

# **Comprehensive Annual Financial Report**

of the

Egg Harbor City Board of Education

Egg Harbor City, New Jersey

For the Fiscal Year Ended June 30, 2016

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 15, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and accounting groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the *Single Audit Act of 1996*, and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Egg Harbor 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 2015-2016 fiscal year with an average enrollment of 511 students, which is 6 students above the previous year's enrollment.

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

<b>Average Daily Enrollment</b>		
<b>Fiscal</b>	<b>Student</b>	<b>Percent</b>
<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
2015-2016	511	3.66%
2014-2015	505	2.44%
2013-2014	493	0.40%
2012-2013	491	0.41%
2011-2012	489	4.94%

**2) ECONOMIC CONDITION AND OUTLOOK:** The Egg Harbor City School District consists of two schools. 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 consists of three high schools, the most recently constructed being the Cedar Creek High School which is located in Egg Harbor City and opened to students in the fall of 2010. The increased traffic due the growth of the student population at the school has been a benefit to the local economy.

The land surrounding the new high school is currently under development and 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.

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.

The District continues to receive Federal funding for a Preschool Expansion Grant \$221,963.00 and is currently in the second year of a five-year cycle of a 21<sup>st</sup> Century Community Learning Centers Grant \$350,000.00.

The district enjoys strong relationships with social service agencies, and a variety of organizations and parent groups, key to fulfilling another board goal, to engage the community in the public schools. Among groups that have become involved with our programs are the district’s Parent Teacher Organization and Education Foundation, Inc. Support also comes from Egg Harbor City Council, the Municipal Alliance, Atlantic County Family Services, the NJ Division of Child Protection and Permanency, city and county law enforcement agencies. In addition, student programs receive support from AtlantiCare Health System, the Crusaders athletic organization, and faith-based organizations such as the Moravian Church, which operates the local food pantry to which our students contribute and volunteer.

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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, 2016.

**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, 2016, the District's outstanding debt issues included \$7,790,000.00 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 of 1996, and related Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

#### **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,

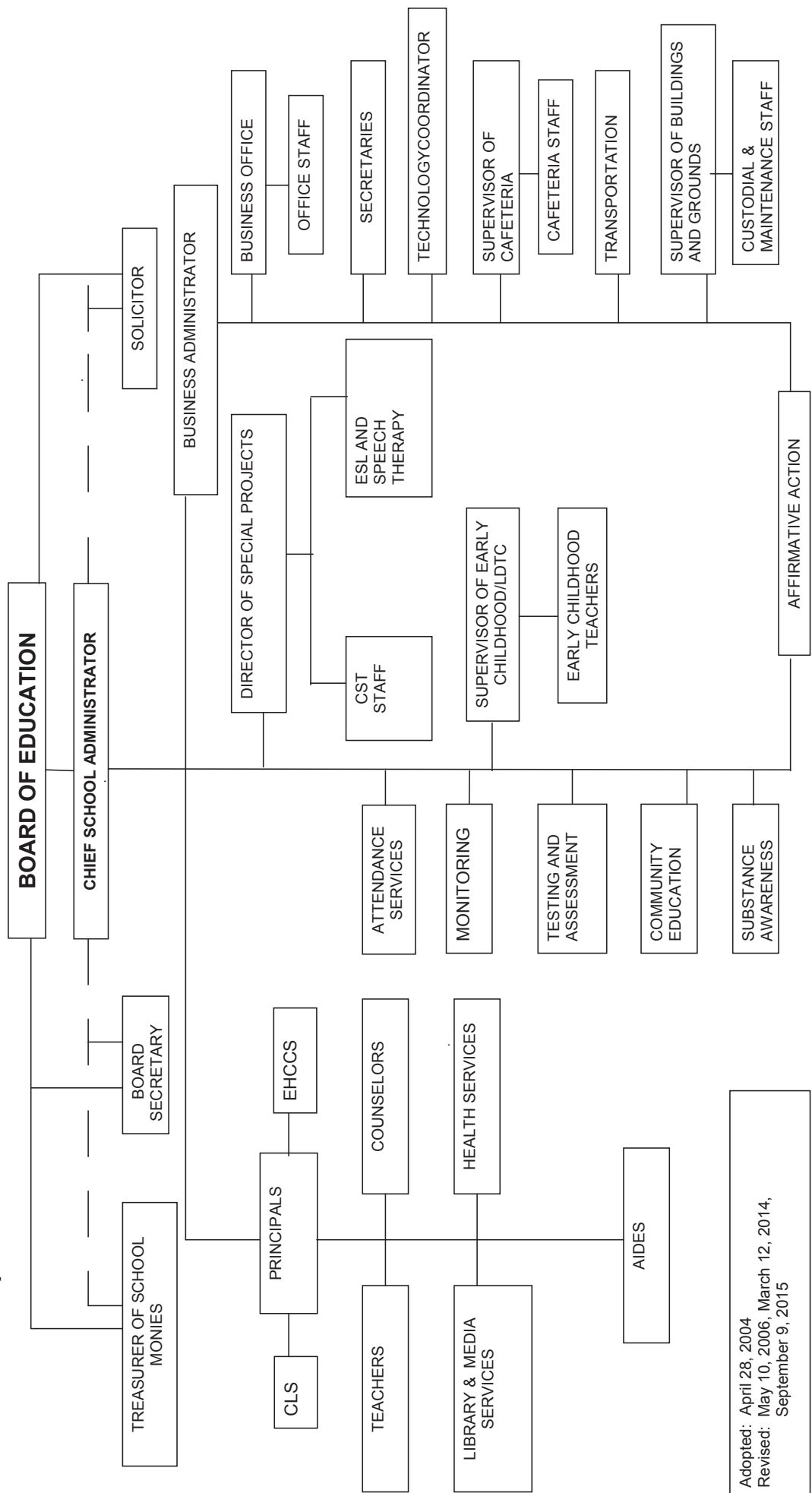
Adrienne Shulby  
Superintendent

Joseph Smurlo  
Business Administrator

# Egg Harbor City Board of Education

## ORGANIZATIONAL CHART

### Policy



Adopted: April 28, 2004  
 Revised: May 10, 2006, March 12, 2014,  
 September 9, 2015

**EGG HARBOR CITY BOARD OF EDUCATION**

**EGG HARBOR CITY, NEW JERSEY**

**ROSTER OF OFFICIALS**

June 30, 2016

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Stephen Bouchard, President	2018
Janine Brown, Vice-President	2017
Carmen Filippello	2016
Mary Ann Rogers	2018
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  
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 • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://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, 2016, 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, 2016, 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 non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the *schedule of state financial assistance as required by NJ OMB 15-08*, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the *schedule of state financial assistance as required by NJ OMB 15-08*, 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 non-major fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the *schedule of state financial assistance as required by NJ OMB 15-08*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 15, 2016 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 15, 2016**

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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, 2016. 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 \$296,323.13 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Also the State paid \$706,078.00 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 \$250,000.00 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, 2016 the District had excess surplus in the amount of \$884,858.49 of which \$502,913.00 has been appropriated and included as anticipated revenue in the 2017 fiscal year budget. This is compared to the prior year excess surplus of \$740,826.00 of which \$237,913.00 was budgeted in the 2016 fiscal year budget.
- During the fiscal year ended June 30, 2016, the District's governmental fund revenue realized were \$261,257.54 more than total expenditures. This increase can be attributed to unanticipated revenue and controls over spending.
- In the District's business-type activities, net position decreased \$10,165.24 during the 2016 fiscal year compared to a \$9,028.00 decrease in fiscal year 2015. The decrease of \$10,165.24 is due to an excess of expenditures over revenue.

### 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

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 decreased between fiscal years 2015 and 2016 as a result of depreciation expense and the change in the net pension liability. Net position for business-type activities decreased \$10,165.24 during the current fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	1,644,089.69	2,204,516.00	86,175.53	87,653.00	1,730,265.22	2,292,169.00
Capital assets	28,937,044.47	29,618,642.00	83,533.00	93,902.00	29,020,577.47	29,712,544.00
Total assets	<u>30,581,134.16</u>	<u>31,823,158.00</u>	<u>169,708.53</u>	<u>181,555.00</u>	<u>30,750,842.69</u>	<u>32,004,713.00</u>
Deferred outflows of resources	512,307.00	349,313.00	-	-	512,307.00	861,620.00
Long-term liabilities	10,763,497.00	10,595,008.00	-	-	10,763,497.00	10,595,008.00
Other liabilities	153,187.38	1,004,069.00	5,397.77	7,079.00	158,585.15	1,011,148.00
Total liabilities	<u>10,916,684.38</u>	<u>11,599,077.00</u>	<u>5,397.77</u>	<u>7,079.00</u>	<u>10,922,082.15</u>	<u>11,606,156.00</u>
Deferred inflows of resources	50,368.00	141,924.00	-	-	50,368.00	141,924.00
Net Position						
Invested in capital assets	21,147,044.47	21,518,642.00	83,533.00	93,902.00	21,230,577.47	21,612,544.00
Restricted	1,707,814.27	1,372,785.00	-	-	1,707,814.27	1,372,785.00
Unrestricted	(2,728,469.96)	(2,459,957.00)	80,777.76	80,574.00	(2,647,692.20)	(2,379,383.00)
Total net position	<u>20,126,388.78</u>	<u>20,431,470.00</u>	<u>164,310.76</u>	<u>174,476.00</u>	<u>20,290,699.54</u>	<u>20,605,946.00</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. The district also had a significant decrease in capital outlay due to an adjustment that was necessary in 2015 to correctly state construction in progress. This created in total less revenue than 2016 than in 2015.

Approximately 49.08% of the District's governmental fund revenue came from the State of New Jersey and Federal Government in the form of unrestricted aid. The state aid is based on the District's enrollment as well as other factors such as legislative funding of the SFRA formula. Egg Harbor City levies property taxes on properties located in the city. This tax is collected by the municipality and remitted to the District. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$3,227,352.00	25.24%	\$3,155,597.00	24.68%
Unrestricted State and Federal Aid	\$6,275,088.95	49.08%	\$5,275,987.00	41.26%
Federal & State Aid restricted	\$0.00	0.00%	\$0.00	0.00%
Operating grants and contributions	\$3,223,595.57	25.21%	\$3,178,119.00	24.86%
Capital grants and contributions	\$0.00	0.00%	\$3,525,325.00	27.57%
Other	\$60,465.12	0.47%	\$323,677.00	2.53%
Totals	<u>\$12,786,501.64</u>	<u>100.00%</u>	<u>\$15,458,705.00</u>	<u>120.90%</u>

## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2016 and 2015 fiscal years.

	Governmental Activities		Business Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenue						
Charges for services	207,769.57		48,991.19	61,187.00	256,760.76	61,187.00
Federal and State grants and entitlements Capital Grants and entitlements	3,015,826.00	6,703,444.00	370,296.46	334,699.00	3,386,122.46	7,038,143.00
General revenues						
Property taxes	3,227,352.00	3,155,597.00			3,227,352.00	3,155,597.00
Interest	1,854.29	1,316.00	92.89	38.00	1,947.18	1,354.00
State and Federal Aid	6,275,088.95	5,275,987.00			6,275,088.95	5,275,987.00
Other	58,610.83	322,361.00			58,610.83	322,361.00
<b>Total revenues</b>	<u>12,786,501.64</u>	<u>15,458,705.00</u>	<u>419,380.54</u>	<u>395,924.00</u>	<u>13,205,882.18</u>	<u>15,854,629.00</u>
<b>Expenses</b>						
Instruction:						
Regular	5,458,891.28	4,781,312.00			5,458,891.28	4,781,312.00
Special Education	1,415,813.10	1,366,601.00			1,415,813.10	1,366,601.00
Other Special Instruction	353,328.34	354,714.00			353,328.34	354,714.00
Support services:						
Tuition	780,381.01	585,438.00			780,381.01	585,438.00
Student & instruction related services	1,999,164.64	1,709,987.00			1,999,164.64	1,709,987.00
General & business admin services	339,020.00	306,028.00			339,020.00	306,028.00
School administration services	377,277.06	319,472.00			377,277.06	319,472.00
Plant operations & maintenance	1,304,324.74	1,179,606.00			1,304,324.74	1,179,606.00
Pupil transportation	192,003.68	181,933.00			192,003.68	181,933.00
Business and other support services	383,391.28	309,012.00			383,391.28	309,012.00
Interest on long term debt	487,987.73	329,282.00			487,987.73	329,282.00
Capital outlay		-			-	-
Other financing uses					-	-
Business-type activities			429,545.78	404,952.00	429,545.78	404,952.00
<b>Total expenses</b>	<u>13,091,582.86</u>	<u>11,423,386.00</u>	<u>429,545.78</u>	<u>404,952.00</u>	<u>13,521,128.64</u>	<u>11,828,337.00</u>
<b>Increase/(decrease) in net position</b>	<u>(305,081.22)</u>	<u>4,035,319.00</u>	<u>(10,165.24)</u>	<u>(9,028.00)</u>	<u>(315,246.46)</u>	<u>4,026,292.00</u>

The \$4.3 million change in net position from 2015 to 2016 is due to an adjustment made in the 2015 financial statements related to capital projects.

## Business-type Activities

Operating and non-operating revenues of the District's business-type activities increase \$23,456.54 from the previous year while expenses increased \$24,593.78. Factors contributing to these results included:

- An increase in participation of the school lunch program which resulted in an increase in reimbursements from the Federal Department of Agriculture.
- A slight increase in expenses for food and supplies due to increasing costs of these items. The district also had an increase in the number of students participating, which would increase food and supplies expenses.

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

As of the year end, the governmental funds reported a combined fund balance of \$1,555,420.54 which is \$261,257.54 higher than in the beginning of the year. This increase can be attributed to unanticipated revenue and controls over spending.

**General Fund Budgetary Highlights**

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue was \$256,845.45 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 \$268,089.41.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2016, the District had invested \$28,937,044.47, net of depreciation, in a broad range of capital assets, including land, buildings, vehicles and machinery.

