
Net difference between projected and actual earnings on pension plan investments		141,924
Changes in proportion and differences between District contributions and proportionate share of contributions		-
District contributions subsequent to the measurement date	<u>104,860</u>	
Total	<u>\$ 349,313</u>	<u>141,924</u>

\$104,860 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2016	\$	35,728
2017	\$	35,728
2018	\$	35,728
2019	\$	35,728
2020	\$	(28,043)
Thereafter	\$	<u>(12,339)</u>
Total	\$	<u>102,529</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.01%
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**Egg Harbor City School District
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June 30, 2015**

Salary increases:

2012-2021 2.15% - 4.40% (based on age)

Thereafter 3.15% - 5.40% (based on age)

Investment rate of return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 2,995,995	2,381,490	1,865,462

Pension plan fiduciary net position.

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

NOTE 11. Teachers Pension and Annuity Fund (TPAF)

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>22,177,091</u>
Total	<u>\$ 22,177,091</u>

The net pension liability was measured as of June 30, 2014 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,193,336 and revenue of \$1,193,336 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

**Egg Harbor City School District
Notes to Financial Statements
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ -	9,054
Changes of assumptions	950,591	
Net difference between projected and actual earnings on pension plan investments		717,587
Changes in proportion and differences between District contributions and proportionate share of contributions		(187,168)
District contributions subsequent to the measurement date	\$ 223,993	
Total	<u>\$ 1,174,584</u>	<u>539,473</u>

\$223,993 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ (98,871)
2017	\$ (98,871)
2018	\$ (98,871)
2019	\$ (98,871)
2020	\$ 230,458
Thereafter	\$ 576,145
Total	<u>\$ 411,118</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement

Egg Harbor City School District
Notes to Financial Statements
June 30, 2015

mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Cash	6.00%	0.50%
Core fixed Income	0.00%	2.19%
Core bonds	1.00%	1.38%
Short-term bonds	0.00%	1.00%
Intermediate-term bonds	11.20%	2.60%
Long-term bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High yield bonds	5.50%	4.15%
Non-US fixed income	0.00%	1.41%
Inflation-indexed bonds	2.50%	1.30%
Broad US equities	25.90%	5.88%
Large cap US equities	0.00%	5.62%
Mid cap US equities	0.00%	6.39%
Small cap US equities	0.00%	7.39%
Developed foreign equities	12.70%	6.05%
Emerging market equities	6.50%	8.90%
Private equity	8.25%	9.15%
Hedge funds/absolute return	12.25%	3.85%
Real estate (property)	3.20%	4.43%
Real estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long credit bonds	0.00%	3.74%

Discount rate. The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.68% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.68%) or 1-percentage point higher (5.68%) than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

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

NOTE 12. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, , which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

NOTE 13. LABOR CONTRACTS

As of June 30, 2015 the District's employees were organized in the following collective bargaining unit.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
Egg Harbor City Education Association (EHCEA)	All full-time and part-time employees working twenty-five or more hours per week, whether under contract or on leave, including all non-supervisory certificated staff members and non-certified employees including secretaries, clerks, custodians, maintenance personnel and aides.	June 30, 2016

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

NOTE 14. 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 varying amounts of vacation and sick leave in accordance with 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.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

NOTE 15. 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.

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Notes to Financial Statements
June 30, 2015**

The plan administrators are as follows:

- Metro
- Lincoln
- Siracusa
- Equitable

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

NOTE 16. 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, 2015 the District did not incur claims in excess of their coverage.

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

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District 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>
2014-2015		8,614	0	37,727
2013-2014		8,469	35,480	29,113
2012-2013		9,205	12,044	56,124

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Notes to Financial Statements
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NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015, interfunds remained on the various balance sheets of the Egg Harbor City Board of Education.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	32,629	
Special Revenue Fund		29,330
Capital Project Fund	346,701	
Debt Service Fund		350,000

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 18. 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.

NOTE 19. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$648,653 general Fund fund balance at June 30, 2015, \$9,073 is reserved for encumbrances, but not reflected as assigned on the balance sheet since the unassigned balance is negative; \$26,700 has been committed to the capital reserve fund; \$25,472 has been committed to the maintenance reserve fund; \$740,826 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$237,913 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$56,357 has been appropriated and also included as anticipated revenue for the year ending June 30, 2016, however this amount is not reflected on the balance sheet as assigned since the unassigned balance is negative; and \$(21,969) is unreserved and undesignated, after adjusting for the above items.

NOTE 20. 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, 2015 is \$740,826, of which \$237,913 has been included in the 2015-16 budget. The excess fund balance at June 30, 2014 was \$618,649.

NOTE 21. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$144,345 and \$27,993 in the General Fund and Special Revenue Fund, respectively, as of June 30, 2015 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

**Egg Harbor City School District
Notes to Financial Statements
June 30, 2015**

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 22. ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations and debt service. State sources funded approximately 61% of the Districts 2014-2015 governmental operations.

NOTE 23. RESTATEMENT OF PRIOR YEAR BALANCES

Net position has been restated as required by the implementation of GASB 68, as discussed in notes 10 and 11 above.

Beginning net position as previously reported at June 30, 2014	\$ 18,538,490.00
Prior period adjustment - Implementation GASB 68	
Net pension liability (measurement date)	(2,230,266.00)
Deferred outflows - District's contributions made during fiscal year 2014	<u>87,927.00</u>
Total prior period adjustment	<u>(2,142,339.00)</u>
Net position as restated, July 1, 2014	<u><u>\$ 16,396,151.00</u></u>

NOTE 24. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 30, 2015, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

**Required Supplemental Information
Part II**

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BUDGETARY COMPARISON SCHEDULES

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**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,523,087		2,523,087	2,523,087	-
Other Tuition			-	174,232	174,232
Interest Earned on Bank Accounts			-	-	-
Interest Earned on Capital Reserve Accounts			-	975	975
Miscellaneous	25,000		25,000	147,983	122,983
Total - Local Sources	2,548,087	-	2,548,087	2,846,277	298,190
State Sources:					
Categorical Special Education Aid	262,402		262,402	262,402	-
Equalization Aid	4,869,266		4,869,266	4,869,266	-
Categorical Security Aid	37,224		37,224	37,224	-
Categorical Transportation Aid	22,670		22,670	22,670	-
Extraordinary Aid	7,000		7,000	9,389	2,389
Per Pupil Growth Aid	4,775		4,775	4,775	-
PARCC Readiness	4,775		4,775	4,775	-
Nonpublic Transportation				1,044	1,044
Anti-Bullying Grant				-	-
On-Behalf TPAF Pension Contributions (non-budgeted)				579,582	579,582
Reimbursed TPAF Social Security Contributions (non-budgeted)				298,173	298,173
Total - State Sources	5,208,112	-	5,208,112	6,089,300	881,188
Federal Sources:					
Medicaid Reimbursement	19,865		19,865	66,050	46,185
ARRA/Semi Revenues				11,006	11,006
Total - Federal Sources	19,865	-	19,865	77,056	57,191
Total Revenues	7,776,064	-	7,776,064	9,012,633	1,236,569

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	283,205	(2,020)	281,185	280,281	904
Grades 1-5	853,754	108,628	962,382	961,407	975
Grades 6-8	682,257	(48,692)	633,565	633,565	-
Regular Programs - Home Instruction:					
Salaries of Teachers	12,097	5,357	17,454	16,973	481
Purchased Professional - Educational Services		-	-	-	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	15,000	12,802	27,802	27,802	-
Other Purchased Services	18,625	412	19,037	19,037	-
General Supplies	133,736	5,066	138,802	138,802	-
Textbooks	1,500	(1,500)	-	-	-
Total Regular Programs	<u>2,000,174</u>	<u>80,053</u>	<u>2,080,227</u>	<u>2,077,867</u>	<u>2,360</u>
Multiple Disabilities					
Salaries of Teachers	381,881	3,449	385,330	385,305	25
Other Salaries for Instruction	120,826	(18,730)	102,096	102,096	-
General Supplies	500	(500)	-	-	-
Total Multiple Disabilities	<u>503,207</u>	<u>(15,781)</u>	<u>487,426</u>	<u>487,401</u>	<u>25</u>
Resource Room/Resource Center					
Salaries of Teachers	388,008	(39,060)	348,948	348,913	35
Total Resource Room/Resource Center	<u>388,008</u>	<u>(39,060)</u>	<u>348,948</u>	<u>348,913</u>	<u>35</u>
Home Instruction					
Salaries of Teachers	4,545	-	4,545	4,545	-
Total Home Instruction	<u>4,545</u>	<u>-</u>	<u>4,545</u>	<u>4,545</u>	<u>-</u>
Total Special Education - Instruction	<u>895,760</u>	<u>(54,841)</u>	<u>840,919</u>	<u>840,859</u>	<u>60</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	100,381	13,762	114,143	114,143	-
Total Basic Skills/Remedial - Instruction	<u>100,381</u>	<u>13,762</u>	<u>114,143</u>	<u>114,143</u>	<u>-</u>