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 1,745,000.00	1,745,000.00			1,745,000.00	1,745,000.00
Buildings & Improvements	2,540,955.23	2,541,984.12			2,540,955.23	2,541,984.12
Machinery & Equipment	200,939.17	254,581.00	83,533.00	82,345.00	284,472.17	336,926.00
Construction in progress	24,450,150.07	25,077,077.00			24,450,150.07	25,077,077.00
<b>Total</b>	<b>\$ 28,937,044.47</b>	<b>29,618,642.12</b>	<b>83,533.00</b>	<b>82,345.00</b>	<b>29,020,577.47</b>	<b>29,700,987.12</b>

Total aggregate cost basis for the districts capital assets, including construction in progress, as of June 30, 2016 aggregated \$30,609,701.17 million with accumulated depreciation of \$1,672,656.70. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

## Long-term Debt

	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
<b>Governmental Activities</b>				
Bonds Payable	8,100,000.00	-	310,000.00	7,790,000.00
Compensated Absences Payable	113,521.00	12,529.00	1,440.00	124,610.00
Total Governmental Activities	<u>8,213,521.00</u>	<u>12,529.00</u>	<u>311,440.00</u>	<u>7,914,610.00</u>

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 (21<sup>st</sup> Century) grant provided services to students throughout the year to supplement school-day instruction. Beginning in the 15-16 school year a new Federal Preschool Expansion Grant in the amount of \$221,963.00 has allowed the District to improve our Preschool program.

The City's ratable base decreased approximately \$1,248,000.00 in 2016. 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, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,154,566.93	59,018.99	1,213,585.92
Restricted cash:			
Cash on deposit with State Development Authority	291,958.30		291,958.30
Due from other governments	61,381.45	20,164.89	81,546.34
Other accounts receivable	136,183.01	383.51	136,566.52
Inventory		6,608.14	6,608.14
Capital assets, not depreciated	1,745,000.00		1,745,000.00
Capital assets, net	27,192,044.47	83,533.00	27,275,577.47
Total Assets	30,581,134.16	169,708.53	30,750,842.69
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	512,307.00		512,307.00
Total Deferred Outflows of Resources	512,307.00	-	512,307.00
<b>LIABILITIES</b>			
Accrued interest	64,518.23		64,518.23
Accounts payable	81,164.04	907.71	82,071.75
Unearned revenue	7,505.11	4,490.06	11,995.17
Noncurrent liabilities:			
Due within one year	325,000.00		325,000.00
Net Pension Liability	2,848,887.00		2,848,887.00
Due beyond one year	7,589,610.00		7,589,610.00
Total liabilities	10,916,684.38	5,397.77	10,922,082.15
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	50,368.00		50,368.00
<b>NET POSITION</b>			
Net investment in capital assets	21,147,044.47	83,533.00	21,230,577.47
Restricted for:			
Capital Projects	772,955.78		772,955.78
Other purposes	934,858.49		934,858.49
Unrestricted	(2,728,469.96)	80,777.76	(2,647,692.20)
Total net position	\$ 20,126,388.78	164,310.76	20,290,699.54

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, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	4,122,914.47	1,335,976.81	207,769.57	1,701,172.54		(3,549,949.17)		(3,549,949.17)
Special education	1,069,315.37	346,497.73		211,170.75		(1,204,642.35)		(1,204,642.35)
Other special instruction	266,856.85	86,471.49		52,699.48		(300,628.86)		(300,628.86)
Support services:								
Tuition	780,381.01			179,408.00		(600,973.01)		(600,973.01)
Student & instruction related services	1,509,900.90	489,263.74		871,375.23		(1,127,789.41)		(1,127,789.41)
General administrative services	250,139.59	88,880.41				(339,020.00)		(339,020.00)
School administrative services	278,366.85	98,910.21				(377,277.06)		(377,277.06)
Plant operations and maintenance	962,371.70	341,963.04				(1,304,324.74)		(1,304,324.74)
Pupil transportation	192,003.68					(192,003.68)		(192,003.68)
Business and other support services	282,878.11	100,513.17				(383,391.28)		(383,391.28)
Unallocated benefits	2,888,466.60	(2,888,466.60)				-		-
Capital Outlay								
Interest on long-term debt	487,987.73					(487,987.73)		(487,987.73)
Total governmental activities	<u>13,091,582.86</u>	-	<u>207,769.57</u>	<u>3,015,826.00</u>	-	<u>(9,867,987.29)</u>		<u>(9,867,987.29)</u>
Business-type activities:								
Food Service	429,545.78		48,991.19	370,296.46		(10,258.13)		(10,258.13)
Total business-type activities	<u>429,545.78</u>		<u>48,991.19</u>	<u>370,296.46</u>		<u>(10,258.13)</u>		<u>(10,258.13)</u>
Total primary government	<u>\$ 13,521,128.64</u>		<u>256,760.76</u>	<u>3,386,122.46</u>		<u>(9,878,245.42)</u>		<u>(9,878,245.42)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						2,596,048.00		2,596,048.00
Taxes levied for debt service						631,304.00		631,304.00
Federal and State aid not restricted						6,275,088.95		6,275,088.95
Investment Earnings						1,854.29	92.89	1,947.18
Miscellaneous Income						58,610.83		58,610.83
Total General Revenues						<u>9,562,906.07</u>	<u>92.89</u>	<u>9,562,998.96</u>
Total general revenues, special items, extraordinary items and transfers						<u>9,562,906.07</u>	<u>92.89</u>	<u>9,562,998.96</u>
Change in Net Position						<u>(305,081.22)</u>	<u>(10,165.24)</u>	<u>(315,246.46)</u>
Net Position—beginning						20,431,470.00	174,476.00	20,605,946.00
Net Position—ending						<u>\$ 20,126,388.78</u>	<u>164,310.76</u>	<u>20,290,699.54</u>

The accompanying notes are an integral part of these financial statements

**FUND FINANCIAL STATEMENTS**

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**Egg Harbor City School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 781,242.60	15,510.30	350,688.00	7,126.03	1,154,566.93
Restricted cash					
Cash on deposit with State Development Authority				291,958.30	291,958.30
Due from other funds		25,891.39		358,494.25	384,385.64
Receivables from other governments	27,631.96	33,749.49			61,381.45
Other receivables	120,073.33			16,109.68	136,183.01
Total assets	<u>928,947.89</u>	<u>75,151.18</u>	<u>350,688.00</u>	<u>673,688.26</u>	<u>2,028,475.33</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	13,517.97	67,646.07			81,164.04
Grant Anticipation Note Payable					-
Due to other funds	34,385.64		350,000.00		384,385.64
Due to other governments					-
Unearned revenue		7,505.11			7,505.11
Total liabilities	<u>47,903.61</u>	<u>75,151.18</u>	<u>350,000.00</u>	<u>-</u>	<u>473,054.79</u>
Fund Balances:					
Restricted for:					
Excess surplus	381,945.49				381,945.49
Excess surplus - designated for subsequent year's expenditures	502,913.00				502,913.00
Capital projects fund				673,688.26	673,688.26
Committed to:					
Capital reserve	99,267.52				99,267.52
Maintenance reserve	50,000.00				50,000.00
Unreserved, reported in:					
General fund	(153,081.73)				(153,081.73)
Special revenue fund		0.00			0.00
Debt service fund			688.00		688.00
Total Fund balances	<u>881,044.28</u>	<u>0.00</u>	<u>688.00</u>	<u>673,688.26</u>	<u>1,555,420.54</u>
Total liabilities and fund balances	<u>\$ 928,947.89</u>	<u>75,151.18</u>	<u>350,688.00</u>	<u>673,688.26</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.	28,937,044.47
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(64,518.23)
Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	(2,511,558.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,790,000.00)</u>
Net position of governmental activities	<u>\$ 20,126,388.78</u>

**Egg Harbor City School District**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local tax levy	\$ 2,596,048.00		631,304.00		3,227,352.00
Interest	1,144.99			709.30	1,854.29
Miscellaneous	265,498.64	7,889.99	541.50	340.26	274,270.39
State sources	6,220,502.13	388,293.00	-	-	6,608,795.13
Federal sources	54,586.82	1,243,392.01			1,297,978.83
	<u>9,137,780.58</u>	<u>1,639,575.00</u>	<u>631,845.50</u>	<u>1,049.56</u>	<u>11,410,250.64</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
Regular instruction	2,101,358.40	886,970.32			2,988,328.72
Special education instruction	775,050.23				775,050.23
Other special instruction	193,420.45				193,420.45
Support services and undistributed costs:					
Tuition	600,973.01	179,408.00			780,381.01
Student & instruction related services	829,225.76	265,165.18			1,094,390.94
General administrative services	198,808.76				198,808.76
School administrative services	221,243.54				221,243.54
Plant operations and maintenance	764,884.62				764,884.62
Pupil transportation	192,003.68				192,003.68
Business and other support services	224,829.05				224,829.05
Unallocated Benefits	2,488,360.93	400,105.67			2,888,466.60
Transfer to Charter School	-				-
Debt service:					
Principal			310,000.00		310,000.00
Interest and other charges			321,312.50		321,312.50
Capital outlay	195,873.00			-	195,873.00
Total expenditures	<u>8,786,031.43</u>	<u>1,731,649.17</u>	<u>631,312.50</u>	<u>-</u>	<u>11,148,993.10</u>
(Deficiency) of revenues and other financing sources (uses) over expenditures	<u>351,749.15</u>	<u>(92,074.17)</u>	<u>533.00</u>	<u>1,049.56</u>	<u>261,257.54</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	709.30	120,067.17		-	120,776.47
Transfer out	(120,067.17)			(709.30)	(120,776.47)
Total other financing sources and uses	<u>(119,357.87)</u>	<u>120,067.17</u>	<u>-</u>	<u>(709.30)</u>	<u>-</u>
Net change in fund balances	232,391.28	27,993.00	533.00	340.26	261,257.54
Fund balance—July 1	648,653.00	(27,993.00)	155.00	673,348.00	1,294,163.00
Fund balance—June 30	<u>\$ 881,044.28</u>	<u>0.00</u>	<u>688.00</u>	<u>673,688.26</u>	<u>1,555,420.54</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, 2016**

**Total net change in fund balances - governmental funds (from B-2)** \$ 261,257.54

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	(681,597.53)
	Assets charged to expense	
	Capital outlays	(681,597.53)

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.

310,000.00

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

29,197.77

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	109,019.00
Cost of benefits earned net of employee contributions	(321,866.00)
	(212,847.00)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(11,092.00)

**Change in net position of governmental activities** \$ (305,081.22)

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2016**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	59,018.99
Accounts receivable		383.51
Receivables from other governments		20,164.89
Inventories		6,608.14
		<u>86,175.53</u>
Noncurrent assets:		
Furniture, machinery & equipment		173,510.00
Less accumulated depreciation		<u>(89,977.00)</u>
Total noncurrent assets		<u>83,533.00</u>
Total assets		<u><u>169,708.53</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		907.71
Unearned revenue		4,490.06
Total current liabilities		<u>5,397.77</u>
Total liabilities		<u>5,397.77</u>
<b>NET POSITION</b>		
Net investment in capital assets		83,533.00
Unrestricted		80,777.76
Total net position	\$	<u><u>164,310.76</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, 2016**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$	27,380.87
Daily sales - non-reimbursable programs		15,575.32
Special Functions		6,035.00
Total operating revenues		<u>48,991.19</u>
Operating expenses:		
Cost of sales		419,176.78
Depreciation		10,369.00
Total Operating Expenses		<u>429,545.78</u>
Operating (loss)		<u>(380,554.59)</u>
Nonoperating revenues and expenses:		
State sources:		
State school lunch program		3,694.25
Federal sources:		
National school lunch program		194,471.39
National school breakfast program		128,583.03
School Snack program		8,381.52
Fresh Fruit		6,912.03
Food distribution program		28,254.24
Interest and investment revenue		92.89
Total nonoperating revenues		<u>370,389.35</u>
(Loss) before contributions & transfers		<u>(10,165.24)</u>
Change in net position		(10,165.24)
Total net position—beginning		174,476.00
Total net position—ending	\$	<u><u>164,310.76</u></u>

**Egg Harbor City School District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016**

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$	45,630.39
Payments to cost of sales		(391,263.62)
Net cash (used in) operating activities		<u>(345,633.23)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources		3,493.08
Federal Sources		344,015.25
(To)/From other funds		
Net cash provided by non-capital financing activities		<u>347,508.33</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Equipment		<u>-</u>
Net cash (used in) capital and related financing activities		<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and investment revenue		<u>92.89</u>
Net cash provided by investing activities		<u>92.89</u>
Net increase in cash and cash equivalents		1,967.99
Balances—beginning of year		<u>57,051.00</u>
Balances—end of year		<u>59,018.99</u>
<b>Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities:</b>		
Operating (loss)		(380,554.59)
Adjustments to reconcile operating (loss) to net cash provided by/ (used in) operating activities		
Depreciation and net amortization		10,369.00
Food distribution program		28,254.24
(Increase) in other accounts receivable		575.49
Increase in unearned revenue		2,255.06
Decrease in inventories		(2,596.14)
Increase in accounts payable		(3,936.29)
Total adjustments		<u>34,921.36</u>
Net cash (used in) operating activities	\$	<u>(345,633.23)</u>

**Egg Harbor City School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016**

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	2,219.37	46,974.74
Due from payroll agency	<u>46,534.33</u>		
Total assets	<u><u>46,534.33</u></u>	<u><u>2,219.37</u></u>	<u><u>46,974.74</u></u>
<b>LIABILITIES</b>			
Payroll deductions and withholdings			440.41
Payable to unemployment trust			<u>46,534.33</u>
Total liabilities	<u>-</u>	<u>-</u>	<u><u>46,974.74</u></u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u><u>\$ 46,534.33</u></u>	<u><u>2,219.37</u></u>	

The accompanying notes are an integral part of these financial statements

**Egg Harbor City School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2016**

	Unemployment Compensation	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Investment earnings:		
Interest		4.07
Scholarship donations		-
Employee contributions	8,807.66	
Total additions	8,807.66	4.07
<b>DEDUCTIONS</b>		
Other payments	-	500.00
Total deductions	-	500.00
Change in net position	8,807.66	(495.93)
Net position—beginning of the year	37,726.67	2,715.30
Net position—end of the year	\$ 46,534.33	2,219.37



## **Notes to the Financial Statements**

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**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

**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, 2016 and 2015 of 511 and 505 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, 2016**

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. Non-major 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 non-major 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, 2016**

**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, 2016**

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

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

**2. Investments:**

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

**3. Inventories:**

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

Food	\$	5,695.44
Supplies		912.70
	\$	6,608.14

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 \$4,490.06.

**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.

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**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>
Operating Transfers Out:	
Local Contribution-Transfer to Special Revenue-Regular	\$ 128,866.30
Resource Room/Resource Center	
Salaries of Teachers	(87,167.30)



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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 2015/16 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 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 periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

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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 periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

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

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

**NOTE 2. INVESTMENTS**

As of June 30, 2016, 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, 2016, \$291,958.30 of the District's bank balance of \$1,721,421.96 was exposed to credit risk.

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**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, 2016 was \$12,736,251.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$	26,699.70
Increased By:		
Interest earnings		67.82
Budgeted		22,500
Board Resolution adopted 6/8/2016		50,000
Ending balance, June 30, 2016	\$	<u>99,267.52</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, 2015	\$	25,472.00
Increased By:		
Board Resolution adopted 6/8/2016		50,000.00
Withdrawals		
8/12/15 – transfer to Maintenance lines		<u>(25,472.00)</u>
Ending balance, June 30, 2016	\$	<u>50,000.00</u>

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**NOTE 6. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>6/30/15</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>6/30/16</u>
Governmental Activities				
Capital assets not being depreciated				
Const in Process	\$ 25,077,077.00			25,077,077.00
Land	1,745,000.00			1,745,000.00
Total capital assets not being depreciated	<u>26,822,077.00</u>			<u>26,822,077.00</u>
Bldgs & Improv	3,158,990.00			3,158,990.00
Machinery & equip	622,825.17	8,949.00	(3,140.00)	628,634.17
Total at cost	<u>3,781,815.17</u>	<u>8,949.00</u>	<u>(3,140.00)</u>	<u>3,787,624.17</u>
Less accum depr.				
Bldg & improve	(617,005.88)	(627,955.82)		(1,244,961.70)
Machinery & equip	(368,244.12)	(62,590.71)	3,139.83	(427,695.00)
Total accum depr	<u>(985,250.00)</u>	<u>(690,546.53)</u>	<u>3,139.83</u>	<u>(1,672,656.70)</u>
Total capital assets being depreciated	<u>2,796,565.17</u>	<u>(681,597.53)</u>	<u>(.17)</u>	<u>2,114,967.47</u>
Governmental activities - Capital Assets, net	<u>29,618,642.17</u>	<u>(681,597.53)</u>	<u>(.17)</u>	<u>28,937,044.47</u>
Business-type activities				
Equipment	173,835.00	0	(325.00)	173,510.00
Less Accum depr	<u>(91,490.00)</u>	<u>(10,369.00)</u>	<u>11,882.00</u>	<u>(89,977.00)</u>
Business-type Activities Capital Assets, net	<u>\$ 82,345.00</u>	<u>(10,369.00)</u>	<u>11,557.00</u>	<u>83,533.00</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 315,253.25
Special education	81,763.80
Other special instruction	20,404.86
Student & instruction related services	115,452.59
General Administration	20,973.30
School administrative expenses	23,340.05
Plant operations and maintenance	80,691.38
Business and other support services	23,718.30
	<u>\$ 681,597.53</u>

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NOTE 7. OPERATING LEASES

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 2016 fiscal year was \$552.00.

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 2016 fiscal year was \$2,582.19.

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 2016 fiscal year was \$7,341.36.

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 2016 fiscal year was \$5,814.00. Note Starting July 2016 this copier was returned and the balance of lease terminated because the copier broke.

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 2016 fiscal year was \$3,074.16.

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 2016 fiscal year was \$2,136.84.

Effective September 2015, the District entered into a lease agreement for a Ricoh Multi-printer. The lease term is 48 months with payments of \$225.45 due monthly. Total rent expense for the 2016 fiscal year was \$2,254.50.

Effective April 2016, the District entered into a lease agreement for a Ricoh Multi-printer. The lease term is 48 months with payments of \$288.52 due monthly. Total rent expense for the 2016 fiscal year was \$865.56.

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

Year ending June 30,		
2017	\$	20,251.54
2018		8,439.39
2019		6,167.64
2020		3,047.58
2021		0
Total	\$	<u>37,906.15</u>

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**NOTE 8. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance <u>6/30/14</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>6/30/15</u>	Due within <u>One Year</u>
Compensated					
Absences Payable	\$ 113,521.00	12,529.00	1,440.00	124,610.00	-
Bonds Payable	8,100,000.00		310,000.00	7,790,000.00	325,000.00
Net Pension Liability	2,381,490.00	467,397.00		2,848,887.00	
<b>Total</b>	<b>\$ 10,595,011.00</b>	<b>479,926.00</b>	<b>311,440.00</b>	<b>10,763,497.00</b>	<b>325,000.00</b>

**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, 2016 was \$7,790,000.00.

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 325,000.00	309,687.50	634,687.50
2018	335,000.00	297,500.00	632,500.00
2019	350,000.00	284,937.50	634,937.50
2020	365,000.00	271,812.50	636,812.50
2021	380,000.00	257,212.50	637,212.50
2022-2026	2,160,000.00	1,044,661.50	3,204,661.50
2027-2031	2,650,000.00	574,862.50	3,224,862.50
2032-2033	1,225,000.00	74,925.00	1,299,925.00
<b>Total</b>	<b>\$ 7,790,000.00</b>	<b>3,115,896.00</b>	<b>10,905,599.00</b>

**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>.

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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 7.06% 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, 2016, 2015 and 2014 were \$706,078.00, \$579,682.00, and \$463,349.00, 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, 2016, 2015 and 2014 were \$109,109.00, \$105,130.00, and \$90,226.00, respectively, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2016, 2015 and 2014 was \$5,420,211.25, \$5,471,191.00, and \$5,382,971.00; covered payroll was \$4,058,696.00, \$4,030,324.00, and \$4,071,497.00 for TPAF; and \$824,365.00, \$846,474.00, and \$859,952.00 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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- 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  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, 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  $\frac{1}{7}$ <sup>th</sup> 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, 2016, the District reported a liability of \$2,848,887.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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



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share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.0126910508%, which was a increase of .226% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$217,006.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 67,964.00	
Changes of assumptions	305,948.00	
Net difference between projected and actual earnings on pension plan investments		45,805.00
Changes in proportion and differences between District contributions and proportionate share of contributions	138,395.00	4,563.00
District contributions subsequent to the measurement date	109,019.00	
Total	621,326.00	50,368.00

\$109,019.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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,		
	2017	86,351.90	
	2018	86,351.90	
	2019	86,351.90	
	2020	129,623.38	
	2021	73,259.91	
	Total	461,939.00	

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**Egg Harbor City School District  
Notes to Financial Statements  
June 30, 2016**

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
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 males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	0.40%
REIT	4.25%	5.12%

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015, 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 of contributions made in relation to the last five years of actuarially determined 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 collective net pension liability of the participated employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 3,437,057.01	2,848,887.00	\$ 2,356,588.03

*Pension plan fiduciary net position.*

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

**Egg Harbor City School District  
Notes to Financial Statements  
June 30, 2016**

NOTE 11. Teachers Pension and Annuity Fund (TPAF)

At June 30, 2016, 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		26,186,378.00
Total	\$	26,186,378.00

The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,598,914.00 and revenue of \$1,598,914.00 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	133,088.00	7,888.00
Changes of assumptions	2,983,120.00	
Net difference between projected and actual earnings on pension plan investments		221,806.00
Changes in proportion and differences between District contributions and proportionate share of contributions	381,634.00	-
District contributions subsequent to the measurement date	222,663.00	
Total	3,720,505.00	229,694.00

\$223,993.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

Year ended June 30,	
2017	339,088.14
2018	339,088.14
2019	339,088.14
2020	519,442.62
2021	439,628.40
Thereafter	<u>910,178.55</u>
Total	<u><u>2,886,514.00</u></u>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used 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. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement 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, 2014 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 (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**Egg Harbor City School District  
Notes to Financial Statements  
June 30, 2016**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging market equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

*Discount rate.* The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 of employers' 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, 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 4.13% 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 (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

**Egg Harbor City School District  
Notes to Financial Statements  
June 30, 2016**

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, 2015, there were 107,314.00 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 13. LABOR CONTRACTS**

As of June 30, 2016 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. The district has not renewed with the EHCEA as of the date of this report.

**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.

**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

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, 2016 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.

The plan administrators are as follows:

Metro  
Lincoln  
Syracusa  
Equitable

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

**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, 2016 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



**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

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>
2015-2016		8,807.66	0	46,534.33
2014-2015		8,614.00	0	37,726.67
2013-2014		8,469.00	35,480.00	29,113.00

**NOTE 17. INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2016, 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>
Special Revenue Fund	25,891.39	
Capital Project Fund	358,494.25	
General Fund		34,385.64
Debt Service Fund		350,000.00

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 \$881,044.28 General Fund fund balance at June 30, 2016, \$43,271.27 is reserved for encumbrances, but not reflected as assigned on the balance sheet since the unassigned balance is negative; \$99,267.52 has been committed to the capital reserve fund; \$50,000.00 has been committed to the maintenance reserve fund; \$884,858.49 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$502,913.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$6,866.00 has been appropriated and also included as anticipated revenue for the year ending June 30, 2017, however this amount is not reflected on the balance sheet as assigned since the unassigned balance is negative; and \$(153,081.73) is unreserved and undesignated, after adjusting for the above items.

**Egg Harbor City School District**  
**Notes to Financial Statements**  
**June 30, 2016**

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, 2016 is \$884,858.49, of which \$502,913.00 has been included in the 2016-17 budget. The excess fund balance at June 30, 2015 was \$740,826.00.

NOTE 21. DEFICIT FUND BALANCES

The District has a deficit fund balances of \$153,081.73 in the General Fund, as of June 30, 2016 as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last two state aid payments, the General Fund balance deficits do not alone indicate that the district is facing financial difficulties.

NOTE 22. SUBSEQUENT EVENTS

Effective July 2016, the District entered into a lease agreement for a Xerox D95 copier/printer. The lease term is 48 months with payments of \$373.81 due monthly.

On May 4, 2016 the Board approved an ordinance to refund the outstanding principal balance of the School Bonds – Refunding Bonds issued on July 14, 2016. The ordinance authorizes the issuance of up to \$7,500,000 in refunding Bonds to refund the outstanding balance of the 2008 issue maturing on or after March 15, 2019.

The District has evaluated subsequent events through November 15, 2016, the date which the financial statements were available to be issued and no other 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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	2,596,048.00		2,596,048.00	2,596,048.00	-
Other Tuition	-		-	207,769.57	207,769.57
Interest Earned on Bank Accounts				1,144.99	1,144.99
Miscellaneous	45,000.00		45,000.00	57,729.07	12,729.07
<b>Total - Local Sources</b>	<b>2,641,048.00</b>	<b>-</b>	<b>2,641,048.00</b>	<b>2,862,691.63</b>	<b>221,643.63</b>
State Sources:					
Categorical Special Education Aid	262,402.00		262,402.00	262,402.00	-
Equalization Aid	4,869,266.00		4,869,266.00	4,869,266.00	-
Categorical Security Aid	37,224.00		37,224.00	37,224.00	-
Categorical Transportation Aid	22,670.00		22,670.00	22,670.00	-
Extraordinary Aid	7,000.00		7,000.00	22,865.00	15,865.00
Per Pupil Growth Aid	4,775.00		4,775.00	4,775.00	-
PARCC Readiness	4,775.00		4,775.00	4,775.00	-
Nonpublic Transportation				3,306.00	3,306.00
On-Behalf TPAF Pension Contributions (non-budgeted)				706,078.00	706,078.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				296,323.13	296,323.13
<b>Total - State Sources</b>	<b>5,208,112.00</b>	<b>-</b>	<b>5,208,112.00</b>	<b>6,229,684.13</b>	<b>1,021,572.13</b>
Federal Sources:					
Medicaid Reimbursement	22,691.00		22,691.00	54,586.82	31,895.82
<b>Total - Federal Sources</b>	<b>22,691.00</b>	<b>-</b>	<b>22,691.00</b>	<b>54,586.82</b>	<b>31,895.82</b>
<b>Total Revenues</b>	<b>7,871,851.00</b>	<b>-</b>	<b>7,871,851.00</b>	<b>9,146,962.58</b>	<b>1,275,111.58</b>

**Egg Harbor City School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	286,268.00	(9,165.02)	277,102.98	276,921.58	181.40
Grades 1-5	1,011,032.00	232.00	1,011,264.00	1,011,264.00	-
Grades 6-8	652,333.00	(2,870.31)	649,462.69	649,393.63	69.06
Regular Programs - Home Instruction:					
Salaries of Teachers	12,000.00	(140.00)	11,860.00	11,122.24	737.76
Purchased Professional - Educational Services	-	600.00	600.00	600.00	-
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	20,000.00	(8,473.47)	11,526.53	11,526.53	-
Other Purchased Services	17,000.00	284.42	17,284.42	17,284.42	-
General Supplies	113,693.00	18,498.32	132,191.32	123,246.00	8,945.32
Total Regular Programs	<u>2,112,326.00</u>	<u>(1,034.06)</u>	<u>2,111,291.94</u>	<u>2,101,358.40</u>	<u>9,933.54</u>
Multiple Disabilities					
Salaries of Teachers	403,615.00	18,618.90	422,233.90	421,851.50	382.40
Other Salaries for Instruction	94,347.00	(8,719.67)	85,627.33	84,416.73	1,210.60
Total Multiple Disabilities	<u>497,962.00</u>	<u>9,899.23</u>	<u>507,861.23</u>	<u>506,268.23</u>	<u>1,593.00</u>
Resource Room/Resource Center					
Salaries of Teachers	383,333.00	(108,646.20)	274,686.80	268,782.00	5,904.80
Total Resource Room/Resource Center	<u>383,333.00</u>	<u>(108,646.20)</u>	<u>274,686.80</u>	<u>268,782.00</u>	<u>5,904.80</u>
Total Special Education - Instruction	<u>881,295.00</u>	<u>(98,746.97)</u>	<u>782,548.03</u>	<u>775,050.23</u>	<u>7,497.80</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	110,569.00	(12,686.00)	97,883.00	97,883.00	-
Total Basic Skills/Remedial - Instruction	<u>110,569.00</u>	<u>(12,686.00)</u>	<u>97,883.00</u>	<u>97,883.00</u>	<u>-</u>