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	53,685	-	53,685	53,685	-
General Supplies	200	(21)	179	179	-
Total Bilingual Education - Instruction	53,885	(21)	53,864	53,864	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	39,601	3,625	43,226	34,789	8,437
Supplies and Materials	84	1,000	1,084	699	385
Other Objects	4,000	-	4,000	3,782	218
Total School Sponsored Cocurricular Activities - Instruction	43,685	4,625	48,310	39,270	9,040
School Sponsored Athletics - Instruction:					
Salaries	10,220	(435)	9,785	9,296	489
Purchased Services	1,740	-	1,740	1,209	531
Supplies and Materials	1,800	-	1,800	470	1,330
Total School Sponsored Athletics - Instruction	13,760	(435)	13,325	10,975	2,350
Total Instruction	3,107,645	43,143	3,150,788	3,136,978	13,810
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Special	-	-	-	-	-
Tuition to CSSD & Regional Day Schools	336,004	(34,440)	301,564	300,789	775
Tuition to Private Schools for the Disabled - Within State	65,149	34,440	99,589	97,435	2,154
Total Undistributed Expenditures - Instruction	401,153	-	401,153	398,224	2,929
Undistributed Expenditures - Attendance and Social Work:					
Salaries	69,490	-	69,490	69,490	-
Total Undistributed Expenditures - Attendance and Social Work	69,490	-	69,490	69,490	-
Undistributed Expenditures - Health Services:					
Salaries	109,776	1,849	111,625	103,512	8,113
Purchased Professional and Technical Services	12,500	10,000	22,500	11,719	10,781
Supplies and Materials	3,840	681	4,521	3,927	594
Total Undistributed Expenditures - Health Services	126,116	12,530	138,646	119,158	19,488

Egg Harbor City School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	58,820	(312)	58,508	58,508	-
Purchased Professional - Educational Services	56,000	-	56,000	43,204	12,796
Supplies and Materials	200	(200)	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Related Services	115,020	(512)	114,508	101,712	12,796
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	167,100	-	167,100	167,100	-
Other Purchased Professional and Technical Services	-	-	-	648	(648)
Supplies and Materials	1,000	(352)	648	-	648
Total Undistributed Expenditures - Other Support Services - Students - Guidance	168,100	(352)	167,748	167,748	-
Undistributed Expenditures - Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	261,178	(31,130)	230,048	224,257	5,791
Salaries of Secretarial and Clerical Assistants	37,318	-	37,318	37,318	-
Purchase Professional-Ed Services	-	6,000	6,000	5,532	468
Other Purchased Professional and Technical Services	15,839	-	15,839	15,159	680
Other Purchased Services	2,160	(2,160)	-	-	-
Miscellaneous Purchased Services	500	2,160	2,660	2,319	341
Supplies and Materials	2,500	403	2,903	2,902	1
Other Objects	1,000	-	1,000	910	90
Total Undistributed Expenditures - Other Support Services - Students - Child Study Teams	320,495	(24,728)	295,768	288,397	7,371
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	50,651	-	50,651	50,651	-
Salaries of Other Professional Staff	55,521	-	55,521	55,521	-
Other Purchased Services	-	-	-	-	-
Other Objects	1,000	(22)	978	-	978
Total Undistributed Expenditures - Improv. of Instr. Services	107,172	(22)	107,150	106,172	978

Egg Harbor City School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	78,343	(55,385)	22,958	22,958	-
Purchased Professional and Technical Services	5,300	-	5,300	4,589	711
Supplies and Materials	1,500	-	1,500	1,500	-
Total Undistributed Expenditures - Educational Media Services - School Library	85,143	(55,385)	29,758	29,047	711
Undistributed Expenditures - Instruction Staff Training Service					
Salaries of Other Professional Services	10,920	-	10,920	7,780	3,140
Other Purchased Services	-	23	23	23	-
Total Undistributed Expenditures - Instruction Staff Training Service	10,920	23	10,943	7,803	3,140
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	116,851	9,499	126,350	116,350	10,000
Legal Services	5,000	(5,000)	-	-	-
Audit Fees	18,500	(500)	18,000	18,000	-
Other Purchased Professional Services	1,000	(500)	500	500	-
Communications/Telephone	34,865	81	34,946	33,148	1,798
Other Purchased Services	23,950	(3,966)	19,984	19,797	187
General Supplies	1,000	44	1,044	1,041	3
BOE In-House Training and Meeting Supplies	500	12,705	13,205	13,205	-
Miscellaneous Expenditures	1,566	1,745	3,311	3,312	(1)
BOE Membership Dues and Fees	5,000	(65)	4,935	4,935	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	208,232	14,043	222,275	210,288	11,987
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals and Assistant Principals	104,554	9,935	114,489	104,553	9,936
Salaries of Secretarial and Clerical Assistants	98,485	211	98,696	98,695	1
Other Purchased Services	7,700	(59)	7,641	7,641	-
Supplies and Materials	8,000	(558)	7,442	7,442	-
Other Objects	1,500	(305)	1,195	1,195	-
Total Undistributed Expenditures - Support Serv. - School Admin.	220,239	9,224	229,463	219,526	9,937

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Central Services					
Salaries	152,765	10,000	162,765	152,765	10,000
Purchased Professional Services	2,300	1,426	3,726	3,726	-
Purchased Technical Services	17,750	78	17,828	17,813	15
Misc. Purchased Services	1,000	(629)	371	341	30
Supplies and Materials	1,500	(179)	1,321	1,283	38
Other Objects	1,200	67	1,267	1,267	-
Total Undistributed Expenditures - Central Services	176,515	10,763	187,278	177,195	10,083
Undistributed Expenditures - Admin. Info Technology					
Salaries	22,282	-	22,282	22,282	-
Purchased Technical Services	13,500	-	13,500	12,862	638
Total Undistributed Expenditures - Admin. Info Technology	35,782	-	35,782	35,144	638
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	73,111	(2,245)	70,866	70,866	-
Cleaning, Repair, and Maintenance Services	105,729	46,251	151,980	144,070	7,910
General Supplies	23,800	(491)	23,309	20,407	2,902
Total Undistributed Expenditures - Required Maint for School Facilities	202,640	43,515	246,155	235,343	10,812
Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services					
Salaries	225,112	(1,764)	223,348	212,941	10,407
Purchased Professional and Technical Services	5,500	-	5,500	1,861	3,639
Cleaning, Repair and Maintenance Services	14,980	-	14,980	2,160	12,820
Other Purchased Property Services	14,000	169	14,169	14,169	-
Insurance	34,600	(1,010)	33,590	31,045	2,545
General Supplies	23,600	1,061	24,661	24,448	213
Energy (Heat and Electricity)	190,000	(10,000)	180,000	176,860	3,140
Other Objects	490	(2)	488	320	168
Energy (Natural Gas)	98,500	24,936	123,436	111,423	12,013
Total Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services	606,782	13,390	620,172	575,227	44,945

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Contracted Services (Other than Bet. Home & School) - Vendors	-	13,920	13,920	13,394	526
Contracted Services - (Between Home and School) - Joint Agree.	83,654	(17,143)	66,511	65,352	1,159
Contracted Services - (Special Ed Students) - Joint Agreements	82,306	10,662	92,968	92,367	601
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	3,536	1,980	5,516	5,516	-
Contracted Services - Aid in Lieu of Payments - Charter Sch.	9,724	(4,420)	5,304	5,304	-
Total Undistributed Expenditures - Student Transportation Serv.	179,220	4,999	184,219	181,933	2,286
Unallocated Benefits:					
Social Security Contributions	110,000	-	110,000	106,010	3,990
Other Retirement Contributions - PERS	118,135	(8,444)	109,691	109,691	-
Unemployment Compensation	34,230	(500)	33,730	11,903	21,827
Workmen's Compensation	9,000	-	9,000	8,162	838
Health Benefits	1,421,166	(70,249)	1,350,917	1,294,308	56,609
Tuition Reimbursement	27,686	(0)	27,686	18,491	9,195
Other Employee Benefits	-	56,370	56,370	9,948	46,422
Total Unallocated Benefits	1,720,217	(22,823)	1,697,394	1,558,513	138,881
On-behalf TPAF Pension Contributions (non-budgeted)				579,582	(579,582)
Reimbursed TPAF Social Security Contributions (non-budgeted)				298,173	(298,173)
Total On-behalf Contributions	-	-	-	877,755	(877,755)
Total Undistributed Expenditures	4,753,236	4,665	4,757,901	5,358,675	(600,774)
Total Current Expense	7,860,881	47,808	7,908,689	8,495,653	(586,964)
Capital Outlay:					
Interest Deposit to Capital Reserve	-	-	-	-	-
Total Deposit to Capital Reserve	-	-	-	-	-
Facilities Acquisition and Construction Services					
Construction Services	195,873	-	195,873	195,873	-
Debt Service Assessment on SDA Funding	195,873	-	195,873	195,873	-
Total Capital Outlay	195,873	-	195,873	195,873	-
Transfer to Charter Schools	13,885	-	13,885	13,885	-
Total Expenditures	8,070,639	47,808	8,118,447	8,705,411	(586,964)