Egg Harbor City School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	44,404.00	0.10	44,404.10	44,104.17	299.93
General Supplies	200.00	-	200.00	192.39	7.61
<b>Total Bilingual Education - Instruction</b>	<b>44,604.00</b>	<b>0.10</b>	<b>44,604.10</b>	<b>44,296.56</b>	<b>307.54</b>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	40,425.00	-	40,425.00	35,071.15	5,353.85
Supplies and Materials	1,000.00	-	1,000.00	328.37	671.63
Other Objects	4,000.00	-	4,000.00	3,054.48	945.52
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>45,425.00</b>	<b>-</b>	<b>45,425.00</b>	<b>38,454.00</b>	<b>6,971.00</b>
School Sponsored Athletics - Instruction:					
Salaries	9,785.00	-	9,785.00	8,984.00	801.00
Purchased Services	2,000.00	-	2,000.00	962.00	1,038.00
Supplies and Materials	1,000.00	2,310.00	3,310.00	2,840.89	469.11
<b>Total School Sponsored Athletics - Instruction</b>	<b>12,785.00</b>	<b>2,310.00</b>	<b>15,095.00</b>	<b>12,786.89</b>	<b>2,308.11</b>
<b>Total Instruction</b>	<b>3,207,004.00</b>	<b>(110,156.93)</b>	<b>3,096,847.07</b>	<b>3,069,829.08</b>	<b>27,017.99</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Special	-	40,732.47	40,732.47	39,530.07	1,202.40
Tuition to CSSD & Regional Day Schools	394,943.00	45,137.00	440,080.00	440,080.00	-
Tuition to Private Schools for the Disabled - Within State	73,710.00	47,653.34	121,363.34	121,362.94	0.40
<b>Total Undistributed Expenditures - Instruction</b>	<b>468,653.00</b>	<b>133,522.81</b>	<b>602,175.81</b>	<b>600,973.01</b>	<b>1,202.80</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	70,504.00	(90.44)	70,413.56	70,412.96	0.60
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>70,504.00</b>	<b>(90.44)</b>	<b>70,413.56</b>	<b>70,412.96</b>	<b>0.60</b>
Undistributed Expenditures - Health Services:					
Salaries	97,244.00	(2,470.01)	94,773.99	94,687.95	86.04
Purchased Professional and Technical Services	12,500.00	(315.00)	12,185.00	12,185.00	-
Supplies and Materials	3,540.00	(330.39)	3,209.61	3,209.61	-
<b>Total Undistributed Expenditures - Health Services</b>	<b>113,284.00</b>	<b>(3,115.40)</b>	<b>110,168.60</b>	<b>110,082.56</b>	<b>86.04</b>

**Egg Harbor City School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	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	48,670.00	(567.10)	48,102.90	48,102.90	-
Purchased Professional - Educational Services	39,200.00	395.20	39,595.20	38,785.20	810.00
Supplies and Materials	200.00	-	200.00	200.00	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>88,070.00</b>	<b>(171.90)</b>	<b>87,898.10</b>	<b>87,088.10</b>	<b>810.00</b>
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	167,340.00	(304.16)	167,035.84	166,889.38	146.46
Supplies and Materials	1,000.00	83.00	1,083.00	1,053.28	29.72
<b>Total Undistributed Expenditures - Other Support Services - Students - Guidance</b>	<b>168,340.00</b>	<b>(221.16)</b>	<b>168,118.84</b>	<b>167,942.66</b>	<b>176.18</b>
Undistributed Expenditures - Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	198,407.00	(3,374.50)	195,032.50	194,748.47	284.03
Salaries of Secretarial and Clerical Assistants	39,049.00	-	39,049.00	39,049.00	-
Purchase Professional-Ed Services	7,000.00	(3,108.44)	3,891.56	1,552.50	2,339.06
Other Purchased Professional and Technical Services	16,000.00	296.50	16,296.50	16,296.50	-
Other Purchased Services	2,140.00	-	2,140.00	2,136.84	3.16
Miscellaneous Purchased Services	200.00	379.18	579.18	579.18	-
Supplies and Materials	3,000.00	667.45	3,667.45	3,385.48	281.97
Other Objects	1,000.00	40.00	1,040.00	1,040.00	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Child Study Teams</b>	<b>266,796.00</b>	<b>(5,099.81)</b>	<b>261,696.19</b>	<b>258,787.97</b>	<b>2,908.22</b>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	41,331.00	-	41,331.00	41,331.00	-
Salaries of Other Professional Staff	56,632.00	-	56,632.00	56,632.00	-
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>97,963.00</b>	<b>-</b>	<b>97,963.00</b>	<b>97,963.00</b>	<b>-</b>

**Egg Harbor City School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	23,417.00	-	23,417.00	23,416.00	1.00
Purchased Professional and Technical Services	4,500.00	217.44	4,717.44	4,596.44	121.00
Supplies and Materials	1,500.00	(1,014.59)	485.41	212.16	273.25
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>29,417.00</b>	<b>(797.15)</b>	<b>28,619.85</b>	<b>28,224.60</b>	<b>395.25</b>
Undistributed Expenditures - Instruction Staff Training Service					
Salaries of Other Professional Services	10,920.00	-	10,920.00	7,566.00	3,354.00
Other Purchased Services	-	1,297.15	1,297.15	1,157.91	139.24
<b>Total Undistributed Expenditures - Instruction Staff Training Service</b>	<b>10,920.00</b>	<b>1,297.15</b>	<b>12,217.15</b>	<b>8,723.91</b>	<b>3,493.24</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	119,138.00	16,820.00	135,958.00	118,637.00	17,321.00
Legal Services	5,000.00	-	5,000.00	-	5,000.00
Audit Fees	18,500.00	-	18,500.00	18,000.00	500.00
Other Purchased Professional Services	1,000.00	(1,000.00)	-	-	-
Communications/Telephone	31,230.00	868.17	32,098.17	32,088.17	-
Other Purchased Services	24,200.00	(1,371.67)	22,828.33	19,579.19	3,249.14
General Supplies	1,900.00	149.97	2,049.97	2,049.97	-
BOE In-House Training and Meeting Supplies	500.00	(71.92)	428.08	428.08	-
Miscellaneous Expenditures	1,600.00	1,481.45	3,081.45	3,081.45	-
BOE Membership Dues and Fees	5,000.00	(56.00)	4,944.00	4,934.90	9.10
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>208,068.00</b>	<b>16,820.00</b>	<b>224,888.00</b>	<b>198,808.76</b>	<b>26,079.24</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals and Assistant Principals	106,644.00	20,000.00	126,644.00	106,644.00	20,000.00
Salaries of Secretarial and Clerical Assistants	100,311.00	-	100,311.00	99,948.26	362.74
Other Purchased Services	7,300.00	1,112.53	8,412.53	7,398.18	1,014.35
Supplies and Materials	8,000.00	(1,195.53)	6,804.47	6,083.13	721.34
Other Objects	1,500.00	-	1,500.00	1,169.97	330.03
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>223,755.00</b>	<b>19,917.00</b>	<b>243,672.00</b>	<b>221,243.54</b>	<b>22,428.46</b>

**Egg Harbor City School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Central Services</b>					
Salaries	155,821.00		155,821.00	155,820.00	1.00
Purchased Professional Services	1,300.00	297.79	1,597.79	1,597.79	-
Purchased Technical Services	18,750.00	2,002.00	20,752.00	19,479.60	1,272.40
Misc. Purchased Services	1,000.00	-	1,000.00	917.32	82.68
Supplies and Materials	1,500.00	(136.00)	1,364.00	724.79	639.21
Interest on Loans		9,203.55	9,203.55	9,203.55	-
Other Objects	1,200.00	136.00	1,336.00	1,186.00	150.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>179,571.00</b>	<b>11,503.34</b>	<b>191,074.34</b>	<b>188,929.05</b>	<b>2,145.29</b>
<b>Undistributed Expenditures - Admin. Info Technology</b>					
Salaries	22,728.00	-	22,728.00	22,728.00	-
Purchased Technical Services	13,500.00	-	13,500.00	13,172.00	328.00
<b>Total Undistributed Expenditures - Admin. Info Technology</b>	<b>36,228.00</b>	<b>-</b>	<b>36,228.00</b>	<b>35,900.00</b>	<b>328.00</b>
<b>Undistributed Expenditures - Required Maint for School Facilities</b>					
Salaries	72,240.00	-	72,240.00	72,239.00	1.00
Cleaning, Repair, and Maintenance Services	119,567.00	28,567.95	148,134.95	134,117.65	14,017.30
General Supplies	12,493.44	1,200.00	13,693.44	13,499.01	194.43
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>204,300.44</b>	<b>29,767.95</b>	<b>234,068.39</b>	<b>219,855.66</b>	<b>14,212.73</b>
<b>Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services</b>					
Salaries	226,770.00	(11,335.34)	215,434.66	215,294.66	140.00
Purchased Professional and Technical Services	4,500.00	(2,580.15)	1,919.85	1,919.85	-
Cleaning, Repair and Maintenance Services	8,780.00	(7,614.99)	1,165.01	990.00	175.01
Other Purchased Property Services	18,000.00	-	18,000.00	15,244.20	2,755.80
Insurance	32,600.00	(2,600.00)	30,000.00	30,000.00	-
General Supplies	21,200.00	500.00	21,700.00	19,810.76	1,889.24
Energy (Heat and Electricity)	180,000.00	5,958.00	185,958.00	185,958.00	-
Other Objects	475.00	710.21	1,185.21	1,185.21	-
Energy (Natural Gas)	131,000.00	(6,137.73)	124,862.27	74,626.28	50,235.99
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services - Custodial Services</b>	<b>623,325.00</b>	<b>(23,100.00)</b>	<b>600,225.00</b>	<b>545,028.96</b>	<b>55,196.04</b>

Egg Harbor City School District  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	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	6,000.00	3,809.18	9,809.18	9,809.18	-
Contracted Services - (Between Home and School) - Joint Agree.	86,164.00	(22,913.71)	63,250.29	63,250.29	-
Contracted Services - (Special Ed Students) - Joint Agreements	85,720.00	22,351.01	108,071.01	108,071.01	-
Contracted Services - Aid in Lieu of Payments - NonPub Sch.	5,304.00	(618.80)	4,685.20	4,685.20	-
Contracted Services - Aid in Lieu of Payments - Charter Sch.	5,404.00	784.00	6,188.00	6,188.00	-
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>188,592.00</b>	<b>3,411.68</b>	<b>192,003.68</b>	<b>192,003.68</b>	<b>-</b>
Unallocated Benefits:					
Social Security Contributions	104,000.00	-	104,000.00	98,357.02	5,642.98
Other Retirement Contributions - PERS	124,174.00	(5,365.00)	118,809.00	113,598.80	5,210.20
Unemployment Compensation	32,500.00	(2,552.00)	29,948.00	15,745.10	14,202.90
Workmen's Compensation	44,500.00	2,552.00	47,052.00	47,052.00	-
Health Benefits	1,446,857.00	(175,319.37)	1,271,537.63	1,191,377.61	80,160.02
Tuition Reimbursement	20,000.00	-	20,000.00	13,606.77	6,393.23
Other Employee Benefits	-	6,222.50	6,222.50	6,222.50	-
<b>Total Unallocated Benefits</b>	<b>1,772,031.00</b>	<b>(174,461.87)</b>	<b>1,597,569.13</b>	<b>1,485,959.80</b>	<b>111,609.33</b>
On-behalf TPAF Pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)					
				706,078.00	(706,078.00)
				296,323.13	(296,323.13)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,002,401.13</b>	<b>(1,002,401.13)</b>
<b>Total Undistributed Expenditures</b>	<b>4,749,817.44</b>	<b>9,182.20</b>	<b>4,758,999.64</b>	<b>5,520,329.35</b>	<b>(761,329.71)</b>
<b>Total Current Expense</b>	<b>7,956,821.44</b>	<b>(100,974.73)</b>	<b>7,855,846.71</b>	<b>8,590,158.43</b>	<b>(734,311.72)</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	22,500.00	-	22,500.00	-	22,500.00
Total Deposit to Capital Reserve	22,500.00	-	22,500.00	-	22,500.00
Facilities Acquisition and Construction Services					
Construction Services	195,873.00	-	195,873.00	195,873.00	-
Debt Service Assessment on SDA Funding	195,873.00	-	195,873.00	195,873.00	-
<b>Total Capital Outlay</b>	<b>218,373.00</b>	<b>-</b>	<b>218,373.00</b>	<b>195,873.00</b>	<b>22,500.00</b>
<b>Transfer to Charter Schools</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>8,175,194.44</b>	<b>(100,974.73)</b>	<b>8,074,219.71</b>	<b>8,786,031.43</b>	<b>(711,811.72)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,343.44)	100,974.73	(202,368.71)	360,931.15	563,299.86

**Egg Harbor City School District  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Other Financing Sources (Uses)					
Operating Transfers In:					
Capital Project Interest				709.30	
Operating Transfers Out:					
Maintenance Reserve		25,471.50	(126,446.23)	(120,067.17)	6,379.06
Local Contribution-Transfer to Special Revenue - Regular		(100,974.73)	(126,446.23)	(119,357.87)	6,379.06
Total Other Financing Sources (Uses)	(303,343.44)	-	(328,814.94)	241,573.28	569,678.92
Net change in fund balances			1,111,861.00	1,111,861.00	-
Fund Balances, July 1					
Fund Balances, June 30	\$ 808,517.56	-	783,046.06	1,353,434.28	569,678.92

Recapitulation of Fund Balance:

<b>Restricted Fund Balance</b>	
Excess Surplus	381,945.49
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	502,913.00
<b>Committed Fund Balance</b>	
Capital Reserve	99,267.52
Maintenance Reserve	50,000.00
<b>Assigned Fund Balance</b>	
Designated for Subsequent Year's Expenditures	6,866.00
Reserve for Encumbrances	43,271.27
<b>Unassigned Fund Balance</b>	269,171.00
	1,353,434.28
Reconciliation to Governmental Funds Statements (GAAP)	
Last State Aid Payment Not Recognized on GAAP Basis	(472,390.00)
Fund Balance per Governmental Funds (GAAP)	881,044.28

Egg Harbor City School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	-	11,957.56	11,957.56	7,889.99	(4,067.57)
Total - Local Sources	-	11,957.56	11,957.56	7,889.99	(4,067.57)
State Sources:					
Preschool Education Aid	360,300.00		360,300.00	360,300.00	-
Total - State Sources	360,300.00	-	360,300.00	360,300.00	-
Federal Sources:					
Title I	241,833.00	126,285.58	368,118.58	337,175.14	(30,943.44)
Title II	38,710.00	8,593.00	47,303.00	47,303.00	-
I.D.E.A., Part B	147,408.00	32,008.00	179,408.00	179,408.00	-
Preschool Development Expansion	221,963.00	-	221,963.00	221,358.34	(604.66)
Other	350,000.00	170,662.50	520,662.50	396,054.53	(124,607.97)
Total - Federal Sources	999,906.00	337,549.08	1,337,455.08	1,181,299.01	(156,156.07)
<b>Total Revenues</b>	<b>1,360,206.00</b>	<b>349,506.64</b>	<b>1,709,712.64</b>	<b>1,549,489.00</b>	<b>(160,223.64)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	840,435.00	(39,841.61)	800,593.39	708,576.67	92,016.72
Other salaries for instruction	71,912.00	17,443.20	89,355.20	89,355.20	-
Salaries of other professional staff					
Purchased prof. and technical services					
Tuition	147,400.00	21,602.55	179,008.00	10,278.34	11,324.21
Other Purchased services	9,800.00	32,008.00	179,408.00	179,408.00	-
General supplies	13,332.00	(5,624.20)	4,175.80	4,175.80	-
Textbooks		53,829.29	67,161.29	61,054.25	6,107.04
Other objects		7,859.36	7,859.36	5,559.06	2,300.30
<b>Total instruction</b>	<b>1,082,879.00</b>	<b>87,276.59</b>	<b>1,170,155.59</b>	<b>1,058,407.32</b>	<b>111,748.27</b>