**Egg Harbor City School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(294,575)	(47,808)	(342,383)	307,222	649,605
Other Financing Sources (Uses)					
Operating Transfers In:					
Capital Project Interest	(320,918)	-	(320,918)	(252,918)	68,000
Operating Transfers Out:	(136,059)	(56,422)	(192,481)	(192,481)	-
Capital Reserve Transfer to Capital Projects					
Local Contribution-Transfer to Special Revenue - Regular	(456,977)	(56,422)	(513,399)	(445,058)	68,000
Total Other Financing Sources (Uses)	(751,552)	(104,230)	(855,782)	(137,836)	717,605
Net change in fund balances	1,249,697	-	1,249,697	1,249,697	-
Fund Balances, July 1	498,145	(104,230)	393,915	1,111,861	717,605
Fund Balances, June 30	\$ 498,145	(104,230)	393,915	1,111,861	717,605

Recapitulation of Fund Balance:

Restricted Fund Balance	502,913
Excess Surplus	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	237,913
Committed Fund Balance	
Capital Reserve	26,700
Maintenance Reserve	25,472
Assigned Fund Balance	
Designated for Subsequent Year's Expenditures	56,357
Reserve for Encumbrances	9,073
Unassigned Fund Balance	253,433
	1,111,861

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

	(463,208)
Fund Balance per Governmental Funds (GAAP)	648,653

Egg Harbor City School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	7,360	5,554	12,914	10,531	(2,383)
Total - Local Sources	7,360	5,554	12,914	10,531	(2,383)
State Sources:					
Preschool Education Aid	223,508	56,452	279,960	279,930	(30)
Other Restricted Entitlements	3,047	(1)	3,046	3,046	-
Total - State Sources	226,555	56,451	283,006	282,976	(30)
Federal Sources:					
Title I	431,624		431,624	390,883	(40,741)
Title II	48,461		48,461	48,461	-
I.D.E.A., Part B	173,329		173,329	165,266	(8,063)
Other	456,481		456,481	372,182	(84,299)
Total - Federal Sources	1,109,895	-	1,109,895	976,792	(133,103)
Total Revenues	1,343,810	62,005	1,405,815	1,270,300	(135,515)
EXPENDITURES:					
Instruction					
Salaries of Teachers	775,489	(13,381)	762,108	703,797	58,311
Other salaries for instruction	66,782	18,061	84,843	84,843	-
Salaries of other professional staff	12,258	-	12,258	-	12,258
Purchased prof. and technical services	9,880	8,068	17,948	14,057	3,891
Tuition	173,329	-	173,329	173,329	-
Other Purchased services		656	656	656	-
General supplies	24,324	20,886	45,210	42,665	2,545
Other objects	8,871	1,810	10,681	10,044	637
Total instruction	1,070,933	36,100	1,107,033	1,029,391	77,642

Egg Harbor City School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONTD):					
Support Services					
Salaries of Other Professional Staff	113,992	(835)	113,157	109,288	3,869
Personal Services - Employee Benefits	287,239	(5,015)	282,224	270,776	11,448
Purchased Technical Services	26,635	-	26,635	9,750	16,885
Other Purchased Services	29,027	14,765	43,792	21,226	22,566
Travel	3,052	645	3,697	3,697	-
Supplies & Materials	4,963	16,345	21,308	18,652	2,656
Other Objects	450	-	450	-	450
Total support services	465,358	25,905	491,263	433,389	57,874
Facilities acquisition and construction services:					
Instructional Equipment	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Transfers to Charter Schools					
Total expenditures	1,536,291	62,005	1,598,296	1,462,781	135,515
Other financing sources					
Transfer from other funds	192,481	-	192,481	192,481	-
Total other financing sources	192,481	-	192,481	192,481	-
Total outflows	1,343,810	62,005	1,405,815	1,270,300	135,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
\$					

**Egg Harbor City School District
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2015**

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 9,012,633	1,270,300
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		62,093
Current year		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	450,594	26,621
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(463,208)	(27,993)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	9,000,019	1,331,021
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	8,705,411	1,462,781
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		62,093
Current year		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 8,705,411	1,524,874

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Required Supplemental Information
Part III

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

	2014	2013
District's proportion of the net pension liability (asset)	0.0127197761%	0.0116694603%
District's proportionate of the net pension liability (asset)	\$ 2,381,490	\$ 2,230,266
District's covered payroll	\$ 859,952	\$ 825,778
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.93%	270.08%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

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

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

CITY OF EGG HARBOR SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 104,860	\$ 87,927
Contributions in relation to the contractually required contribution	<u>104,860</u>	<u>87,927</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 859,952	\$ 825,778
Contributions as a percentage of covered-employee payroll	12.19%	10.65%

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

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

CITY OF EGG HARBOR SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>22,177,091</u>	<u>20,748,898</u>
Total	<u>\$ 22,177,091</u>	<u>\$ 20,748,898</u>
District's covered payroll	\$ 4,071,497	\$ 4,148,221
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

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

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

CITY OF EGG HARBOR SCHOOL DISTRICT
Schedule of District Contributions
Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 223,993	\$ 176,261
Contributions in relation to the contractually required contribution	<u>223,993</u>	<u>176,261</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,071,497	\$ 4,148,221
Contributions as a percentage of covered-employee payroll	5.50%	4.25%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

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

SPECIAL REVENUE FUND

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Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015

	Atlantic Care	Improve School Health	Play 60	Best Buy Video Project	Preschool Education	New Jersey Coordinated School Health	Municipal Alliance	Water Harvesting	Total State/Local Funds
REVENUES:									
Local Sources	1,821	3,253	2,000	1,018	279,930	3,046	2,213	226	7,278
State Sources									286,229
Federal Sources									-
Total revenues	1,821	3,253	2,000	1,018	279,930	3,046	2,213	226	293,507
EXPENDITURES:									
Instruction:									
Salaries of teachers	371	1,461			242,106	3,046	2,213		249,197
Other salaries for instruction					84,843				84,843
Salaries of other professional staff									-
Purchased professional-educational services									-
Purchased prof. and technical services									-
Tuition									-
Other purchased services		1,792	2,000	1,018	656			226	656
General supplies					400				6,886
Textbooks									-
Employee Benefits									-
Other objects									-
Total Instruction	1,821	3,253	2,000	1,018	328,005	3,046	2,213	226	341,582
Support services:									
Salaries of other professional staff					12,258				12,258
Salaries of program directors									-
Other salaries									-
Personal services- employee benefits					132,148				132,148
Purchased technical services									-
Other purchased services									-
Travel									-
Supplies and materials									-
Other objects									-
Total support services	-	-	-	-	144,406	-	-	-	144,406
Facilities acquisition and const. serv.:									
Instructional equipment									-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-
Transfer to charter schools									
Total expenditures	1,821	3,253	2,000	1,018	472,411	3,046	2,213	226	485,988
Other financing sources									
Transfer from other funds					192,481				192,481
Total outflows	1,821	3,253	2,000	1,018	279,930	3,046	2,213	226	293,507
Excess (deficiency) of revenue over (under) expenditures	\$ -	-	-	-	-	-	-	-	-

Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015

	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	21st Century
REVENUES:								
Local Sources								
State Sources	310,334	58,565	16,156	5,828	165,266	8,063	48,461	269,992
Federal Sources	<u>310,334</u>	<u>58,565</u>	<u>16,156</u>	<u>5,828</u>	<u>165,266</u>	<u>8,063</u>	<u>48,461</u>	<u>269,992</u>
Total revenues								
EXPENDITURES:								
Instruction:								
Salaries of teachers		25,067					38,461	105,091
Other salaries for instruction								
Salaries of other professional staff								
Purchased professional-educational services		8,350			165,266	8,063		1,380
Purchased prof. and technical services								
Tuition								
Other purchased services		21,856	3,500					8,291
General supplies								
Textbooks								
Employee Benefits								6,357
Other objects								
Total Instruction	<u>242,704</u>	<u>55,273</u>	<u>3,500</u>	<u>-</u>	<u>165,266</u>	<u>8,063</u>	<u>38,461</u>	<u>121,119</u>
Support services:								
Salaries of other professional staff								80,885
Salaries of program directors								
Other salaries	63,103	1,918					10,000	49,424
Personal services- employee benefits								9,750
Purchased technical services	4,527			5,828				3,001
Other purchased services								3,697
Travel								2,116
Supplies and materials		1,374	12,656					
Other objects								
Total support services	<u>67,630</u>	<u>3,292</u>	<u>12,656</u>	<u>5,828</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>148,873</u>
Facilities acquisition and const. serv.:								
Instructional equipment								
Total facilities acquisition and construction services								
Transfer to charter schools								
Total expenditures	<u>310,334</u>	<u>58,565</u>	<u>16,156</u>	<u>5,828</u>	<u>165,266</u>	<u>8,063</u>	<u>48,461</u>	<u>269,992</u>
Other financing sources								
Transfer from other funds								
Total outflows	<u>310,334</u>	<u>58,565</u>	<u>16,156</u>	<u>5,828</u>	<u>165,266</u>	<u>8,063</u>	<u>48,461</u>	<u>269,992</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Egg Harbor City School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For The Fiscal Year Ended June 30, 2015**

	21st Century Carryover	21st Century Supplemental	Learn & Serve	Race to the Top	Total Federal Funds	Totals
REVENUES:						
Local Sources						7,278
State Sources	64,773	26,580	2,774	-	976,792	286,229
Federal Sources						976,792
Total revenues	64,773	26,580	2,774	-	976,792	1,270,300
EXPENDITURES:						
INSTRUCTION:						
Salaries of teachers	24,151	19,126			454,600	703,797
Other salaries for instruction						84,843
Salaries of other professional staff						-
Purchased professional-educational services		4,327			14,057	14,057
Purchased prof. and technical services					173,329	173,329
Tuition						656
Other purchased services	1,476	656			35,779	42,665
General supplies						-
Textbooks						-
Employee Benefits	781	132	2,774		10,044	-
Other objects						-
Total Instruction	26,408	24,241	2,774	-	687,809	1,029,391
Support services:						
Salaries of other professional staff	16,145				97,030	109,288
Salaries of program directors						-
Other salaries						-
Personal services- employee benefits	12,528	1,655			138,628	270,776
Purchased technical services					9,750	9,750
Other purchased services	7,186	684			21,226	21,226
Travel					3,697	3,697
Supplies and materials	2,506				18,652	18,652
Other objects						-
Total support services	38,365	2,339	-	-	288,983	433,389
Facilities acquisition and const. serv.:						
Instructional equipment						-
Total facilities acquisition and construction services	-	-	-	-	-	-
Transfer to charter schools						-
Total expenditures	64,773	26,580	2,774	-	976,792	1,462,781
Other financing sources						
Transfer from other funds						192,481
Total outflows	64,773	26,580	2,774	-	976,792	1,270,300
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-	-	-

**Egg Harbor City School District
Special Revenue Fund
Schedule of Preschool Education Aid
For the Fiscal Year Ended June 30, 2015**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 204,402	242,106	(37,704)
Other salaries for instructor	66,782	84,843	(18,061)
Supplies	-	400	(400)
Total instructor	<u>271,184</u>	<u>328,005</u>	<u>(56,821)</u>
Support services:			
Salaries of Other Professional Staff	12,258	12,258	-
Professional services - employee benefits	132,147	132,148	(1)
Total support services	<u>144,405</u>	<u>144,406</u>	<u>(1)</u>
Total Expenditures	<u>\$ 415,589</u>	<u>472,411</u>	<u>(56,822)</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2014-15 Preschool Education Aid Allocation	279,930
Add: Actual ECPA/PEA Carryover (June 30, 2014)	-
Add: Budgeted Transfer from the General Fund 2014-15	192,481
Total Preschool Education Aid Funds Available for 2014-15 Budget	<u>472,411</u>
Less: 2014-15 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>(415,589)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2015	56,822
Add: June 30, 2015 Unexpended Preschool Education Aid	(56,822)
Less: 2014-15 Commissioner-approved Transfer to the General Fund	-
2014-15 Carryover - Preschool Education Aid Program	<u>-</u>
2014-15 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-16	-

CAPITAL PROJECTS FUND

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Egg Harbor City School District
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2015

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2015
			Prior Years	Current Year	
School Facilities Project	11/14/07	\$ 24,597,412	24,433,379	(383,300)	547,333
Spragg Elementary School Roof and HVAC Replacement	3/17/14	1,153,013	77,389	949,609	126,015
Totals		\$ 25,750,425	24,510,768	566,309	673,348

**Egg Harbor City School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2015**

Revenue and Other Financing Sources

State Sources - SDA	\$	-
Bond proceeds and transfers		-
Transfer from capital reserve		252,918
Transfer from capital outlay		-
 Total revenues		<u>252,918</u>

Expenditures and Other Financing Uses

Purchase of Land		-
Purchased Professional and Technical Services		42,741
Construction Services		523,554
Other Objects		14
 Total expenditures		<u>566,309</u>
 Excess of revenues over expenditures		(313,391)
 Fund balance- beginning		986,739
 Fund balance - ending	\$	<u><u>673,348</u></u>

Egg Harbor City 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, 2015

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
State Sources - SDA	\$ 15,727,412		15,727,412	15,727,412
Bond proceeds and transfers	8,870,000		8,870,000	8,870,000
Transfer from capital reserve				
Transfer from capital outlay				
 Total revenues	<u>24,597,412</u>	<u>-</u>	<u>24,597,412</u>	<u>24,597,412</u>
 Expenditures and Other Financing Uses				
Purchase of Land	1,745,000		1,745,000	1,745,000
Purchased Professional and Technical Services				
Construction services	22,688,379	(383,300)	22,305,079	22,852,412
Other Objects				
 Total expenditures	<u>24,433,379</u>	<u>(383,300)</u>	<u>24,050,079</u>	<u>24,597,412</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ 164,033</u>	<u>383,300</u>	<u>547,333</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	97.77%			
Original target completion date	June 30, 2010			
Revised target completion date	2015			

Egg Harbor City School District
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
Spragg Elementary School Roof and HVAC Replacement
From Inception and for the Year Ended June 30, 2015

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
State Sources - SDA	\$ 813,029	-	813,029	813,029
Bond proceeds and transfers			-	
Transfer from capital reserve	87,066	252,918	339,984	339,984
Total revenues	<u>900,095</u>	<u>252,918</u>	<u>1,153,013</u>	<u>1,153,013</u>
Expenditures and Other Financing Uses				
Purchase of Land			-	
Purchased Professional and Technical Services	77,389	42,741	120,130	83,000
Construction services		906,854	906,854	998,108
Other Objects		14	14	71,905
Total expenditures	<u>77,389</u>	<u>949,609</u>	<u>1,026,998</u>	<u>1,153,013</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>822,706</u>	<u>(696,691)</u>	<u>126,015</u>	<u>-</u>

Additional project information:

Project Number	1300-020-14-1001
Grant Date	3/17/14
Bonds Authorization Date	NA
Bonds Authorized	-
Bonds Issued	-
Original Authorized Cost	1,153,013
Additional Authorized Cost	-
Revised Authorized Cost	1,153,013
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	89.07%
Original target completion date	October 14, 2014
Revised target completion date	2015

FIDUCIARY FUNDS

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Egg Harbor City School District
 Fiduciary Fund
 Combining Statement of Fiduciary Net Position
 June 30, 2015

H-1

	Expendable Trusts			Total
	Scholarship	Unemployment Compensation	Agency Payroll	
ASSETS:				
Cash and cash equivalents				41,768
Due from payroll agency	\$ 2,715	37,727	39,053	37,727
Total Assets	<u>2,715</u>	<u>37,727</u>	<u>39,053</u>	<u>79,495</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Due to unemployment compensation trust			37,727	37,727
Other liabilities			1,326	1,326
Total Liabilities	-	-	<u>39,053</u>	<u>39,053</u>
Fund balances:				
Reserved - Expendable Trust Scholarship	2,715	37,727		2,715
Reserved - Unemployment Compensation				37,727
Total fund balances	<u>2,715</u>	<u>37,727</u>	<u>-</u>	<u>40,442</u>
Total liabilities and fund balances	<u>\$ 2,715</u>	<u>37,727</u>	<u>39,053</u>	<u>79,495</u>

**Egg Harbor City School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 29,131	5,988,139	5,978,217	39,053
Total assets	29,131	5,988,139	5,978,217	39,053
LIABILITIES:				
Due to unemployment trust	29,113	8,614	-	37,727
Payroll deductions and withholdings	18	5,979,525	5,978,217	1,326
Total liabilities	\$ 29,131	5,988,139	5,978,217	39,053

LONG-TERM DEBT

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Egg Harbor City School District
 Long-Term Debt
 Schedule of Serial Bonds
 June 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
School Bonds of 2008	2/28/08	8,870,000	3/15/16	310,000	3.75%	8,400,000		300,000	8,100,000
			3/15/17	325,000	3.75%				
			3/15/18	335,000	3.75%				
			3/15/19	350,000	3.75%				
			3/15/20	365,000	4.00%				
			3/15/21	380,000	4.00%				
			3/15/22	395,000	4.00%				
			3/15/23	415,000	4.00%				
			3/15/24	430,000	4.00%				
			3/15/25	450,000	4.00%				
			3/15/26	470,000	4.00%				
			3/15/27	485,000	4.00%				
			3/15/28	510,000	4.00%				
			3/15/29	530,000	4.00%				
			3/15/30	550,000	4.00%				
			3/15/31	575,000	4.00%				
			3/15/32	600,000	4.05%				
			3/15/33	625,000	4.05%				
						\$ 8,400,000	-	300,000	8,100,000