Egg Harbor City School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
<b>Support Services</b>					
Salaries of Other Professional Staff	83,820.00	116,366.91	200,186.91	178,768.07	21,418.84
Salaries of Program Directors	22,837.00	(22,837.00)	-	-	-
Other Salaries					
Salaries of Supervisors of Instruction	22,837.00	22,837.00	22,837.00	22,837.00	-
Personal Services - Employee Benefits	169,770.00	189,331.40	359,101.40	345,983.67	13,117.73
Purchased professional educational service	900.00	900.00	900.00	295.34	604.66
Purchased Technical Services		32,495.46	32,495.46	26,500.00	5,995.46
Other Purchased Services		33,415.21	33,415.21	30,988.11	2,427.10
Contr. Serv - Trans. (Field Trips)					
Travel		3,033.85	3,033.85	1,494.31	1,539.54
Supplies & Materials		6,779.21	6,779.21	4,282.35	2,496.86
Other Objects		875.18	875.18	-	875.18
<b>Total support services</b>	<u>277,327.00</u>	<u>382,297.22</u>	<u>659,624.22</u>	<u>611,148.85</u>	<u>48,475.37</u>
<b>Facilities acquisition and construction services:</b>					
Instructional Equipment		-	-	-	-
<b>Total facilities acquisition and construction services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers to Charter Schools</b>					
<b>Total expenditures</b>	<u>1,360,206.00</u>	<u>469,573.81</u>	<u>1,829,779.81</u>	<u>1,669,556.17</u>	<u>160,223.64</u>
<b>Other financing sources</b>					
Transfer from other funds		120,067.17	120,067.17	120,067.17	-
Total other financing sources	<u>-</u>	<u>120,067.17</u>	<u>120,067.17</u>	<u>120,067.17</u>	<u>-</u>
<b>Total outflows</b>	<u>1,360,206.00</u>	<u>349,506.64</u>	<u>1,709,712.64</u>	<u>1,549,489.00</u>	<u>160,223.64</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**Egg Harbor City School District  
Required Supplementary Information  
Budgetary Comparison Schedule  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2016**

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

	General Fund	Special Revenue
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 9,146,962.58	1,549,489.00
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		-
Current year		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	463,208.00	27,993.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(472,390.00)	
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	9,137,780.58	1,577,482.00
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	8,786,031.43	1,669,556.17
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		-
Current year		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 8,786,031.43	1,669,556.17

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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 Three Fiscal Years**

	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0126910508%	0.0127197761%	0.0116694603%
District's proportionate of the net pension liability (asset)	\$ 2,848,887.00	\$ 2,381,490.00	\$ 2,230,266.00
District's covered payroll	\$ 846,480.00	\$ 859,952.00	\$ 825,778.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	336.56%	276.93%	270.08%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	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 three 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 Three Fiscal Years**

	2015	2014	2013
Contractually required contribution	\$ 109,019.00	\$ 104,860.00	\$ 87,927.00
Contributions in relation to the contractually required contribution	<u>109,019.00</u>	<u>104,860</u>	<u>87,927</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 846,480.00	\$ 859,952.00	\$ 825,778.00
Contributions as a percentage of covered-employee payroll	12.88%	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 three 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 Three Fiscal Years**

	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	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>26,186,378.00</u>	<u>22,177,091.00</u>	<u>20,748,898.00</u>
Total	<u>\$ 26,186,378.00</u>	<u>\$ 22,177,091.00</u>	<u>\$ 20,748,898.00</u>
District's covered payroll	\$ 4,030,324.00	\$ 4,071,497.00	\$ 4,148,221.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	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 three years. Additional years will be presented as they become available.

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**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, 2016**

	Atlantic Care	Improve School Health	Sustainable Jersey Grant	Recycling Bowl	Wild Ones	Preschool Education	Municipal Alliance	Total State/Local Funds
<b>REVENUES:</b>								
Local Sources	425.95	2,826.23	2,900.27	1,200.00	500.00	360,300.00	37.54	7,889.99
State Sources								360,300.00
Federal Sources								-
<b>Total revenues</b>	<u>425.95</u>	<u>2,826.23</u>	<u>2,900.27</u>	<u>1,200.00</u>	<u>500.00</u>	<u>360,300.00</u>	<u>37.54</u>	<u>368,189.99</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers		1,138.63						
Other salaries for instruction						268,350.85	37.54	268,527.02
Purchased prof. and technical services						659.60		659.60
Tuition								-
Other purchased services	425.95	1,687.60	1,055.27	1,200.00	500.00	864.52		-
General supplies								5,733.34
Other objects								-
<b>Total Instruction</b>	<u>425.95</u>	<u>2,826.23</u>	<u>1,055.27</u>	<u>1,200.00</u>	<u>500.00</u>	<u>269,874.97</u>	<u>37.54</u>	<u>275,919.96</u>
Support services:								
Salaries of other professional staff								56,781.20
Salaries of supervisors of instruction								22,837.00
Personal services- employee benefits								130,874.00
Purchased professional educational service								-
Purchased technical services								1,845.00
Travel								-
Supplies and materials			1,845.00					-
<b>Total support services</b>	<u>-</u>	<u>-</u>	<u>1,845.00</u>	<u>-</u>	<u>-</u>	<u>210,492.20</u>	<u>-</u>	<u>212,337.20</u>
<b>Total expenditures</b>	<u>425.95</u>	<u>2,826.23</u>	<u>2,900.27</u>	<u>1,200.00</u>	<u>500.00</u>	<u>480,367.17</u>	<u>37.54</u>	<u>488,257.16</u>
Other financing sources								
Transfer from other funds						120,067.17		120,067.17
<b>Total outflows</b>	<u>425.95</u>	<u>2,826.23</u>	<u>2,900.27</u>	<u>1,200.00</u>	<u>500.00</u>	<u>360,300.00</u>	<u>37.54</u>	<u>368,189.99</u>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<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, 2016**

REVENUES:	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
Local Sources								
State Sources								
Federal Sources								
Total revenues	297,117.56	19,075.00	12,543.00	8,439.58	171,184.00	8,224.00	47,303.00	288,649.22
	<u>297,117.56</u>	<u>19,075.00</u>	<u>12,543.00</u>	<u>8,439.58</u>	<u>171,184.00</u>	<u>8,224.00</u>	<u>47,303.00</u>	<u>288,649.22</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers								
Other salaries for instruction	229,000.00	17,409.21					37,542.00	116,791.86
Purchased prof. and technical services								
Tuition								
Other purchased services					171,184.00	8,224.00		7,173.34
General supplies		333.99	12,543.00					10,746.37
Other objects								5,206.06
Total Instruction	<u>229,000.00</u>	<u>17,743.20</u>	<u>12,543.00</u>	<u>-</u>	<u>171,184.00</u>	<u>8,224.00</u>	<u>37,542.00</u>	<u>139,917.63</u>
Support services:								
Salaries of other professional staff								77,586.16
Salaries of supervisors of instruction								
Personal services- employee benefits	59,540.00	1,331.80					9,761.00	51,374.00
Purchased professional educational service								9,750.00
Purchased technical services				8,439.58				6,969.35
Travel	8,577.56							1,460.46
Supplies and materials								1,591.62
Total support services	<u>68,117.56</u>	<u>1,331.80</u>	<u>-</u>	<u>8,439.58</u>	<u>-</u>	<u>-</u>	<u>9,761.00</u>	<u>148,731.59</u>
Total expenditures	297,117.56	19,075.00	12,543.00	8,439.58	171,184.00	8,224.00	47,303.00	288,649.22
Other financing sources								
Transfer from other funds								
Total outflows	<u>297,117.56</u>	<u>19,075.00</u>	<u>12,543.00</u>	<u>8,439.58</u>	<u>171,184.00</u>	<u>8,224.00</u>	<u>47,303.00</u>	<u>288,649.22</u>
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, 2016**

	21st Century Carryover	21st Century Supplemental	Preschool Development Expansion	Race to the Top	Total Federal Funds	Totals
<b>REVENUES:</b>						
Local Sources						7,889.99
State Sources	79,876.43	19,028.90	221,358.34	8,499.98	1,181,299.01	360,300.00
Federal Sources	79,876.43	19,028.90	221,358.34	8,499.98	1,181,299.01	1,181,299.01
<b>Total revenues</b>						<b>1,549,489.00</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers	23,673.00	14,633.58	88,695.60		439,049.65	708,576.67
Other salaries for instruction					88,695.60	89,355.20
Purchased prof. and technical services		3,105.00			10,278.34	10,278.34
Tuition					179,408.00	179,408.00
Other purchased services	13,741.35		4,175.80		4,175.80	4,175.80
General supplies	216.00	137.00	17,956.20		55,320.91	61,054.25
Other objects					5,559.06	5,559.06
<b>Total Instruction</b>	<b>37,630.35</b>	<b>17,875.58</b>	<b>110,827.60</b>	<b>-</b>	<b>762,487.36</b>	<b>1,058,407.32</b>
Support services:						
Salaries of other professional staff	17,318.71		27,082.00		121,986.87	178,768.07
Salaries of supervisors of instruction					-	22,837.00
Personal services- employee benefits	9,830.00	1,119.47	82,153.40		215,109.67	345,983.67
Purchased professional educational service			295.34		295.34	295.34
Purchased technical services	9,750.00			7,000.00	26,500.00	26,500.00
Other purchased services	5,156.62				29,143.11	30,988.11
Travel		33.85			1,494.31	1,494.31
Supplies and materials	190.75		1,000.00	1,499.98	4,282.35	4,282.35
<b>Total support services</b>	<b>42,246.08</b>	<b>1,153.32</b>	<b>110,530.74</b>	<b>8,499.98</b>	<b>398,811.65</b>	<b>611,148.85</b>
<b>Total expenditures</b>	<b>79,876.43</b>	<b>19,028.90</b>	<b>221,358.34</b>	<b>8,499.98</b>	<b>1,181,299.01</b>	<b>1,669,556.17</b>
Other financing sources						
Transfer from other funds						120,067.17
<b>Total outflows</b>	<b>79,876.43</b>	<b>19,028.90</b>	<b>221,358.34</b>	<b>8,499.98</b>	<b>1,181,299.01</b>	<b>1,549,489.00</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Egg Harbor City School District  
Special Revenue Fund  
Schedule of Preschool Education Aid  
For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	\$ 268,350.85	268,350.85	-
Other salaries for instruction	659.60	659.60	(0.00)
Other purchased services	-	-	-
Supplies	864.52	864.52	-
Total instruction	<u>269,874.97</u>	<u>269,874.97</u>	<u>(0.00)</u>
Support services:			
Salaries of Other Professional Staff	56,781.20	56,781.20	-
Salaries of Supervisors of Instruction	22,837.00	22,837.00	-
Professional services - employee benefits	130,874.00	130,874.00	-
Total support services	<u>210,492.20</u>	<u>210,492.20</u>	<u>-</u>
Total Expenditures	<u>\$ 480,367.17</u>	<u>480,367.17</u>	<u>(0.00)</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2015-16 Preschool Education Aid Allocation	360,300.00
Add: Actual ECPA/PEA Carryover (June 30, 2015)	-
Add: Budgeted Transfer from the General Fund 2015-16	120,067.17
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>480,367.17</u>
Less: 2015-16 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>(480,367.17)</u>
Available & Unbudgeted Preschool Education Funds as of June 30, 2016	-
Add: June 30, 2016 Unexpended Preschool Education Aid	(0.00)
Less: 2015-16 Commissioner-approved Transfer to the General Fund	-
2015-16 Carryover - Preschool Education Aid Program	<u>(0.00)</u>
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	-

**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, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2016
			Prior Years	Current Year	
School Facilities Project	11/14/07	24,597,412.00	24,050,079.00	-	547,333.00
Spragg Elementary School Roof and HVAC Replacement	3/17/14	1,153,013.00	1,026,998.00	-	126,015.00
Totals		\$ 25,750,425.00	25,077,077.00	-	673,348.00

**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, 2016**

**Revenue and Other Financing Sources**

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

**Expenditures and Other Financing Uses**

Purchase of Land		-
Purchased Professional and Technical Services		-
Construction Services		-
Other Objects		-
 Total expenditures		<u><u>-</u></u>
		-

Fund balance- beginning		673,348.00
Fund balance - ending	\$	<u><u>673,348.00</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, 2016**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources</b>				
State Sources - SDA	\$ 15,727,412.00		15,727,412.00	15,727,412.00
Bond proceeds and transfers	8,870,000.00		8,870,000.00	8,870,000.00
Transfer from capital reserve				
Transfer from capital outlay				
 Total revenues	<u>24,597,412.00</u>	<u>-</u>	<u>24,597,412.00</u>	<u>24,597,412.00</u>
 <b>Expenditures and Other Financing Uses</b>				
Purchase of Land	1,745,000.00		1,745,000.00	1,745,000.00
Purchased Professional and Technical Services				
Construction services	22,305,079.00		22,305,079.00	22,852,412.00
Other Objects				
 Total expenditures	<u>24,050,079.00</u>	<u>-</u>	<u>24,050,079.00</u>	<u>24,597,412.00</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>\$ 547,333.00</u>	<u>-</u>	<u>547,333.00</u>	<u>-</u>
 <b>Additional project information:</b>				
Project Number	1300-X01-04-1000			
Grant Date	11/27/07			
Bonds Authorization Date	11/14/07			
Bonds Authorized	8,870,000.00			
Bonds Issued	8,870,000.00			
Original Authorized Cost	24,007,569.00			
Additional Authorized Cost	589,843.00			
Revised Authorized Cost	24,597,412.00			
 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, 2016**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources</b>				
State Sources - SDA	\$ 813,029.00	-	813,029.00	813,029.00
Bond proceeds and transfers			-	
Transfer from capital reserve	339,984.00	-	339,984.00	339,984.00
<b>Total revenues</b>	<b>1,153,013.00</b>	<b>-</b>	<b>1,153,013.00</b>	<b>1,153,013.00</b>
 <b>Expenditures and Other Financing Uses</b>				
Purchase of Land			-	
Purchased Professional and Technical Services	120,130.00		120,130.00	83,000.00
Construction services	906,854.00		906,854.00	998,108.00
Other Objects	14.00		14.00	71,905.00
<b>Total expenditures</b>	<b>1,026,998.00</b>	<b>-</b>	<b>1,026,998.00</b>	<b>1,153,013.00</b>
 Excess (deficiency) of revenues over (under) expenditures	<b>\$ 126,015.00</b>	<b>-</b>	<b>126,015.00</b>	<b>-</b>