City of Egg Harbor School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	632,510		632,510	632,510	-
Miscellaneous	632,510	-	632,510	632,656	146
Total Revenues	632,510	-	632,510	632,656	146
EXPENDITURES:					
Regular Debt Service:					
Interest	332,563		332,563	332,563	-
Redemption of Principal	300,000		300,000	300,000	-
Total Regular Debt Service	632,563	-	632,563	632,563	-
Total expenditures	632,563	-	632,563	632,563	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53)	-	(53)	93	146
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(53)	-	(53)	93	146
Fund Balance, July 1	53		53	62	9
Fund Balance, June 30	-		-	155	155
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	(53)	-	(53)	93	146
Budgeted Fund Balance					

Statistical Section

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

	For the Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ (1,397,131)	(1,242,256)	(1,058,635)	3,525,198	10,130,678	16,002,453	16,441,140	16,942,671	17,270,732	21,518,642
Restricted	768,129	743,365	1,033,192	837,954	4,253,443	1,377,198	1,683,659	1,813,210	1,529,735	1,372,785
Unrestricted	(288,005)	(151,245)	(319,823)	(439,256)	(374,180)	(144,982)	(484,180)	(437,431)	(261,977)	(2,459,957)
Total governmental activities net position	(917,007)	(650,136)	(345,266)	3,923,896	14,009,941	17,234,669	17,640,619	18,318,450	18,538,490	20,431,470
Business-type activities										
Net investment in capital assets	113,693	113,249	103,593	104,212	102,890	106,927	107,574	100,658	100,559	93,902
Unrestricted	113,693	113,249	103,593	104,212	102,890	81,483	90,598	97,867	82,945	80,574
Total business-type activities net position				104,212	102,890	188,410	198,172	198,525	183,504	174,476
District-wide										
Net investment in capital assets	(1,397,131)	(1,242,256)	(1,058,635)	3,525,198	10,130,678	16,109,380	16,548,714	17,043,329	17,371,291	21,612,544
Restricted	768,129	743,365	1,033,192	837,954	4,253,443	1,377,198	1,705,239	1,813,210	1,529,735	1,372,785
Unrestricted	(174,312)	(37,996)	(216,230)	(335,044)	(271,290)	(63,499)	(415,162)	(339,564)	(179,032)	(2,379,383)
Total district net position	(803,314)	(536,887)	(241,673)	4,028,108	14,112,831	17,423,079	17,838,791	18,516,975	18,721,994	20,605,946

Source: CAFR Schedule A-1

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

	Fiscal Year End June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	4,108,102	3,857,016	4,431,827	4,425,185	4,756,183	3,867,344	4,103,860	3,906,258	3,892,125	4,781,312
Special education	862,637	989,863	970,780	932,801	964,458	973,757	1,134,650	1,301,615	1,234,366	1,366,601
Other special instruction	136,449	155,516	144,560	153,086	152,413	171,402	120,330	287,282	265,407	354,714
Nonpublic school programs	167,469	151,999	101,355	-	-	-	-	-	-	-
Support Services:										
Tuition	421,873	409,863	496,826	529,663	652,097	541,696	600,886	784,653	744,603	585,438
Student & instruction related services	1,380,387	1,400,708	1,282,041	1,298,435	1,256,793	1,631,064	1,625,445	1,469,053	1,531,806	1,709,987
General administrative services	395,469	426,035	462,826	343,752	357,718	353,476	375,821	409,287	296,660	306,028
School administrative services	129,027	132,533	169,637	251,879	251,309	242,647	261,444	264,414	271,939	319,472
Plant operations and maintenance	644,372	688,281	722,201	795,532	790,412	884,958	874,452	878,693	1,031,832	1,179,606
Pupil transportation	242,437	255,840	235,295	282,743	286,701	209,294	234,961	269,728	249,899	181,933
Business and other support services	229,074	247,329	235,023	212,414	246,965	281,269	239,949	250,005	262,185	309,012
Interest on long-term debt	52,658	46,960	193,311	408,314	317,281	365,936	356,213	346,057	335,393	329,282
Capital Outlay						182,397		126,853		-
Other financing uses					250,000			400,936		
Total governmental activities expenses	8,769,954	8,761,843	9,445,682	9,633,804	10,282,330	9,685,240	9,928,011	10,694,834	10,312,088	11,423,386
Business-type activities:										
Food service	272,266	273,500	294,980	290,023	298,747	297,494	306,258	306,258	405,440	404,952
Child Care	8,217	6,895			2,467					
Total business-type activities expense	280,483	280,395	294,980	290,023	301,214	297,494	306,258	306,258	405,440	404,952
Total district expenses	9,050,437	9,042,238	9,740,662	9,923,827	10,583,544	9,982,734	10,234,269	11,001,092	10,717,528	11,828,338
Program Revenues										
Governmental activities:										
Operating grants and contributions	2,954,988	3,148,707	3,326,917	2,269,242	2,529,024	2,244,224	2,149,576	2,208,985	2,128,607	3,178,119
Capital grants and contributions				3,156,847	10,652,699	3,147,412	171,103	-	54,172	3,525,325
Total governmental activities program revenues	2,954,988	3,148,707	3,326,917	5,426,089	13,181,723	5,391,636	2,320,679	2,208,985	2,182,779	6,703,444
Business-type activities:										
Charges for services										
Food service	86,567	77,136	82,622	76,063	71,010	69,482	69,564	64,233	66,443	61,187
Child care	10,620	6,720								
Operating grants and contributions	190,905	192,470	200,751	214,164	228,837	211,920	246,420	336,950	323,967	334,699
Total business type activities program revenues	288,092	276,326	283,373	290,227	299,847	281,402	315,984	401,183	390,410	395,886
Total district program revenues	3,243,080	3,425,033	3,610,290	5,716,316	13,481,570	5,673,038	2,636,663	2,610,168	2,573,189	7,099,330
Net (Expense)/Revenue										
Governmental activities	(5,814,966)	(5,613,136)	(6,118,765)	(4,207,715)	2,899,393	(4,293,604)	(7,607,332)	(8,084,913)	(8,129,309)	(4,719,942)
Business-type activities	7,609	(4,069)	(11,607)	204	(1,367)	(16,092)	9,726	247	(15,030)	(9,066)
Total district-wide net expense	(5,807,357)	(5,617,205)	(6,130,372)	(4,207,511)	2,898,026	(4,309,696)	(7,597,606)	(8,084,666)	(8,144,339)	(4,729,008)

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

	Fiscal Year End June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Property taxes levied for general purposes, net	1,792,390	1,810,936	1,902,167	1,902,167	1,978,253	2,235,239	2,235,239	2,280,542	2,370,858	2,523,087
Taxes levied for debt service	131,610	93,548	92,559	355,473	277,127	120,461	465,673	528,353	534,821	632,510
Unrestricted grants and contributions	3,723,568	3,735,645	3,981,809	4,916,975	4,710,498	4,856,166	5,159,250	5,163,406	5,257,862	5,275,987
Restricted grants and contributions	89,219	125,021	123,701	122,390	120,996	101,703	100,555	99,453	98,341	-
Tuition Received	38,122	35,345								
Investment earnings	50,940	72,980	54,589	13,480	224	1,900	93	7,649	7,210	1,316
Miscellaneous income	34,799	54,895	254,213	1,162,795	95,957	199,266	81,237	23,719	80,257	322,361
Amortization	3,597	3,597	3,597	3,597	3,597	3,597	3,597			
Transfers in			11,000							
Loss on asset adjustment							(32,362)	(323,728)		
Assets added in prior year								8,166		
Cancellation of Receivable		(51,960)						(3,007)		
Total governmental activities	5,864,245	5,880,007	6,423,635	8,476,877	7,186,652	7,518,332	8,013,282	7,784,553	8,349,349	8,755,261
Business-type activities:										
Investment earnings	2,355	3,625	1,951	415	45	63	36	106	9	38
Contributed capital						101,550				
Total business-type activities	2,355	3,625	1,951	415	45	101,613	36	106	9	38
Total district-wide	5,866,600	5,883,632	6,425,586	8,477,292	7,186,697	7,619,945	8,013,318	7,784,659	8,349,358	8,755,299
Change in Net Position										
Governmental activities	49,279	266,871	304,870	4,269,162	10,086,045	3,224,728	405,950	(300,360)	220,040	4,035,319
Business-type activities	9,964	(444)	(9,656)	619	(1,322)	85,521	9,762	353	(15,021)	(9,028)
Total district	59,243	266,427	295,214	4,269,781	10,084,723	3,310,249	415,712	(300,007)	205,019	4,026,291

Source: CAFR Schedule A-2

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted						715,718	1,195,072	860,090	618,649	740,826
Committed					(221,482)	191,207	191,522	291,802	202,423	52,172
Assigned						86,174	-	-	-	-
Unassigned					864,576	-	(186,396)	(146,822)	(21,969)	(144,345)
Reserved	768,127	743,363	1,033,190	1,275,847	864,576	-				
Unreserved	(59,530)	81,698	72,124	(222,399)	(221,482)					
Total general fund	708,597	825,061	1,105,314	1,053,448	643,094	993,099	1,200,198	1,005,070	799,103	648,653
All Other Governmental Funds										
Restricted			8,870,000	7,767,066	2,951,623	352,939	295,781	661,038	708,601	673,348
Reserved										
Unreserved, reported in:										
Special revenue fund	(35,327)	(35,327)	(40,927)	(27,317)	(28,418)	(28,159)	(32,962)	(30,731)	(26,621)	(27,993)
Debt service fund	2	2	2	665,041	437,244	31,160	1,284	280	62	155
Total all other governmental funds	(35,325)	(35,325)	8,829,075	8,404,790	3,360,449	355,940	264,103	630,587	682,042	645,510

The requirements related to reporting fund balance in the general fund were modified by the Governmental Accounting Standards Board (GASB) effective for fiscal years ending June 30, 2011.