**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	100.00%
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, 2016

H-1

	Expendable Trusts		Agency		Total
	Scholarship	Unemployment Compensation	Payroll		
ASSETS:					
Cash and cash equivalents	2,219.37	46,534.33	46,974.74	49,194.11	46,534.33
Due from payroll agency					
Total Assets	2,219.37	46,534.33	46,974.74	95,728.44	
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Due to unemployment compensation trust			46,534.33	46,534.33	
Other liabilities			440.41	440.41	
Total Liabilities	-	-	46,974.74	46,974.74	
Fund balances:					
Reserved - Expendable Trust	2,219.37			2,219.37	
Scholarship		46,534.33		46,534.33	
Reserved - Unemployment Compensation					
Total fund balances	2,219.37	46,534.33	-	48,753.70	
Total liabilities and fund balances	2,219.37	46,534.33	46,974.74	95,728.44	

**Egg Harbor City School District  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 39,052.13	5,931,133.91	5,923,211.30	46,974.74
Total assets	<u>39,052.13</u>	<u>5,931,133.91</u>	<u>5,923,211.30</u>	<u>46,974.74</u>
<b>LIABILITIES:</b>				
Due to unemployment trust	37,726.67	8,807.66	-	46,534.33
Payroll deductions and withholdings	1,325.46	5,922,326.25	5,923,211.30	440.41
Total liabilities	<u>\$ 39,052.13</u>	<u>5,931,133.91</u>	<u>5,923,211.30</u>	<u>46,974.74</u>



**LONG-TERM DEBT**

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**Egg Harbor City School District  
Long-Term Debt  
Schedule of Serial Bonds  
June 30, 2016**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
School Bonds of 2008	2/28/08	8,870,000.00	3/15/17	325,000.00	3.75%	8,100,000.00		310,000.00	7,790,000.00
			3/15/18	335,000.00	3.75%				
			3/15/19	350,000.00	3.75%				
			3/15/20	365,000.00	3.75%				
			3/15/21	380,000.00	4.00%				
			3/15/22	395,000.00	4.00%				
			3/15/23	415,000.00	4.00%				
			3/15/24	430,000.00	4.00%				
			3/15/25	450,000.00	4.00%				
			3/15/26	470,000.00	4.00%				
			3/15/27	485,000.00	4.00%				
			3/15/28	510,000.00	4.00%				
			3/15/29	530,000.00	4.00%				
			3/15/30	550,000.00	4.00%				
			3/15/31	575,000.00	4.00%				
			3/15/32	600,000.00	4.00%				
			3/15/33	625,000.00	4.05%				
						\$ 8,100,000.00		310,000.00	7,790,000.00

City of Egg Harbor School District  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 631,304.00		631,304.00	631,304.00	-
Miscellaneous	631,304.00	-	631,304.00	541.50	541.50
<b>Total Revenues</b>	<b>631,304.00</b>	<b>-</b>	<b>631,304.00</b>	<b>631,845.50</b>	<b>541.50</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	321,313.00		321,313.00	321,312.50	0.50
Redemption of Principal	310,000.00		310,000.00	310,000.00	-
Total Regular Debt Service	631,313.00	-	631,313.00	631,312.50	0.50
<b>Total expenditures</b>	<b>631,313.00</b>	<b>-</b>	<b>631,313.00</b>	<b>631,312.50</b>	<b>0.50</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9.00)	-	(9.00)	533.00	542.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(9.00)	-	(9.00)	533.00	542.00
Fund Balance, July 1	155.00		155.00	155.00	-
Fund Balance, June 30	146.00	-	146.00	688.00	542.00
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	\$ (9.00)		(9.00)	533.00	542.00

## **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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ (1,242,256.00)	(1,058,635.00)	3,525,198.00	10,130,678.00	16,002,453.00	16,441,140.00	16,942,671.00	17,270,732.00	21,518,642.00	21,147,044.47
Restricted	743,365.00	1,033,192.00	837,954.00	4,253,443.00	1,377,198.00	1,683,659.00	1,813,210.00	1,529,735.00	1,372,785.00	1,707,814.27
Unrestricted	(151,245.00)	(319,823.00)	(439,256.00)	(374,180.00)	(144,982.00)	(484,180.00)	(437,431.00)	(261,977.00)	(2,456,957.00)	(2,728,469.96)
Total governmental activities net position	<u>(650,136.00)</u>	<u>(345,266.00)</u>	<u>3,923,896.00</u>	<u>14,009,941.00</u>	<u>17,234,669.00</u>	<u>17,640,619.00</u>	<u>18,318,450.00</u>	<u>18,538,490.00</u>	<u>20,434,470.00</u>	<u>20,126,388.76</u>
<b>Business-type activities</b>										
Net investment in capital assets	113,249.00	103,593.00	104,212.00	102,890.00	106,927.00	107,574.00	100,658.00	100,559.00	93,902.00	83,533.00
Unrestricted	113,249.00	103,593.00	104,212.00	102,890.00	81,483.00	90,598.00	97,867.00	82,945.00	80,574.00	80,777.76
Total business-type activities net position	<u>113,249.00</u>	<u>103,593.00</u>	<u>104,212.00</u>	<u>102,890.00</u>	<u>188,410.00</u>	<u>198,172.00</u>	<u>198,525.00</u>	<u>183,504.00</u>	<u>174,476.00</u>	<u>164,310.76</u>
<b>District-wide</b>										
Net investment in capital assets	(1,242,256.00)	(1,058,635.00)	3,525,198.00	10,130,678.00	16,109,380.00	16,548,714.00	17,043,329.00	17,371,291.00	21,612,544.00	21,230,577.47
Restricted	743,365.00	1,033,192.00	837,954.00	4,253,443.00	1,377,198.00	1,705,239.00	1,813,210.00	1,529,735.00	1,372,785.00	1,707,814.27
Unrestricted	(37,996.00)	(216,230.00)	(335,044.00)	(271,290.00)	(63,499.00)	(415,162.00)	(339,564.00)	(179,032.00)	(2,379,383.00)	(2,647,692.20)
Total district net position	<u>(536,887.00)</u>	<u>(241,673.00)</u>	<u>4,028,108.00</u>	<u>14,112,831.00</u>	<u>17,423,079.00</u>	<u>17,838,791.00</u>	<u>18,516,975.00</u>	<u>18,721,994.00</u>	<u>20,605,946.00</u>	<u>20,290,699.54</u>

Source: CAFR Schedule A-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	3,857,016.00	4,431,827.00	4,425,185.00	4,756,183.00	3,867,344.00	4,103,860.00	3,906,258.00	3,892,125.00	4,781,312.31	5,458,891.28
Special education	989,863.00	970,780.00	932,801.00	964,458.00	973,757.00	1,134,650.00	1,301,615.00	1,234,366.00	1,366,601.00	1,415,813.10
Other special instruction	155,516.00	144,560.00	153,086.00	152,413.00	171,402.00	120,330.00	287,282.00	265,407.00	354,714.00	353,328.34
Nonpublic school programs	151,999.00	101,355.00	-	-	-	-	-	-	-	-
Support Services:										
Tuition	409,863.00	496,826.00	529,663.00	652,097.00	541,696.00	600,886.00	784,653.00	744,603.00	585,438.00	780,381.01
Student & instruction related services	1,400,708.00	1,282,041.00	1,298,435.00	1,256,793.00	1,631,064.00	1,625,445.00	1,469,053.00	1,531,806.00	1,709,987.46	1,999,164.64
General administrative services	426,035.00	462,826.00	343,752.00	357,718.00	353,476.00	375,821.00	409,287.00	296,660.00	306,028.00	339,020.00
School administrative services	132,533.00	169,637.00	251,879.00	251,309.00	242,647.00	261,444.00	264,414.00	271,939.00	319,472.00	377,277.06
Plant operations and maintenance	688,281.00	722,201.00	798,532.00	790,412.00	884,988.00	874,452.00	878,693.00	1,031,832.00	1,179,606.00	1,304,324.74
Pupil transportation	255,840.00	235,295.00	282,743.00	286,701.00	209,294.00	234,961.00	269,728.00	249,999.00	181,933.00	192,003.68
Business and other support services	247,329.00	235,023.00	212,414.00	246,965.00	261,269.00	239,949.00	250,005.00	262,185.00	309,012.00	383,391.28
Interest on long-term debt	46,860.00	193,311.00	408,314.00	317,281.00	365,936.00	356,213.00	346,057.00	335,393.00	329,282.00	487,987.73
Capital Outlay	-	-	-	-	182,397.00	-	400,936.00	195,873.00	-	-
Other financing uses	-	-	-	250,000.00	-	-	-	-	-	-
Total governmental activities expenses	8,761,843.00	9,445,682.00	9,633,804.00	10,282,330.00	9,685,240.00	9,928,011.00	10,694,834.00	10,312,088.00	11,423,385.77	13,091,582.86
Business-type activities:										
Food service	273,500.00	294,980.00	290,023.00	298,747.00	297,494.00	306,258.00	306,258.00	405,440.00	404,952.00	429,545.78
Child Care	6,895.00	2,467.00	-	2,467.00	-	-	-	-	-	-
Total business-type activities expense	280,395.00	294,980.00	290,023.00	301,214.00	297,494.00	306,258.00	306,258.00	405,440.00	404,952.00	429,545.78
Total district expenses	9,042,238.00	9,740,662.00	9,923,827.00	10,583,544.00	9,982,734.00	10,234,269.00	11,001,092.00	10,717,528.00	11,828,337.77	13,521,128.64
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	3,148,707.00	3,326,917.00	2,269,242.00	2,529,024.00	2,244,224.00	2,149,576.00	2,208,985.00	2,128,607.00	3,178,119.00	207,769.57
Operating grants and contributions	-	-	3,156,847.00	10,652,699.00	3,147,412.00	171,103.00	-	54,172.00	3,525,325.00	3,015,826.00
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	3,148,707.00	3,326,917.00	5,426,089.00	13,181,723.00	5,391,636.00	2,320,679.00	2,208,985.00	2,182,779.00	6,703,444.00	3,223,595.57
Business-type activities:										
Charges for services	77,136.00	82,622.00	76,063.00	71,010.00	69,482.00	69,564.00	64,233.00	66,443.00	61,187.00	48,991.19
Food service	6,720.00	-	-	-	-	-	-	-	-	-
Child care	192,470.00	200,751.00	214,164.00	228,837.00	211,920.00	246,420.00	336,950.00	323,967.00	334,699.00	370,296.46
Operating grants and contributions	276,326.00	283,373.00	290,227.00	299,847.00	281,402.00	315,984.00	401,183.00	390,410.00	395,886.00	419,287.65
Total business type activities program revenues	3,425,033.00	3,610,290.00	5,716,316.00	13,481,570.00	5,673,038.00	2,636,663.00	2,610,168.00	2,573,189.00	7,099,330.00	3,642,883.22
<b>Net (Expense)/Revenue</b>										
Governmental activities	(5,613,136.00)	(6,118,765.00)	(4,207,715.00)	2,899,393.00	(4,293,604.00)	(7,607,332.00)	(8,084,913.00)	(8,129,309.00)	(4,719,942.00)	(9,867,987.29)
Business-type activities	(4,069.00)	(11,607.00)	204.00	(1,367.00)	(16,092.00)	9,726.00	247.00	(15,030.00)	(9,066.00)	(10,258.13)
Total district-wide net expense	<u>(5,617,205.00)</u>	<u>(6,130,372.00)</u>	<u>(4,207,511.00)</u>	<u>2,898,026.00</u>	<u>(4,309,696.00)</u>	<u>(7,597,606.00)</u>	<u>(8,084,666.00)</u>	<u>(8,144,339.00)</u>	<u>(4,729,008.00)</u>	<u>(9,878,245.42)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	1,810,936.00	1,902,167.00	1,902,167.00	1,978,253.00	2,235,239.00	2,235,239.00	2,280,542.00	2,370,858.00	2,523,087.00	2,596,048.00
Taxes levied for debt service	93,548.00	92,559.00	356,473.00	277,127.00	120,461.00	465,673.00	528,353.00	534,821.00	632,510.00	631,304.00
Unrestricted grants and contributions	3,735,645.00	3,981,809.00	4,916,975.00	4,710,498.00	4,856,166.00	5,159,250.00	5,163,406.00	5,257,862.00	5,275,987.00	6,275,088.95

See Accompanying Auditor's Report



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Restricted grants and contributions										
Tuition Received	125,021.00	123,701.00	122,390.00	120,996.00	101,703.00	100,555.00	99,453.00	98,341.00	-	-
Investment earnings	35,345.00	54,589.00	13,480.00	224.00	1,900.00	93.00	7,649.00	7,210.00	1,316.00	1,854.29
Miscellaneous income	54,895.00	254,213.00	1,162,795.00	95,957.00	199,266.00	81,237.00	23,719.00	80,257.00	322,361.00	58,610.83
Amortization	3,597.00	3,597.00	3,597.00	3,597.00						
Transfers in		11,000.00								
Loss on asset adjustment				(32,362.00)			(323,728.00)			
Assets added in prior year							8,166.00			
Cancellation of Receivable							(3,007.00)			
<b>Total governmental activities</b>	<b>5,880,007.00</b>	<b>6,423,635.00</b>	<b>8,476,877.00</b>	<b>7,186,652.00</b>	<b>7,518,332.00</b>	<b>8,013,282.00</b>	<b>7,784,553.00</b>	<b>8,349,349.00</b>	<b>8,755,261.00</b>	<b>9,562,906.07</b>
<b>Business-type activities:</b>										
Investment earnings	3,625.00	1,951.00	415.00	45.00	63.00	36.00	106.00	9.00	38.00	92.89
Contributed capital					101,550.00					
<b>Total business-type activities</b>	<b>3,625.00</b>	<b>1,951.00</b>	<b>415.00</b>	<b>45.00</b>	<b>101,613.00</b>	<b>36.00</b>	<b>106.00</b>	<b>9.00</b>	<b>38.00</b>	<b>92.89</b>
<b>Total district-wide</b>	<b>5,883,632.00</b>	<b>6,425,586.00</b>	<b>8,477,292.00</b>	<b>7,186,697.00</b>	<b>7,619,945.00</b>	<b>8,013,318.00</b>	<b>7,784,659.00</b>	<b>8,349,358.00</b>	<b>8,755,299.00</b>	<b>9,562,998.96</b>
<b>Change in Net Position</b>										
Governmental activities	266,871.00	304,870.00	4,269,162.00	10,086,045.00	3,224,728.00	405,950.00	(300,360.00)	220,040.00	4,035,319.00	(305,081.22)
Business-type activities	(444.00)	(9,656.00)	619.00	(1,322.00)	85,521.00	9,762.00	353.00	(15,021.00)	(9,028.00)	(10,165.24)
<b>Total district</b>	<b>266,427.00</b>	<b>295,214.00</b>	<b>4,269,781.00</b>	<b>10,084,723.00</b>	<b>3,310,249.00</b>	<b>415,712.00</b>	<b>(300,007.00)</b>	<b>205,019.00</b>	<b>4,026,291.00</b>	<b>(315,246.46)</b>

Source: CAFR Schedule A-2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted										
Committed	743,363.00	1,033,190.00	1,275,847.00	864,576.00	715,718.00	1,195,072.00	860,090.00	618,649.00	740,826.00	884,858.49
Assigned	81,698.00	72,124.00	(222,399.00)	(221,482.00)	191,207.00	191,522.00	291,802.00	202,423.00	52,172.00	149,267.52
Unassigned	825,061.00	1,105,314.00	1,053,448.00	643,094.00	86,174.00	(186,396.00)	(146,822.00)	(21,969.00)	(144,345.00)	(153,081.73)
Reserved										
Unreserved										
Total general fund	<u>825,061.00</u>	<u>1,105,314.00</u>	<u>1,053,448.00</u>	<u>643,094.00</u>	<u>993,099.00</u>	<u>1,200,198.00</u>	<u>1,005,070.00</u>	<u>799,103.00</u>	<u>648,653.00</u>	<u>881,044.28</u>
All Other Governmental Funds										
Restricted										
Reserved		8,870,000.00	7,767,066.00	2,951,623.00	352,939.00	295,781.00	661,038.00	708,601.00	673,348.00	673,688.26
Unreserved, reported in:										
Special revenue fund	(35,327.00)	(40,927.00)	(27,317.00)	(28,418.00)	(28,159.00)	(32,962.00)	(30,731.00)	(26,621.00)	(27,993.00)	0.00
Debt service fund	2.00	2.00	665,041.00	437,244.00	31,160.00	1,284.00	280.00	62.00	155.00	688.00
Total all other governmental funds	<u>(35,325.00)</u>	<u>8,829,075.00</u>	<u>8,404,790.00</u>	<u>3,360,449.00</u>	<u>355,940.00</u>	<u>264,103.00</u>	<u>630,587.00</u>	<u>682,042.00</u>	<u>645,510.00</u>	<u>674,376.26</u>

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*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	1,904,484.00	1,994,726.00	2,257,640.00	2,255,380.00	2,355,700.00	2,700,912.00	2,808,895.00	2,905,679.00	3,155,597.00	3,227,352.00
Tuition charges	35,345.00	-	-	-	1,900.00	93.00	7,649.00	7,210.00	1,316.00	1,854.29
Interest earnings	72,980.00	54,589.00	13,480.00	224.00	201,243.00	85,183.00	33,123.00	85,281.00	332,892.31	274,270.39
Miscellaneous	54,895.00	254,213.00	1,163,795.00	95,957.00	8,942,405.00	6,344,333.00	6,444,618.00	6,445,687.00	7,039,571.00	6,608,795.13
State sources	5,627,771.00	6,015,365.00	9,074,292.00	15,616,451.00	1,405,382.00	1,232,205.00	1,017,823.00	1,088,270.00	1,115,941.32	1,297,978.83
Federal sources	1,381,602.00	1,417,062.00	1,390,163.00	2,395,663.00	12,906,630.00	10,362,726.00	10,312,108.00	10,532,127.00	11,645,317.63	11,410,250.64
Total revenue	9,077,077.00	9,735,955.00	13,899,370.00	20,363,675.00	23,567,360.00	27,069,169.00	28,486,543.00	29,039,595.00	31,148,993.10	32,227,352.00
<b>Expenditures</b>										
Instruction										
Regular Instruction	2,887,126.00	3,371,490.00	3,463,608.00	3,658,489.00	2,937,919.00	2,923,937.00	2,838,658.00	2,817,164.00	2,941,900.31	2,988,328.72
Special education instruction	750,678.00	735,751.00	728,319.00	740,228.00	724,543.00	822,187.00	945,876.00	892,619.00	840,859.00	775,050.23
Other special instruction	117,938.00	109,561.00	119,528.00	116,978.00	127,535.00	87,193.00	208,766.00	191,926.00	218,252.00	193,420.45
Nonpublic school programs	115,271.00	76,817.00	-	-	-	-	-	-	-	-
Support Services:										
Tuition	266,821.00	332,774.00	370,835.00	399,088.00	318,005.00	307,980.00	530,470.00	528,508.00	571,533.00	780,381.01
Student & instruction related services	1,062,248.00	971,655.00	1,013,801.00	964,597.00	1,213,624.00	1,177,824.00	1,067,551.00	1,107,709.00	1,052,140.46	1,094,390.94
General administrative services	323,090.00	350,774.00	268,397.00	274,551.00	263,011.00	272,326.00	297,427.00	214,526.00	210,288.00	198,808.76
School Administrative services	100,509.00	128,567.00	196,664.00	192,882.00	180,546.00	189,447.00	192,148.00	196,650.00	219,526.00	221,243.54
Business administrative services	187,568.00	178,330.00	165,850.00	189,547.00	194,403.00	173,871.00	181,677.00	189,596.00	212,339.00	224,829.05
Plant operations and maintenance	521,969.00	547,354.00	621,141.00	606,647.00	658,470.00	633,642.00	638,541.00	746,159.00	810,570.00	764,884.62
Pupil transportation	194,020.00	178,125.00	220,762.00	220,045.00	155,729.00	170,257.00	196,010.00	180,712.00	181,933.00	192,003.68
Unallocated employee benefits	2,054,846.00	2,215,521.00	1,995,832.00	2,225,553.00	2,216,793.00	2,358,446.00	2,588,719.00	2,677,244.00	2,761,165.86	2,888,466.60
Charter Schools	58,027.00	57,750.00	54,712.00	132,117.00	114,309.00	175,862.00	54,677.00	13,751.00	13,885.00	-
Capital outlay	49,973.00	1,573.00	4,510,381.00	15,218,366.00	5,826,943.00	325,363.00	742,956.00	296,684.00	1,165,325.00	195,873.00
Debt service:										
Principal	169,049.00	172,650.00	241,464.00	250,338.00	259,508.00	288,894.00	278,617.00	293,577.00	300,000.00	310,000.00
Interest and other charges	49,520.00	43,610.00	404,227.00	378,944.00	369,796.00	360,235.00	350,246.00	339,814.00	332,563.00	321,312.50
Total expenditures	8,908,653.00	9,472,302.00	14,375,521.00	25,568,370.00	15,561,134.00	10,247,464.00	11,112,339.00	10,686,639.00	11,832,279.63	11,148,993.10
Excess (Deficiency) of revenues over (under) expenditures	168,424.00	263,653.00	(476,151.00)	(5,204,695.00)	(2,654,504.00)	115,262.00	(800,231.00)	(154,512.00)	(186,982.00)	261,257.54
<b>Other Financing sources (uses)</b>										
Cancellation of prior year receivable	(51,960.00)			(250,000.00)			(3,007.00)			
Payment of funds to City per contract		8,870,000.00								
Proceeds from bond sales										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in	51,960.00	11,000.00								
Transfers out	(51,960.00)			(250,000.00)						
Total other financing sources (uses)										
Net change in fund balances	116,464.00	9,144,653.00	(476,151.00)	(5,454,695.00)	(2,654,504.00)	115,262.00	(800,238.00)	(154,512.00)	(186,982.00)	261,257.54
Debt service as a percentage of noncapital expenditures	2.47%	2.28%	6.55%	6.08%	6.46%	6.34%	6.06%	6.10%	5.93%	5.76%

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
2007	72,980.00	35,345.00	-	108,325.00
2008	54,589.00	-	2,700,912.00	a 2,755,501.00
2009	13,480.00	23,151.00	56,777.00	93,408.00
2010	224.00	-	95,957.00	96,181.00
2011	1,900.00	-	201,110.00	203,010.00
2012	93.00	-	85,183.00	85,276.00
2013	7,649.00	-	33,123.00	40,772.00
2014	7,210.00	-	85,281.00	92,491.00
2015	1,316.00	-	332,892.00	334,208.00
2016	1,854.29	-	274,270.39	276,124.68

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,	Residential				Farm		Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Reg.	Qfarm	Reg.	Qfarm										
2007	7,940,600	231,678,700	-	-	8,236,700	6,943,400	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	-	-	7,936,600	6,943,400	41,998,600	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	-	-	7,936,500	6,943,400	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	-	-	8,204,100	6,790,400	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	-	-	6,908,800	6,790,400	42,409,300	6,908,800	6,790,400	298,521,900	-	2,153,609	298,675,509	0.748	286,369,003	
2012	5,108,200	176,622,200	-	-	5,598,300	4,778,800	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	-	-	5,515,800	4,778,800	30,217,200	5,515,800	4,778,800	223,573,700	-	1,556,978	225,130,678	1.262	255,018,572	
2014	5,785,800	176,902,100	-	-	5,515,800	4,778,800	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	-	-	5,694,500	5,248,200	30,669,400	5,694,500	5,248,200	225,081,400	-	-	225,081,400	1.376	233,511,153	
2016	6,011,800	174,834,200	-	-	5,694,500	6,137,000	31,155,800	5,694,500	6,137,000	223,833,300	-	-	223,833,300	1.445	232,216,309	

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
	General		Total Direct	Egg Harbor City	Atlantic County		
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>			Egg Harbor Regional	Harbor County	
2007	0.604	0.030	0.634	0.454	1.068	0.306	2.462
2008	0.634	0.076	0.710	0.443	1.125	0.317	2.595
2009	0.635	0.075	0.710	0.404	1.137	0.327	2.578
2010	0.692	0.075	0.767	0.414	1.201	0.334	2.716
2011	0.849	0.040	0.889	0.450	1.275	0.366	2.980
2012	1.001	0.208	1.209	0.614	1.708	0.430	3.961
2013	1.024	0.238	1.262	0.540	1.797	0.529	4.128
2014	1.029	0.235	1.264	0.580	1.828	0.506	4.178
2015	1.229	0.147	1.376	0.563	1.867	0.470	4.276
2016	1.166	0.279	1.445	0.658	1.892	0.538	4.533

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

Source: District Records and Municipal Tax Collector

**Note:** N.J.S.A. 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,  
Last Year and Nine Years Ago  
Unaudited**

Taxpayer	2015			2007		
	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%	3,882,300.00	1	1.30%
Egg Harbor Holdings Urban Renewal	1,849,900	2	0.82%			0.00%
Harbor Plaza Holdings, LLC	1,797,400	3	0.80%			0.00%
Cedar Creek Partners, LLC	1,260,400	4	0.56%			0.00%
Egg Harbor Realty Holdings LLC	1,189,600	5	0.53%	1,684,000.00	4	0.56%
Taxpayer #1	1,088,100	6	0.48%	1,423,800.00	5	0.48%
Taxpayer #2	989,700	7	0.44%			0.00%
Taxpayer #3	938,900	8	0.42%			0.00%
C & L Company, LLC	936,200	9	0.42%			0.00%
Rittenberg Urban Renewal Assoc., LLC	888,800	10	0.39%			0.00%
Philadelphia Associates				2,790,400.00	2	0.93%
Semdor Inc				2,515,500.00	3	0.84%
Liverpool Estates, LP				1,384,200.00	6	0.46%
Daniel Kamin Clements Bridge Rd				1,303,700.00	7	0.44%
EH Yachts, LLC				1,264,200.00	8	0.42%
Pembroke Associates LLC				1,242,600.00	9	0.41%
Rastelli Atlantic Realty LLC				1,217,800.00	10	0.41%
<b>Total</b>	<u>13,687,100</u>		<u>6.08%</u>	<u>18,708,500.00</u>		<u>6.24%</u>

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

225,081,400

299,694,675

*Note- A revaluation occurred in 2012 which caused a significant reduction in property valuation.*

GASB requires this table to present the principal taxpayers for the last 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	
2007	1,904,484.00	1,904,484.00	100%	-
2008	1,994,726.00	1,994,726.00	100%	-
2009	1,902,167.00	1,902,167.00	100%	-
2010	1,978,253.00	1,978,253.00	100%	-
2011	2,355,700.00	2,355,700.00	100%	-
2012	2,700,912.00	2,700,912.00	100%	-
2013	2,808,895.00	2,808,895.00	100%	-
2014	2,905,679.00	2,905,679.00	100%	-
2015	3,155,597.00	3,155,597.00	100%	-
2016	3,227,352.00	3,227,352.00	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
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	20,000,000	-	-	-	-	20,000,000	11.833%	4,714
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
2016	7,790,000	-	-	-	-	7,790,000	5.142%	1,838

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

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

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

See Accompanying Auditor's Report

**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 <sup>b</sup>
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
2016	7,790,000	-	7,790,000	3.35%	1,838

**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, 2016**  
*Unaudited*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Egg Harbor City	3,187,129.00	100.00%	3,187,129.00
<b>Other debt</b> Greater Egg Harbor Regional School District Atlantic County	56,820,000.00 155,437,198.54	3.76% 0.58%	2,135,676.00 896,678.00
Subtotal, overlapping debt			6,219,483.00
<b>Egg Harbor City of School District debt</b>	7,790,000.00	100.00%	7,790,000.00
<b>Total direct and overlapping debt</b>			<u>14,009,483.00</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 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	6,996,581.00	8,409,420.00	9,392,093.00	9,527,739.00	9,231,049.00	8,874,049.00	8,307,266.00	7,693,996.00	6,949,296.00	6,786,716.53
Total net debt applicable to limit	<u>1,295,047.00</u>	<u>9,992,397.00</u>	<u>9,750,933.00</u>	<u>9,500,596.00</u>	<u>9,241,088.00</u>	<u>8,972,194.00</u>	<u>8,693,577.00</u>	<u>8,400,000.00</u>	<u>8,100,000.00</u>	<u>7,790,000.00</u>
Legal debt margin	<u>5,701,534.00</u>	<u>(1,582,977.00)</u>	<u>(358,840.00)</u>	<u>27,143.00</u>	<u>(10,039.00)</u>	<u>(98,145.00)</u>	<u>(386,311.00)</u>	<u>(706,004.00)</u>	<u>(1,150,704.00)</u>	<u>(1,003,283.47)</u>
Total net debt applicable to the limit as a percentage of debt limit	18.51%	118.82%	103.82%	99.72%	100.11%	101.11%	104.65%	109.18%	116.56%	114.78%