Source: CAFR Schedule B-1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	1,924,000	1,904,484	1,994,726	2,257,640	2,255,380	2,355,700	2,700,912	2,808,895	2,905,679	3,155,597
Tuition charges	38,122	35,345	-	-	-	1,900	93	7,649	7,210	1,316
Interest earnings	50,940	72,980	54,589	13,480	224	201,243	85,183	33,123	85,281	332,892
Miscellaneous	34,799	54,895	254,213	1,163,795	95,957	8,942,405	6,344,333	6,444,618	6,445,687	7,039,571
State sources	5,306,868	5,627,771	6,015,365	9,074,292	15,616,451	1,405,382	1,232,205	1,017,823	1,088,270	1,115,941
Federal sources	1,460,907	1,381,602	1,417,062	1,390,163	2,395,663	12,906,630	10,362,726	10,312,108	10,532,127	11,645,318
Total revenue	8,815,636	9,077,077	9,735,955	13,899,370	20,363,675	23,966,630	27,000,912	28,624,446	29,983,814	32,155,264
Expenditures										
Instruction										
Regular instruction	3,145,220	2,887,126	3,371,490	3,463,608	3,658,489	2,937,919	2,923,937	2,838,658	2,817,164	2,941,900
Special education instruction	679,050	750,678	735,751	728,319	740,228	724,543	822,187	945,876	892,619	840,859
Other special instruction	107,409	117,938	109,561	119,528	116,978	127,535	87,193	208,766	191,926	218,252
Nonpublic school programs	131,828	115,271	76,817	-	-	-	-	-	-	-
Support Services:										
Tuition	287,539	266,821	332,774	370,835	399,088	318,005	307,980	530,470	528,508	571,553
Student & instruction related services	1,086,611	1,062,248	971,655	1,013,801	964,597	1,213,624	1,177,824	1,067,551	1,107,709	1,052,140
General administrative services	311,305	323,090	350,774	268,397	274,551	263,011	272,326	297,427	214,526	210,288
School Administrative services	101,568	100,509	128,567	196,664	192,882	180,546	189,447	192,148	196,650	219,526
Business administrative services	180,323	187,568	178,330	165,850	189,547	194,403	173,871	181,677	189,596	212,339
Plant operations and maintenance	507,236	521,969	547,354	621,141	606,647	658,470	633,642	638,541	746,159	810,570
Pupil transportation	190,840	194,020	178,125	220,762	220,045	155,729	170,257	196,010	180,712	181,933
Unallocated employee benefits	1,792,650	2,054,846	2,215,521	1,995,832	2,225,553	2,216,793	2,358,446	2,588,719	2,677,244	2,761,166
Charter Schools	56,595	58,027	57,750	54,712	132,117	114,309	175,862	54,677	13,751	13,885
Capital outlay	112,542	49,873	1,573	4,510,381	15,218,366	5,826,943	325,363	742,956	296,684	1,165,325
Debt service:										
Principal	165,585	169,049	172,650	241,464	250,338	259,508	268,894	278,617	293,577	300,000
Interest and other charges	55,243	49,520	43,610	404,227	378,944	369,796	360,235	350,246	339,814	332,563
Total expenditures	8,911,544	8,908,653	9,472,302	14,375,521	25,568,370	15,561,134	10,247,464	11,112,339	10,686,639	11,832,300
Excess (Deficiency) of revenues over (under) expenditures	(95,908)	168,424	263,653	(476,151)	(5,204,695)	(2,654,504)	115,262	(800,231)	(154,512)	(186,982)
Other Financing sources (uses)										
Cancellation of prior year receivable		(51,960)						(3,007)		
Payment of funds to City per contract			8,870,000		(250,000)					
Proceeds from bond sales										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in		51,960	11,000							
Transfers out		(51,960)								
Total other financing sources (uses)			8,881,000		(250,000)			(3,007)		
Net change in fund balances	(95,908)	116,464	9,144,653	(476,151)	(5,454,695)	(2,654,504)	115,262	(803,238)	(154,512)	(186,982)
Debt service as a percentage of noncapital expenditures	2.51%	2.47%	2.28%	6.55%	6.08%	6.46%	6.34%	6.06%	6.10%	5.93%

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
2006	50,940	38,122	34,799	123,861
2007	72,980	35,345	-	108,325
2008	54,589	-	2,700,912	2,755,501
2009	13,480	23,151	56,777 a	93,408
2010	224	-	95,957	96,181
2011	1,900	-	201,110	203,010
2012	93	-	85,183	85,276
2013	7,649	-	33,123	40,772
2014	7,210	-	85,281	92,491
2015	1,316	-	332,892	334,208

a: Miscellaneous revenue includes the sale of property

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm		Commercial		Industrial		Apartment		Total Assessed Value		Less: Tax-Exempt Property	Public Utilities ^a		Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
					Reg.	Qfarm														
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	0.642	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	0.636	297,101,071					
2008	7,473,400		232,881,600		-	-	41,988,600	7,936,600	6,943,400	297,233,600	-	2,202,882	299,436,482	0.637	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	0.634	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	0.638	307,764,239					
2011	6,899,000		233,514,400		-	-	42,409,300	6,908,800	6,790,400	296,521,900	-	2,153,609	298,675,509	0.748	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					
2013	6,552,800		176,509,100		-	-	30,217,200	5,515,800	4,778,800	223,573,700	-	1,596,978	225,130,678	1.262	255,018,572					
2014	5,785,800		176,902,100		-	-	30,375,400	5,515,800	4,778,800	223,357,900	-	1,475,852	224,833,752	1.264	238,719,458					
2015	6,384,000		177,085,300		-	-	30,669,400	5,694,500	5,248,200	225,081,400	-	-	225,081,400	1.376	233,511,153					

A reassessment occurred between 2011 and 2012 resulting in a decrease 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 ^a	General		Total Direct	Egg Harbor		Atlantic County	
		Obligation Service ^b	Debt		Regional	City		
2006	1.427	0	0.634	1.530	0.433	0.951	0.282	3.196
2007	0.604	0.030	0.710	0.634	0.454	1.068	0.306	2.462
2008	0.634	0.076	0.710	0.710	0.443	1.125	0.317	2.595
2009	0.635	0.075	0.710	0.710	0.404	1.137	0.327	2.578
2010	0.692	0.075	0.767	0.767	0.414	1.201	0.334	2.716
2011	0.849	0.040	0.889	0.889	0.450	1.275	0.366	2.980
2012	1.001	0.208	1.209	1.209	0.614	1.708	0.430	3.961
2013	1.024	0.238	1.262	1.262	0.540	1.797	0.529	4.128
2014	1.029	0.235	1.264	1.264	0.580	1.828	0.506	4.178
2015	1.229	0.147	1.376	1.376	0.563	1.867	0.470	4.276

A revaluation occurred between 2011 and 2012 resulting in a decrease in assessed valuations.

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	2015			2006		
	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%			
Egg Harbor Holdings Urban Renewal	1,849,900	2	0.82%			
Harbor Plaza Holdings, LLC	1,797,400	3	0.80%			
Cedar Creek Partners, LLC	1,260,400	4	0.56%			
Egg Harbor Realty Holdings LLC	1,189,600	5	0.53%	1,684,000	1	0.57%
Taxpayer #1	1,088,100	6	0.48%	670,100	5	0.23%
Taxpayer #2	989,700	7	0.44%	589,000	9	0.20%
Taxpayer #3	938,900	8	0.42%			
C & L Company, LLC	936,200	9	0.42%			
Rittenberg Urban Renewal Assoc., LLC	888,800	10	0.39%			
JOZ Investments LLC				784,300	2	0.26%
SLS Partnership				751,000	3	0.25%
Taylor Brothers, LLC				717,300	4	0.24%
Liverpool Estates, LP				666,600	6	0.22%
Caporilli & Co., LLC				653,800	7	0.22%
McDonalds Corp				619,900	8	0.21%
HDH, LLC				580,800	10	0.20%
Total	13,687,100		6.08%	7,716,800		2.59%