	2015	2014	2013
Equalized valuation basis	233,511,153	209,745,422	235,415,078
Average equalized valuation of taxable property	<u>226,223,884</u>		
Debt limit (3% of average) equalization	6,786,717		
Net bonded school debt	<u>7,790,000</u>		
Legal debt margin	<u>(1,003,283)</u>		

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

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

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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%
2016	4,239	151,493	35,738	9.90%

**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 19, 2015

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>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	37.8	43.8	45.2	38.2	35.2	30.4	30.4	29.7	31.8	32.8
Special education	13.2	13.0	13.0	16.0	21.0	26.6	26.6	25.6	24.6	24.8
Support Services:										
Student & instruction related services	11.0	21.0	21.0	27.0	17.0	15.7	15.7	15.7	13.7	11.5
General administrative services	6.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
School administrative services	4.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5
Business administrative services	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<b>Total</b>	<b>81.60</b>	<b>94.80</b>	<b>97.20</b>	<b>99.20</b>	<b>91.20</b>	<b>90.70</b>	<b>90.70</b>	<b>89.00</b>	<b>87.10</b>	<b>86.10</b>

GASB requires this table to present the full-time equivalent district employees by function/program for the current year and the previous nine years, however only 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 <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						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%
2016	527	9,646,533	18,305	-7.88%	58	9:1	9:1	511	479	3.66%	93.74%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



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

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Elementary</b>										
Charles L. Spragg School (1955)										
Square Feet	40,654	40,654	40,654	40,654	44,718	44,718	44,718	44,718	44,718	44,718
Capacity (students)	317	317	317	317	326	326	326	326	326	326
Enrollment	293	287	299	299	222	268	265	254	272	292
<b>Middle School</b>										
Egg Harbor Community School (2010)										
Square Feet					61,954	61,954	61,954	61,954	61,954	61,954
Capacity (students)					343	343	343	343	343	343
Enrollment					240	221	226	237	233	235
Fanny D. Rittenberg School (1923)										
Square Feet	40,458	40,458	40,458	40,458	-	-	-	-	-	-
Capacity (students)	282	282	282	282	-	-	-	-	-	-
Enrollment	213	202	180	180	-	-	-	-	-	-
<b>Other</b>										
Administration Building										
Square Feet	2,300	2,300	2,300	2,300	-	-	-	-	-	-

Number of District Buildings at June 30, 2016  
 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

	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
School Facilities											
Elementary School	N/A	71,988.20	94,502.81	70,077.04	93,638.00	88,995.00	81,520.00	89,971.00	84,265.00	31,576.00	17,250.00
Middle School	N/A	147,867.46	140,840.25	125,857.96	77,060.00	87,455.00	69,620.00	49,075.00	48,492.00	14,715.00	7,800.00
Total School Facilities		219,855.66	235,343.06	195,935.00	170,698.00	176,450.00	151,140.00	139,046.00	132,757.00	46,291.00	25,050.00
Other Facilities								6,689.00	6,049.00		
Grand Total		219,855.66	235,343.06	195,935.00	170,698.00	176,450.00	151,140.00	145,735.00	138,806.00	46,291.00	25,050.00

**EGG HARBOR CITY SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2016**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	150,000,000	500
Comprehensive General Liability and Automobile	20,000,000	
Comprehensive Crime Coverage	500,000	500
Boiler and Machinery - ACCASBOJIF		
Property Damage	125,000,000	1,000
Crime Liability - ACCASBOJIF	500,000	500
Workers; Compensation - ACCASBOJIF		
Coverage A	Statutory	
Educator's Legal Liability - ACCASBOJIF	20,000,000	
Pollution Legal Liability	3,000,000	25,000
Cyber Liability	1,000,000	25,000
Violent Malicious Acts	1,000,000	15,000

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

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## 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, 2016, 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 15, 2016.

### **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 15, 2016**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://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 Compliance for Each Major Federal and State Program**

We have audited the Egg Harbor City School District's compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 Uniform Guidance, and New Jersey OMB 15-08 *State Aid/Grant Compliance Supplement*. Those standards and the Uniform Guidance 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, 2016.

## 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 Uniform Guidance and NJ OMB 15-08, 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 the Uniform Guidance and NJ OMB 15-08. Accordingly, this report 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 15, 2016**

Egg Harbor City School District  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) June 30, 2015	Unearned Revenue June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budget Expenditures			Repayment of Prior Year's Balances	Accounts Receivable	Balance at June 30, 2016 Deferred Revenue	Due to Grantor
										Pass Through	Direct	Total				
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education:</b>																
Enterprise Fund:																
Food Distribution Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	32,744.30		2,235.00		30,509.30	(26,019.24)	(26,019.24)			4,490.06		
Food Distribution Program	10.555	16161NJ304N1099	N/A	7/1/14-6/30/15	13,929.00				12,235.00	(2,235.00)	(2,235.00)					
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	128,583.03				121,056.80	(128,583.03)	(128,583.03)		(7,527.23)			
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/14-6/30/15	124,899.00	(10,283.12)			183,763.36	(194,471.39)	(194,471.39)		(10,708.03)			
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	184,364.30	(14,613.22)			14,613.22	(6,912.03)	(6,912.03)		(1,776.76)			
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/14-6/30/15	183,412.00				8,322.72	(6,381.52)	(6,381.52)		(58.80)			
National Snack Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	8,536.00	(442.80)			442.80							
National Snack Program	10.555	16161NJ304N1099	N/A	7/1/14-6/30/15	8,536.00	(25,339.14)	2,235.00		374,125.60	(366,602.21)	(366,602.21)		(20,070.81)	4,490.06		
Total Enterprise Fund																
<b>U.S. Department of Education</b>																
Grantor:																
Medical Assistance Program	93.778	1605NJ5MAP	N/A	7/1/15-6/30/16	54,586.82				54,586.82	(54,586.82)	(54,586.82)					
Total General Fund																
<b>Passed-through State Department of Education:</b>																
Special Revenue Fund:																
Title I, Part A	84.010A	S010A150030	NCLB16	7/1/15-6/30/16	297,982.00	(100.00)			297,114.00	(297,117.56)	(297,117.56)		(3.56)			
Title I, Part A	84.010A	S010A150030	NCLB15	7/1/14-6/30/15	318,773.00	(2,750.00)			8,539.58	(6,439.58)	(6,439.58)					
Title I, Part A	84.010A	S010A150030	NCLB14	7/1/13-6/30/14	318,472.00				2,750.00	(19,075.00)	(19,075.00)		(2,549.00)			
Title I, Part D	84.013A	S013A150030	NCLB16	7/1/15-6/30/16	49,154.00	(17,602.00)			17,602.00	(12,543.00)	(12,543.00)		(12,543.00)			
Title I, Part D	84.013A	S013A150030	NCLB15	7/1/14-6/30/15	83,817.00				343,022.00	(337,175.14)	(337,175.14)		(15,086.11)			
Title I, Part D	84.013A	S013A150030	NCLB14	7/1/13-6/30/14	58,240.00	(20,943.00)			47,303.00	(47,303.00)	(47,303.00)					
Total NCLB, Title I																
Title IIA, Innovative Program	84.367A	S367A150029	NCLB16	7/1/15-6/30/16	47,303.00				47,303.00							
IDEA, Part B - Basic	84.027	H027A150100	IDEA16	7/1/15-6/30/16	171,184.00				171,184.00	(171,184.00)	(171,184.00)					
IDEA, Part B - Preschool	84.173	H173A150114	IDEA16	7/1/15-6/30/16	8,224.00				179,468.00	(179,468.00)	(179,468.00)					
Total IDEA Part B																
Alter School Learning Centers (21st Century)	84.287C	S287C150030	N/A	9/1/15-8/31/16	288,649.22	(46,965.00)			277,054.00	(288,649.22)	(288,649.22)		(11,695.22)			
Alter School Learning Centers (21st Century)	84.287C	S287C150030	N/A	9/1/14-8/31/15	353,420.00				126,841.43	(79,876.43)	(79,876.43)		(7,060.09)			
Alter School Learning Centers (21st Century)	84.287C	S287C150030	N/A	9/1/15-8/31/16	19,028.90	(46,965.00)			415,864.28	(387,554.55)	(387,554.55)		(18,655.27)			
Race to the Top 3	84.413A	B413A120008	N/A	9/1/2015-8/31/2016	8,449.98				8,499.98	(8,499.98)	(8,499.98)					
ARRA Race To The Top Preschool Development Grant-Expansion	84.419B	S419B150020	N/A	4/15/2015-6/30/2016	221,963.00				221,358.00	(221,358.34)	(221,358.34)		(0.34)			
Total Special Revenue Fund																
Total Federal Financial Awards																

**Egg Harbor City School District  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year ended June 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2016		MEMO
				Deferred Revenue/ (Accis Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Revenue	
<b>State Department of Education</b>													
General Fund:													
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	262,402.00	\$			262,402.00	(262,402.00)				(26,240.20)	262,402.00
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	4,869,266.00			4,869,266.00	4,869,266.00	(4,869,266.00)				(441,472.00)	4,869,266.00
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	37,224.00			37,224.00	37,224.00	(37,224.00)				(3,722.40)	37,224.00
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,775.00			4,775.00	4,775.00	(4,775.00)				(477.50)	4,775.00
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	4,775.00			4,775.00	4,775.00	(4,775.00)				(477.50)	4,775.00
Total State Aid Public Cluster							5,178,442.00	(5,178,442.00)				(472,389.60)	5,178,442.00
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	22,670.00			22,670.00	22,670.00	(22,670.00)				(22,865.00)	22,670.00
Extraordinary Aid	15-495-034-5120-044	7/1/15-6/30/16	22,865.00			9,389.00	9,389.00	(22,865.00)					22,865.00
Additional Nonpublic School Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	3,306.00	(9,389.00)				(3,306.00)					9,389.00
Additional Nonpublic School Transportation Aid	15-495-034-5120-014	7/1/15-6/30/16	1,044.00	(1,044.00)			1,044.00	(3,306.00)					3,306.00
Reimbursed TPAF Social Security Contributions	16-495-034-5095-051	7/1/14-6/30/15	296,323.13			294,862.16	294,862.16	(296,323.13)				(1,460.97)	1,044.00
Total General Fund				(10,433.00)			5,506,407.16	(5,523,606.13)				(27,631.97)	296,323.13
Special Revenue Fund:													
Preschool Education Aid	16-495-034-5064-086	7/1/15-6/30/16	360,300.00				360,300.00	(360,300.00)					360,300.00
Total Special Revenue Fund							360,300.00	(360,300.00)					360,300.00
Capital Projects Fund:													
School Facilities Grant Program - Regular Operating Districts (ROD)	1300-020-14-G1BL	1/1/14-6/30/15	813,029.00	(153,623.00)			153,623.00						813,029.00
Total Capital Projects Fund				(153,623.00)			153,623.00						813,029.00
State Department of Agriculture Enterprise Fund:													
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	3,694.25	(292.10)			3,600.17	(3,694.25)				(94.08)	3,694.25
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/14-6/30/15	3,677.00			292.10	292.10						3,677.00
Total Enterprise Fund				(292.10)			3,892.27	(3,694.25)				(94.08)	7,371.25
Total State Financial Assistance				(164,348.10)			6,024,222.43	(5,887,600.38)				(495,254.60)	6,714,739.38

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2016**

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 Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 \$696,896.00 for the general fund and \$27,993.00 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, 2016**

	<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>
<b>State Assistance:</b>						
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$5,523,606.13	360,300.00			3,694.25	5,887,600.38
Difference – budget to "GAAP"						
On-behalf payments recognized for GAAP statements but not included in the Schedule of Financial Assistance	706,078.00					706,078.00
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	463,208.00	27,993.00				491,201.00
State aid payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(472,390.00)					(472,390.00)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	<u>\$6,220,502.13</u>	<u>388,293.00</u>			<u>3,694.25</u>	<u>6,612,489.38</u>

**Egg Harbor City School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Local Assistance:</b>				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance		7,889.99		7,889.99
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
<hr/>				
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances/net position	0	7,889.99	0	7,889.99
<hr/>				
<b>Federal Assistance:</b>				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	54,586.82	1,181,299.01	366,602.21	1,602,488.04
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
<hr/>				
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances/net position	54,586.82	1,181,299.01	366,602.21	1,602,488.04
<hr/>				

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

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2016. 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, 2016.

**EGG HARBOR CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**Financial Statement Section**

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

**Federal Awards Section**

D) Internal Control over compliance:			
1) Material weakness(es) identified?	<u>          </u>	yes	<u>    X    </u> no
2) Were significant deficiencies identified?	<u>          </u>	yes	<u>    X    </u> none reported
E) Type of auditor's report on compliance for major programs	<u>Unmodified</u>		
F) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	<u>          </u>	yes	<u>    X    </u> no

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<b><u>Child Nutrition Cluster of Programs</u></b>
<u>          10.553          </u>	<u>School Breakfast Program</u>
<u>          10.555          </u>	<u>National School Lunch Program</u>
<u>          10.582          </u>	<u>Fresh Fruit &amp; Vegetable</u>
<u>                          </u>	<u>                          </u>
<u>                          </u>	<u>                          </u>

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

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, 2016**

*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 15-08? \_\_\_\_\_ yes  X  no

M) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	<b><u>State Aid - Public Cluster:</u></b>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>16-495-034-5120-084</u>	<u>Categorical Security Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness</u>
_____	_____
_____	_____
_____	_____
_____	_____

- N) Dollar threshold used to determine Type A programs: \_\_\_\_\_  \$ 750,000.00  \_\_\_\_\_
- O) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no \_\_\_\_\_ n/a

**EGG HARBOR CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***Part 2 – Schedule of Financial Statement Findings***

NONE

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

**FEDERAL AWARDS**

NONE

**STATE AWARDS**

NONE

**Financial Statement Findings:**

NONE

**STATUS OF PRIOR YEAR FINDINGS**

**STATE AWARDS**

**Finding #2015-001:**

**Information on the state program:**

Rod Grant

**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.

**Current Status:**

This did not recur in 2015-2016 and the prior year overpayment has been received.