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

225,081,400

297,765,021

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	
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%	-
2013	2,808,895	2,808,895	100%	-
2014	2,905,679	2,905,679	100%	-
2015	3,155,597	3,155,597	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		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	1,464,096	-	-	-	-	1,464,096	0.874%	331
2007	1,295,047	-	-	-	-	1,295,047	0.758%	295
2008	9,992,397	-	-	-	-	9,992,397	5.727%	2,281
2009	9,750,933	-	-	-	-	9,750,933	5.648%	2,227
2010	9,500,596	-	-	-	-	9,500,596	5.621%	2,239
2011	9,241,088	-	-	-	-	9,241,088	5.266%	2,180
2012	8,972,194	-	-	-	-	8,972,194	5.002%	2,115
2013	8,693,577	-	-	-	-	8,693,577	4.822%	2,046
2014	8,400,000	-	-	-	-	8,400,000	4.643%	1,970
2015	8,100,000	-	-	-	-	8,100,000	4.478%	1,900

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

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

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

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 ^a of Property	Per Capita ^b
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%	2,115
2013	8,693,577	-	8,693,577	3.41%	2,046
2014	8,400,000	-	8,400,000	3.52%	1,970
2015	8,100,000	-	8,100,000	3.47%	1,900

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, 2015
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Egg Harbor City	3,183,379	100.00%	3,183,379
Other debt			
Greater Egg Harbor Regional School District	39,355,000	3.73%	1,469,776
Atlantic County	146,874,191	0.58%	847,280
Subtotal, overlapping debt			5,500,435
Egg Harbor City of School District debt	8,100,000	100.00%	8,100,000
Total direct and overlapping debt			<u>13,600,435</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 2015

Equalized valuation basis	
2014	209,745,422
2013	235,415,078
2012	249,769,136
	<u>694,929,636</u>

Average equalized valuation of taxable property	231,643,212
Debt limit (3% of average)	6,949,296
Net bonded school debt	8,100,000
Legal debt margin	<u>(1,150,704)</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	5,712,981	6,996,581	8,409,420	9,392,093	9,527,739	9,231,049	8,874,048	8,307,266	7,693,996	6,949,296
Total net debt applicable to limit	1,464,096	1,295,047	9,992,397	9,750,933	9,500,596	9,241,088	8,972,194	8,693,577	8,400,000	8,100,000
Legal debt margin	<u>4,248,885</u>	<u>5,701,534</u>	<u>(1,582,977)</u>	<u>(358,840)</u>	<u>27,143</u>	<u>(10,039)</u>	<u>(98,146)</u>	<u>(386,311)</u>	<u>(706,004)</u>	<u>(1,150,704)</u>
Total net debt applicable to the limit as a percentage of debt limit	25.63%	18.51%	118.82%	103.82%	99.72%	100.11%	101.11%	104.65%	109.18%	116.56%

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 ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	4,421	167,467	37,880	8.20%
2007	4,390	170,806	38,908	8.70%
2008	4,381	174,491	39,829	8.70%
2009	4,378	172,629	39,431	8.70%
2010	4,243	169,020	39,835	18.40%
2011	4,239	175,482	41,397	18.80%
2012	4,242	179,386	42,288	19.00%
2013	4,250	180,306	42,425	19.80%
2014	4,264	180,900	42,425	18.40%
2015	4,264	180,900	42,425	10.60%

Source:

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

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

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis, November 20, 2014

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

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

<u>Function/Program</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Regular	38.6	37.8	43.8	45.2	38.2	35.2	30.4	30.4	29.7	31.8
Special education	13.6	13.2	13.0	13.0	16.0	21.0	26.6	26.6	25.6	24.6
Support Services:										
Student & instruction related services	11.0	11.0	21.0	21.0	27.0	17.0	15.7	15.7	15.7	13.7
General administrative services	6.2	6.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
School administrative services	3.6	4.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5
Business administrative services	2.8	2.0	3.0	3.0	3.0	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	7.0	7.0	7.0
Total	81.80	81.60	94.80	97.20	99.20	91.20	90.70	90.70	89.00	87.10

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 nine years information was available.

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School				
2006	534	8,799,002	16,478	0.58%	82	12:1	9:1	534	501	7.88%	93.82%
2007	499	8,640,111	17,315	5.08%	82	12:1	9:1	499	466	-6.55%	93.39%
2008	489	9,254,469	18,925	9.30%	95	12:1	9:1	489	459	-2.00%	93.87%
2009	479	9,219,449	19,247	1.70%	97	12:1	9:1	479	458	-2.04%	95.62%
2010	497	8,882,269	17,872	-7.15%	83	7:1	7:1	473	444	-1.25%	93.87%
2011	477	9,104,887	19,088	6.80%	72	9:1	7:1	466	437	-1.48%	93.86%
2012	489	9,292,972	19,004	-0.44%	63	10:1	7:1	489	457	4.94%	93.80%
2013	492	9,740,520	19,798	4.18%	64	9:1	7:1	491	458	0.41%	93.28%
2014	491	9,756,564	19,871	0.37%	61	8:1	8:1	493	463	0.40%	94.02%
2015	503	10,034,412	19,949	0.39%	61	11:01	10:01	505	474	2.44%	93.86%

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
- 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 (SR)

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

<u>District Building</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary										
Charles L. Spragg School (1955)										
Square Feet	40,654	40,654	40,654	40,654	40,654	44,718	44,718	44,718	44,718	44,718
Capacity (students)	317	317	317	317	317	326	326	326	326	326
Enrollment	314	293	287	299	299	222	268	265	254	272
Middle School										
Egg Harbor Community School (2010)										
Square Feet						61,954	61,954	61,954	61,954	61,954
Capacity (students)						343	343	343	343	343
Enrollment						240	221	226	237	233
Fanny D. Rittenberg School (1923)										
Square Feet	40,458	40,458	40,458	40,458	40,458	-	-	-	-	-
Capacity (students)	282	282	282	282	282	-	-	-	-	-
Enrollment	197	213	202	180	180	-	-	-	-	-
Other										
Administration Building										
Square Feet	2,300	2,300	2,300	2,300	2,300	-	-	-	-	-

Number of District Buildings at June 30, 2015

Elementary = 1

Middle School = 1

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
School Facilities										
Elementary School	94,503	70,077	93,638	88,995	81,520	89,971	84,265	31,576	17,250	10,246
Middle School	140,840	125,858	77,060	87,455	69,620	49,075	48,492	14,715	7,800	12,884
Total School Facilities	235,343	195,935	170,698	176,450	151,140	139,046	132,757	46,291	25,050	23,130
Other Facilities							6,689	6,049		
Grand Total	235,343	195,935	170,698	176,450	151,140	139,046	139,446	52,340	25,050	23,130

EGG HARBOR CITY SCHOOL DISTRICT
Insurance Schedule
June 30, 2015
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	150,000,000	500
Comprehensive General Liability and Automobile	15,000,000	
Comprehensive Crime Coverage	500,000	500
Boiler and Machinery - ACCASBOJIF		
Property Damage	125,000,000	1,000
Workers; Compensation - ACCASBOJIF		
Coverage A	Statutory	
Educator's Legal Liability - ACCASBOJIF	15,000,000	
Pollution Legal Liability	3,000,000	25,000
Cyber Liability	1,000,000	25,000

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

Source: District Records.

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Egg Harbor City School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Egg Harbor City School District's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Egg Harbor City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

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

November 30, 2015



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Egg Harbor City School District'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 Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Egg Harbor City School District's major federal and state programs for the year ended June 30, 2015. The Egg Harbor City School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Egg Harbor City School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, and New Jersey 04-04 *State Aid/Grant Compliance Supplement*. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Egg Harbor City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Egg Harbor City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reports in accordance with the OMB Circular A-133 and the New Jersey State Aid/Grant Compliance Supplement and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The Egg Harbor City School District response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned cost. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Egg Harbor City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Egg Harbor City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Egg Harbor City School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal and State Awards Required by OMB Circular A-133 and NJ OMB 04-04

We have audited the financial statements of the Egg Harbor City School District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and NJ OMB 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records

used to prepare the financial statements. The information has 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 schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

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

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

November 30, 2015

**Egg Harbor City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2015**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2014	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Adjustments	Accounts Receivable	Balance at June 30, 2015	Due to Grantor
	U.S. Department of Agriculture												
	Passed-through State Department of Education:												
	Enterprise Fund:												
10.XXX	Food Distribution Program		7/1/14-6/30/15	13,928	\$		13,928	(13,041)				887	
10.XXX	Food Distribution Program		7/1/13-6/30/14	15,593	1,348			(1,348)			(10,283)		
10.553	School Breakfast Program		7/1/14-6/30/15	124,898			114,615	(124,898)					
10.553	School Breakfast Program		7/1/13-6/30/14	120,385	(10,487)		10,487						
10.555	National School Lunch Program		7/1/14-6/30/15	183,199	(16,875)		168,886	(183,199)			(14,619)		
10.555	National School Lunch Program		7/1/13-6/30/14	177,538			18,035						
10.555	National School Lunch Program		7/1/14-6/30/15	8,538			8,083	(8,536)			(443)		
10.555	National Snack Program		7/1/13-6/30/14	7,414	(348)		348						
	Total Enterprise Fund				<u>(26,362)</u>		<u>332,932</u>	<u>(331,022)</u>			<u>(25,339)</u>	<u>887</u>	
	U.S. Department of Education												
	General Fund:												
93.778	Medical Assistance Program		7/1/14-6/30/15	66,050			66,050	(66,050)					
93.778	ARRA/Semi Revenue		7/1/14-6/30/15	11,006			11,006	(11,006)					
	Total General Fund						<u>77,056</u>	<u>(77,056)</u>					
	Passed-through State Department of Education:												
	Special Revenue Fund												
84.010	Title I, Part A	NCLB134006	7/1/14-6/30/15	318,773			310,234	(310,334)			(100)		
84.010	Title I, Part A	NCLB130006	7/1/13-6/30/14	318,472	(697)		3,775	(5,828)			(2,750)		
84.010	Title I, Part D	NCLB140006	7/1/14-6/30/15	83,617			40,963	(68,565)			(17,602)		
84.010	Title I, Part D	NCLB130006	7/1/13-6/30/14	58,240	(6,538)		22,203	(16,156)			(491)		
	Total NCLB, Title I				<u>(7,235)</u>		<u>37,775</u>	<u>(390,883)</u>			<u>(20,843)</u>		
84.298A	Title IIA, Innovative Program	NCLB140006	7/1/14-6/30/15	48,461			48,461	(48,461)					
84.027	I.D.E.A. Part B - Basic	IDEA140013	7/1/14-6/30/15	165,266			165,266	(165,266)					
84.027	I.D.E.A. Part B - Basic	IDEA130013	7/1/13-6/30/14	159,598	(15,883)		15,883						
84.173	I.D.E.A. Part B - Preschool	IDEA140013	7/1/14-6/30/15	8,063	(806)		8,063	(8,063)					
84.173	I.D.E.A. Part B - Preschool	IDEA140013	7/1/13-6/30/14	8,060	(806)		806						
	Total IDEA Part B				<u>(16,689)</u>		<u>190,018</u>	<u>(173,329)</u>					
84.287C	Alter School Learning Centers (21st Century)	14E00001	9/1/14-8/31/15	353,420			223,027	(269,992)			(46,965)		
84.287C	Alter School Learning Centers (21st Century)	13E00001	9/1/13-8/31/14	425,000	(38,096)		102,859	(64,773)					
84.287C	Alter School Learning Centers (21st Century)	14E00001	9/1/14-8/31/15	26,580	(38,086)		26,580	(26,580)			(46,965)		
	Race to the Top	12-RT01-A01	7/1/11-11/30/15	30,849	(15,870)		15,870						
84.004	Learn and Serve	N/A	7/1/10-6/30/11	3,500	2,774			(2,774)					
	Total Special Revenue Fund				<u>(75,106)</u>		<u>957,410</u>	<u>(976,792)</u>			<u>(67,908)</u>		
	Total Federal Financial Awards				<u>(101,468)</u>		<u>1,367,398</u>	<u>(1,384,870)</u>			<u>(93,247)</u>	<u>887</u>	

**Egg Harbor City School District
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Carryover (If Any) Amount	Cash Received	Budgetary Expenditures	Adjustment	Payment of Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	MEMO
				Deferred (Accis Receivable)	Due to Grantor										
State Department of Education															
Categorical Special Education Aid	15-485-034-5120-089	7/11/14-6/30/15	262,402	\$			262,402	(262,402)							262,402
Equalization Aid	15-485-034-5120-078	7/11/14-6/30/15	4,869,266			4,869,266	4,869,266	(4,869,266)							4,869,266
Security Aid	15-485-034-5120-084	7/11/14-6/30/15	37,224			37,224	37,224	(37,224)							37,224
State Security Aid	15-485-034-5120-085	7/11/14-6/30/15	2,671			2,671	2,671	(2,671)							2,671
Extraordinary Aid	15-485-034-5120-044	7/11/14-6/30/15	9,389					(9,389)							9,389
Extraordinary Aid	14-485-034-5120-044	7/11/13-6/30/14	8,653	(8,653)		8,653	8,653	(1,044)							8,653
Additional Nonpublic School Transportation Aid	15-485-034-5120-014	7/11/14-6/30/15	1,044	(2,704)		9,704	9,704	(4,775)							1,044
Additional Nonpublic School Transportation Aid	15-485-034-5120-014	7/11/14-6/30/15	4,775			4,775	4,775	(4,775)							4,775
Per Pupil Growth Aid	15-485-034-5120-097	7/11/14-6/30/15	4,775			4,775	4,775	(4,775)							4,775
PARCC Readiness	15-485-034-5120-098	7/11/14-6/30/15	4,775			4,775	4,775	(4,775)							4,775
Reimbursed TPAF Social Security Contributions	15-485-034-5085-051	7/11/14-6/30/15	286,173	(11,357)		5,510,642	298,173	(6,599,718)			(10,433)				286,173
Total General Fund															5,521,075
Special Revenue Fund:															
Public Schools	15-485-034-5084-086	7/11/14-6/30/15	279,930			278,558	278,558	(279,930)				2,147		27,993	279,930
NJ Coordinated School Health C/O	N/A	7/11/13-6/30/14	5,400	2,500		5,400	5,400	(3,253)							3,253
NJ Coordinated School Health C/O	N/A	7/11/12-6/30/13	3,000	546				(2,500)							2,500
NJ Coordinated School Health C/O	N/A	7/11/11-6/30/12	15,122					(646)							11,605
Total Special Revenue Fund				3,046		283,958	283,958	(286,229)				2,147		27,993	287,288
Capital Projects Fund:															
School Facilities Grant Program - Regular	1300-020-14-G1BL	1/11/14-6/30/15	813,029	(54,172)		574,771	574,771	(674,222)			(153,623)			(153,623)	674,222
Operating Districts (ROD)															
Total Capital Projects Fund				(54,172)		574,771	574,771	(674,222)			(153,623)			(153,623)	674,222
State Department of Agriculture Enterprise Fund:															
National School Lunch Program (State Share)	15-100-010-3350-023	7/11/14-6/30/15	3,677	(526)		3,385	3,385	(3,677)			(292)				3,677
National School Lunch Program (State Share)	14-100-010-3350-023	7/11/13-6/30/14	4,138			526	526								4,138
Total Enterprise Fund				(526)		3,911	3,911	(3,677)			(292)				7,815
Total State Financial Assistance				(63,009)		6,373,282	6,373,282	(6,473,947)			(164,348)	2,147		(125,630)	6,500,400

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2015

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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and NJ OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$566,968 for the general fund and \$60,721 for the special revenue fund. See the following schedule and Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and food service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
State Assistance:						
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$5,509,718	296,229	674,222		3,677	6,483,846
Difference – budget to "GAAP" On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance	579,582					579,582
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	450,594	26,621				477,215
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(463,208)	(27,993)				(491,201)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	<u>\$6,076,686</u>	<u>294,857</u>	<u>674,222</u>		<u>3,677</u>	<u>7,049,442</u>

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Local Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance		10,531		10,531
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		0		0
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	0	10,531	0	10,531
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	77,056	976,792	333,718	1,387,566
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		62,093		62,093
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances/net position	77,056	1,038,885	333,718	1,408,099

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.

Egg Harbor City School District
Notes to the Schedules of Financial Assistance
June 30, 2015

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2015. 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, 2015.

**EGG HARBOR CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: Unmodified

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 general-purpose 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 Unmodified

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>Twenty-First Century Community Learning Centers</u>
<u> </u>	<u> </u>
<u> </u>	<u> </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? X yes no n/a

**EGG HARBOR CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I -- Summary of Auditor's Results (cont'd)

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 _____ Unmodified _____
- L) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? X yes _____ no
- M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Categorical Special Education Aid
15-495-034-5120-084	Categorical Security Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness
1300-020-14-G1BL	School Facilities Grant Program-Regular Operating Districts (ROD)

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

**EGG HARBOR CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Finding #2015-001:

Information on the state program:

Rod Grant

Criteria:

Over paid contractor and board did not approve change order. Payments made should be reconciled to the contract and reviewed for accuracy prior to the issuance of payment. Additionally, all change orders should be submitted to the board of education for approval before the work is performed and the invoices are paid.

Condition:

A contractor was overpaid for roof and HVAC work, in the amount of \$16,110 and the board did not approve change order to increase payment to contractor.

Questioned Costs:

Contractor over paid for \$16,110 and change order was in the amount of \$6,219 was not board approved.

Context:

A Contractor was over paid for roof and HVAC work \$16,110 and the board did not approve change order in the amount of \$6,219 increase payment to contractor.

Cause:

The district did not monitor the payment to the vendor. The district also did not monitor that the board approve all change orders.

Effect:

The District will have to collect funds from the contractor and a refund is due to the SDA for funds they should not have received. .

Recommendation:

All payments to vendors should be reviewed and compared to the contract amount prior to payment being made. All change orders for any contracts be board approved.

Management's response:

A corrective action plan will be filed by the district to address this finding

STATUS OF PRIOR YEAR FINDINGS

Financial Statement Findings:

NONE